Corporate Social Responsibility Agenda for International Oil Companies (IOCs): New Perspectives from Stakeholders in the Niger Delta Region (NDR) of Nigeria

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Abstract

The discovery of oil in Nigeria in the 1950s has had extremes of both positive and negative impacts on Nigeria's economic, political, social and environmental landscape particularly the Niger Delta Region (NDR). As a consequence, achieving an equitable distribution of oil revenue between all stakeholders has been a principal challenge. This lack of equitable distribution of revenues has led to instability and confrontation amongst and between some stakeholder groups. The qualitative study conducted with the major stakeholders in NDR was intended to explore the extant corporate social responsibility (CSR) practices of international oil companies (IOCs) and how they affect infrastructure development, capacity building and social welfare provision in NDR. It also investigated the current state of relationship between IOCs and other major stakeholders especially host communities in NDR. Stakeholders interviewed included IOCs, NNPC, host community leaders and subject matter experts

The findings from the sample of different stakeholder groups (IOCs, government, host communities and subject matter experts) suggest that participants have good perception of the CSR practices of IOCs within the region. This awareness gave insight into the factors that shape CSR activities of IOCs in the region. The study also reveals that IOCs are using most of their CSR initiatives to address the infrastructure and social needs of host communities. Evidently, a number of infrastructure projects are linked to the CSR initiatives of some IOCs.

Findings also point to a paradigm shift in the relationship between a number of IOCs and host communities in NDR. IOCs now engage host communities in almost all community development projects through the Global Memorandum of Understanding (GMOU). This initiative gives absolute control of community development projects to the Regional Development Committees (RDCs). Therefore there is not much complexity in identifying the needs of host communities. The study adds that there is evidence that some IOCs are more committed to the sustainable development of their host communities. This difference is witnessed in a number of specific projects linked to given IOCs.

The major findings have been articulated in order to improve CSR practices of IOCs in NDR as well as encourage a friendly business environment. There is evidence from the

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study that some host communities are not taking maximum advantage of the opportunities presented by IOCs in the region. Generally speaking, the face of government in NDR is the IOCs and this portends a major challenge for all the stakeholders. The study has provided a CSR roadmap and a sustainable development approach for the region that can be implemented through a concerted effort by the quartet of IOCs, host communities, NNPC and State/Local Governments. The framework can form the basis for future CSR practices of IOCs in the region and beyond.

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Attestation

I hereby declare that this submission is my own work and that to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgement) no material to which a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Ogechi Okoro   **Date**

Co-Authored Works

Okoro O. and Tookey, J.E. (2012, March). Sustainable infrastructure and capacity building for development: A key challenge in the oil rich Niger Delta region of Nigeria. Paper presented at the Proceedings of the 1st International Conference on Infrastructure Development in Africa (Ghana), Kumasi (pp. 239-255).

Acknowledgement

Dedication

This thesis is dedicated to the memory of Dr. Levi Ajuonuma and Mr. Simon Kolawole.

Ethics Approval

The ethics application for this research project was approved by the Auckland University of Technology Ethics Committee, AUTEC Reference number 11/205.

Chapter 1: Introduction

1.1 Background

This thesis investigates the linkage between CSR activities of IOCs and infrastructure development, stakeholder engagement and capacity development in the NDR. CSR and stakeholder engagement are very popular topics in literature. The main theme of this thesis is essentially empirical in nature. The study addresses the question of what extant corporate social responsibility (CSR) activities of International Oil Companies (IOCs) that address infrastructure and capacity development in the Niger Delta Region (NDR) of Nigeria. This is consistent with the need to assess the CSR activities of IOCs in NDR, considering the frequent hostility that has beleaguered the region and varied expectations of host communities, Non-governmental organizations (NGOs), international and domestic development agencies and the people of Nigeria.

The above narrative stems from the realization that in developed nations, business activities are regulated and guided by a strong institutional environment. Conversely, such discretional or ethical obligation has been found absent in developing societies such as Nigeria and particularly the NDR (Amba-Rao, 1993; M. Watts & Kashi, 2008). Similar opinion is held by Nnadozie (1998), who notes that communities in NDR in particular where most oil exploration and production (E&P) activities take place, feel ill-served by the entire process of oil prospecting and production. Consequently, the analysis is then shaped into an empirically and theoretically based literature review that is preceded by discussions on infrastructure development, capacity building, youth empowerment and other contextual issues. The empirical underpinning explores the activities of IOCs in the NDR relative to the CSR practices of select IOCs. This proposition was put in perspective in the seminal work of Wahurst (2000) by acknowledging the rising demands of societies on business to be more ethical and socially responsible for the purposes of social, economic and environmental sustainability (this is commonly referred to in contemporary literature as triple bottom line – TBL).

Amaewhule (2006) notes that organizations are perceived to be operating below an expected standard in developing nations such as Nigeria. He further argues that these expectations are founded on the premise that organizations have the expertise to address

most community concerns and requirements. Eweje (2006) notes that these expectations are now being addressed by corporations through CSR strategies Underscoring the former position, Frynas (2009) states that the CSR activities of IOCs are of major interest, given the realization that significant part of their operational activities result in serious concerns in most oil producing communities.

The above development crystallizes stakeholders' expectation of businesses to become responsible corporate citizens by taking responsibility for the consequences of their business activities (Jamali & Mirshak, 2007). Previously, Eweje (2001) had noted that 'good business' is a function of 'good ethics'. Following this assumption, managers adopt this approach in justifying ethical policies in their strategy. This argument is further reinforced in a report by the Business Roundtable that states:

> *"The corporate community should refine and review efforts to improve performance and manage change effectively through programs in corporate ethics... Corporate ethics is a strategic key to survival and profitability in this area of fierce competitiveness in global economy".*

This position may have contributed to the progressive and robust debate that is witnessed in CSR today. And in many ways feeds into the contemporary business responsibility to the society (Frynas, 2009).

According to Sharma (2013), CSR has become an expanding area of interest for diverse groups such as academia, practitioners and entrepreneurs in both theoretical and practical perspectives. This position will be later explored in the interview phase of the study. Paradoxically, it has been very challenging for these groups to agree on a consensus definition for the concept (Moon, Crane, & Matten, 2005) Consistent with this, Carroll (1979) defines CSR as a concept, whereby organizations incorporate social, environmental and health concerns into their business strategy and activities as they interact with the various stakeholders on a continual basis. Similarly, Jamali & Mirshak (2007) define CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families and local communities. They further state that the concept has attracted unprecedented attention by acquiring a new resonance in the global economy. This expression is attributable to globalization and international trade, which have led to increased complexities in business and calls for transparency and corporate citizenship. At the core of the two definitions is the

proposition that business should look beyond profit maximization (I. A. Jackson & Nelson, 2004).

The implication of the above opinion is that discretional responsibility begins when the legal requirements end. In the views of Stark (1993), "ethical management is a process of anticipating both the law and market, and for sound business reasons". Drucker (1993) also contributes in this line by stating that [Corporate] citizenship means active commitment, it means responsibility, it means making a difference in one's community, one's society and one's country. These two views were summarized in the definition of CSR by World Business Council for Sustainable Development (WBCSD), a coalition of 120 international companies as:

> *"A continuing commitment by business to economic development while improving the quality of life of the workforces and their families as well as the local community at large".*

This definition by a renowned body of this pedigree is a demonstration of the traction CSR is gaining in corporate philosophy. To underscore the importance of this approach, Murphy (1995) added to this argument by noting that corporations "have issued or revised their firm's ethical posture… and more serious attention now seems to be devoted to ethical decision-making".

Arguably, the concept of CSR is gaining significant attention because of its likelihood of addressing social issues. Chapter 2 explores the factors that have contributed to this upward movement in business interest in CSR. According to Eweje (2001), business ethics are seen, as the result of contribution of circumstances; in which a number of antecedents have come together to create the society in which becoming a socially responsible international organization is the norm rather than the exception. He further posits that international organizations perform important role in domestic and international markets. Therefore, they are at the very least directly or disparately involved for the purposes of geographical and functional scopes. This situation in some instances results in conflict between host countries, communities and organizations and at this point, the corporate citizenship is expected to be manifest (Krishna, 2007). Essentially, good corporate citizenship implies that international organizations have the moral obligation to conduct business activities responsibly in conjunction with a prescribed legal platform (Frynas, 2009). This narrow vision of responsibility is an indication that CSR should at least go beyond what is required by the law.

Interestingly, CSR principles have been incorporated into business practices for years now. Notwithstanding the view that CSR principles have gained so much traction and resurgence lately, the concept has not been uniformly accepted, as a result of inconsistency in views on the potential usefulness and applicability (Jamali & Mirshak, 2007).

The above description cannot be said of developing countries, as the subject has not been extensively explored in that context (Amaeshi, Adi, Ogbechie, & Amao, 2007; Jamali & Mirshak, 2007; Schafer, 1995). However, as multinational organizations (MNOs) come into direct contact with some of these local communities, circumstances would compel them to accept the concept as an appropriate way to address some of their concerns (Garvey & Newell, 2005). The interest in CSR in developing nations is a function of the desire to understand the implications of corporate activities on local communities. This interest has also been attributed to the relentless efforts of NGOs and rights groups, who continually highlight negative impacts of corporate activities (Omeje 2006; Thompson, 2005). These specialist groups have put into perspective the impact industrial wastes, oil spills and carbon emission can have on human lives and the environment (Douglas, Okonto, Von Kemedi, & Watts, 2004). Indeed, it is presumed that these activities have crystalized mainstream thinking, leading to the reforms witnessed in the CSR practices of IOCs in rural communities like the NDR (Frynas, 2006).

Eweje (2009) also reveals in his work that this business interest in CSR has invigorated the media in exposing perceived unethical and illegal practices of business by enlightening the public on the real benefits associated with ethical behavior on the part of multinationals organizations. Badaracco (1998) summarizes by stating:

> *The current and undercurrent of the life cycle of public information, disbelief, persuasion and doubt pose profound questions for public relations inquiry on an ethical as well as technical level.*

More recently, evidence can be found in 2010 oil spill in Gulf of Mexico in the USA, in which litigation has prompted BP to pay huge compensations to victims of the oil spill. The organization has been working harder to improve its image through CSR ever since (Lin-Hi & Blumberg, 2011).

A skeptical approach to CSR is a contention that the concept is hostile to business and ultimately affects its focus on the overarching aim of creating wealth for shareholders (Clement-Jones, 2005; Murray, 2005). In the view of progressives, this argument is flawed as they regard CSR as essential for a successful business operation in contemporary times, and expects business to take this as an opportunity to look beyond the narrow lenses of economic returns by taking wide social issues into consideration (Jackson & Nelson, 2004; Rudolph, 2005). Interestingly, CSR has been shaped by globalization resulting in high degree of relevance of the concept and expanded the scope in almost every sector. As a consequence, many academics and practitioners have been proactive in developing theories and practices of the concept among business (Sharma, 2013). The current approach has been stimulated by an increase in foreign direct investment (FDI) in developing countries especially sub-Saharan Africa (SSA), and has brought about more contact between multinational organizations and local communities (Clapp, 2005; Jamali & Mirshak, 2007; Newell, 2005). For example, FDI for Africa in 2012 was $50 billion according to World Economic Report 2013. Conversely, the uncertainty in the NDR and insecurity in Nigeria has reduced the flow of such investments into Nigeria (Campbell, 2011).

1.2   Problem Background

Beginning from the late 1990s, the NDR of Nigeria became a major source of concern for Nigeria and by extension the international community. The territory assumed a haven for violence, instability and tension resulting in lingering crisis between the IOCs and host communities (Ikelegbe, 2006). All these made NDR gain the attention of both the international and local communities as well as rights groups because of the implication on global oil market (Ikelegbe, 2005; M Watts, 2004). Statistics indicate that the crisis in the NDR has had direct impact on oil price. This was noted in a report by the Centre for Strategic International Studies CSIS (2004). The report confirms that the situation in the region raises concerns for nations that are dependent on imported oil.

This crisis has its roots in the demand for greater access to oil wealth by host communities. These communities have relentlessly sought absolute control of the wealth generated from the oil in their land (Ikelegbe, 2006; Watts, 2004, 2007). The complexity of this demand has led to debates on how best to achieve an amicable

settlement. Community development experts such as the UNDP (2006) have proposed the incorporation of local communities in the development of CSR strategies. Jamali and Mirshak (2007) reason in the same direction by suggesting that CSR be taken beyond image laundering and compliance with the rule law and be shaped around local community needs.

The implication of disregarding this proposition was evidenced in the violent protests by local communities in the NDR in the 1990s, which led to disrupted oil production in the region. The aftermath was a shutdown of Shell's operations leading to a 40% fall in production during that period (Nigerian Oil, 2003). To demonstrate the significance of this occurrence, the Congressional Research Service (CRS) reports that the rise in oil price had direct relationship with hurricanes and the crisis in the NDR. This report is an indication of the relevance of NDR in the global oil market.

Another important point noted by researchers such as Eweje (2007) and Frynas (2009) is that there is the dearth of infrastructure in the NDR. This realization may have had a direct consequence on economic development and good welfare provision. The significance of infrastructure in economic development was confirmed in an OECD (2006) report. In the report, it was explicit that basic infrastructure is viewed as a panacea for economic growth and development. The IOCs have realized this as was demonstrated in the interviews and are striving to meet the rising demands. To complement the efforts of IOCs, some authors have suggested a more active involvement of the government in infrastructure development and the provision of social welfare in the NDR (Frynas, 2007 & Watts, 2008). All these put into perspective, the need for an assessment of the CSR activities of IOCs that address infrastructure, capacity development and other contextual issues.

1.3   Motivation

The study is motivated by an attempt to understand the dynamics of CSR practices of IOCs and how they are structured to effect infrastructure and capacity development in the NDR. The social, economic and environmental significance of stakeholder engagement were considered a stimulus to this research, the issue of how organizations manage stakeholders in order to address their concerns. A number of studies have

found linkage between stakeholder engagement and peaceful operating environment. However research in the area has focused more on developed economies rather than developing regions (Krishna, 2007). Therefore, there is a compelling need to investigate CSR and associated subjects relative to local communities in developing nations (Amaeshi et. al., 2007).

1.4   Research Justification

From the above view, it can be deduced that there is a requirement to understand the CSR activities of IOCs, and how they are aligned to address infrastructure and capacity development needs of host communities in the NDR. This region is of significant economic importance to Nigeria. Therefore, relative peace in the area is thus an issue of strategic importance. For a number of reasons, the above narrative stems from the call by rights groups, academics and stakeholders on the need to address infrastructure and capacity development needs in the region in order to place it on the path of economic growth and prosperity.

The researcher has identified three key points to justify this study. Firstly, Nigeria is a developing country with developing governance structures. The second point stems from the control of oil revenue by the people of the NDR. Lastly, there is lack of familiar bond between international organization and local people in the process of exploiting this resource. Given all these, it becomes incumbent upon these international organizations (IOCs in this case) to create engagement through effective CSR framework in order to achieve sustainable development in host communities.

The significance of this argument was further outlined by Lantos (2001) who suggested that: "corporate social responsibility is the attempt by companies to link those largely discretionary activities explicitly intended to improve some aspect of society or the natural environment with their strategies and core business activities". Indeed, CSR represents the effort by a corporation to improve certain aspects of the society as compared with the integral responsibilities that demands them to treat stakeholders with dignity (Gourville, 2004).

Following the above argument, some authors like Frynas (2009) and Watts (2004; 2007) have made propositions for IOCs to adopt strategies aimed at providing infrastructure and social welfare services to host communities. They have also suggested a more active role by the different arms of government. This position is consistent with the expectations of most stakeholders in the NDR. This view is popular irrespective of the fact that government has the responsibility to provide the basic needs of the population.

Jamali & Mirshak (2007) argue that international organizations can assist government in meeting the needs of the society albeit it falls outside their legal jurisdiction by stating that: "while governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society needs have exceeded the capabilities of government to fulfill them". This argument is in line with the researcher's position that external capabilities are required in resource-based nations such as Nigeria. However, it is difficult to explicitly relate this to the situation in NDR as the government appears non-existent or reluctant in some host communities and beyond (Watts & Kashi, 2008).

The need for research into CSR practices of IOCs in the NDR is compelling from the above. This proposition emanates from interest by business, stakeholders and subject matter experts and also a further need to explore CSR from a Nigerian perspective. In the views of Nicholson:

> "The currently swelling wave of writing on the subject that has set the scene for systematic research, but without providing as yet, a coherent agenda for it. On the supply side, we find a growing business ethics literature containing cogent analysis of the philosophical issues and subtle appreciation of the ethical challenges of confronting organizations and their agents. On the demand side, are managers and professionals looking for support and guidance as they confront dilemmas of increasing complexity in a climate of uncertainty and change. The infusion of business education with ethical themes is the desirable product of these developments, but it seems we have reached a point to know beyond… we require more soundly based knowledge of the forces which shape the acting out of ethical issues in organization"(Nicholson, 1994:593).

Arguing further, he posits: "there must be a reliable coherent database founded on an analytic methodology which links theory with practice". Randall & Gibson (1990) were more traditional in their approach by noting that "from a review of empirical research, it appears that the dissatisfaction is justified; the methodology in business ethics and CSR research are clearly in need of improvement". Participants evidenced the interest in the research subject in their excellent responses during interviews and town halls, which were central to the research.

The academic interest in CSR stems from a realization of the appeal of the concept and the empirical challenge involved in investigating the main propositions (G. Eweje, 2011). According to Carroll:

> *It is expected that attention will be given increasingly to measurement initiatives as well as theoretical development. For these concepts to develop further, empirical research is doubtless needed so that practices may be reconciled with theory. The CSR concept will remain as an essential part of business language and practice, because it is vital underpinning to many of the other theories and is continually consistent with what the public expects of the business community today (Carroll, 1999: 293).*

Jackson & Artola (1997) notes that CSR and stakeholder issues are being taken seriously by international organizations. However, adequate coverage has not been given in literature. Particularly, organizations are striving to manage the rising complexity in community-society relationship by forming global strategic alliances (Desai & Ruttenburg, 1997). Similarly, Carroll (1999) supports the above position by contending that "CSR concept has a bright future because at its core, it addresses and captures the most important concerns of the public regarding the business and society relationship".

Political leaders have added to the debate on increasing need for business to be more responsive to the needs of communities and by extension the society. For example, Bill Clinton (former president of the USA) pointed that "business today have more responsibility not only to grow and do well, but to help in dealing with the dislocations and challenges this new era imposes on workers, their families and their communities (Pintos, 1987 p.55). On a similar note, Thilo Bode (Head of GREENPEACE) also

states that "industry is the main player in society… that is why we need to talk of them. Big corporations today have a responsibility that goes beyond the aim to make profit. The focus is on social, moral and ethical obligation…" (Pintos, 1987).

From the inception of this study, it was explicitly stated that IOCs are of major interest in oil producing nations especially in developing countries. Developing nations have a challenge of weak institutional government, where regulations are not followed to the letter (Krishna, 2007). It is presumed that some of these IOCs exert significant influence on local and international communities. Therefore it is not an unreasonable expectation that they join forces with other stakeholders to build sustainable host communities (Spero, 1993). The challenging issue has been the limits of CSR activities of IOCs in community development within the NDR (Frynas, 2009).

Consistent with the above narratives, it is the main aim of the thesis to vigorously investigate the CSR practices of IOCs that are related to infrastructure and capacity development, and social welfare provision. The research has been able to address some of the limitations within the NDR context. Discussion in the thesis is structured towards critical issues from the perception of the stakeholder groups and subject matter experts. This was done by logically following on CSR practices of IOCs in NDR and linking them with stakeholder, firm and legitimacy theory. A conclusion can be deduced from the above position that the need for the research into the CSR practices of IOCs in NDR in terms of infrastructure and capacity development, and social welfare provision is articulately justified.

1.5   Purpose of Study

The purpose of this qualitative study was to explore the perception of the three major stakeholders (Host Communities, IOCs and Government) and subject matter experts in the Nigerian oil sector on the CSR practices of IOCs, and how such practices affect infrastructure and capacity development through a one-on-one interview. The study explored the commitment of IOCs to the overall development of the region. A purposive sample of 11 participants from the 3 stakeholder groups and subject matter experts took part in extensive interviews.

According to Omeje (2006) the problem in the NDR is a complex combination of social, cultural, economic and environmental factors. This is consistent with the position of Frynas (2009), that oil and gas communities experience relatively negative effects as a result of IOC activities. In a similar note, Banfield (1998) cites the Ogonis of the NDR as a classic example of such people. Therefore, they can be more demanding in terms of social, economic and environmental redress. Essentially, the goal is to explore participants' perception of the CSR practices of IOCs, and how they are shaped to address the listed factors. In doing so, insights that add to the broader discourse on CSR are achieved.

Qualitative research methods were used to collect and analyze data from research participants. Qualitative research consists of different philosophies such as research designs and techniques, which includes in-depth interviews, participant and non-participant observation, focus groups, and other methods of data collection (Pope, 2006). Contemporary social researchers have studied CSR using stakeholder, legitimacy and firm theories (Donaldson & Preston, 1995). This view stems from a paradigm shift in business requirement, which proposes incorporation of stakeholders in corporate philosophy (Ogula, 2008). A qualitative approach was considered the most appropriate based on the nature of the problem and information sought. This reason is in accordance with the views of Hardcastle & Tookey (1998) that the nature of a research problem determines its means of solution. Elite interviews were adopted and participants selected accordingly. Therefore it did not require the mass distribution of questionnaires. Such approach was considered counterproductive given that only a select few in the NDR understood the actual meaning of CSR. The qualitative approach was also adopted to reveal themes that may be used to improve the CSR strategies of IOCs in NDR.

1.6   Study Significance

Relationship between the government, IOCs and host communities in NDR has been marred by controversy dating back to the 1990s (Akpan, 2006). In this vein, some analysts have described this relationship as hegemonic; where IOCs and the government are principal beneficiaries, and oil producing communities deprived of benefits accruing from the oil wealth (Omeje, 2006).

The significance of CSR in business leadership and stakeholder management can hardly be undervalued. To this extent, authors have suggested that CSR be within the framework of management in order to promote an ethical relationship with all the stakeholders through transparency, accountability and engagement (De Sousa Filho, Outtes Wanderley, Pasa Gomez, & farache, 2010). Similarly, some studies on conglomerates such as Unilever, Shell, British Telecom and BP have underscored the benefits organizations can derive from incorporating socially responsible policies in their corporate strategy (Gossling & Vocht, 2007; Grossman, 2005). Grossman (2005) lists some of these benefits as; better image within host communities, cost savings, increased customer base, new sustainable management approaches, recruitment and retention of high quality manpower. On the basis of these advantages, Verbeke (2003) and Omeje (2005) propose a more proactive approach in organizations' CSR strategy as opposed to reacting to public pressure or crisis.

The role of business in community development is becoming more complex and demanding however; there is yet to be a streamlined approach to addressing them. Therefore, the study conducted may catalyze a debate that could lead to addressing problems not simplified in literature within the NDR context. The findings may also facilitate policy review by both IOCs and government and engage stakeholders in the most proactive manner to ensure peaceful operating environment (Grossman, 2005). The above positions were expressed in a concise perspective by Garvey & Newell (2005) who state that CSR is no longer a choice issue, instead a critical understanding that could make or break a business organization. It is now incumbent upon leaders to articulate the CSR vision and performance measurement indices given that many of them still struggle on the best way to implement CSR. The pragmatic side of all these is that the concept offers opportunity for effective improvement in leadership (Fairholm, 2010).

Following the above perspective, it is relevant to note that demands by host communities are increasingly becoming more complex. Notably the major demands include equal participation, more control of oil wealth and the protection of their environment (International Crisis Group, 2006). Some authors such as Watts & Kashi (2008) and Krishna (2007) have doubted the sincerity in these claims, as some community leaders appear to be self-interested. To support the demands made by host communities, there is evidence to suggest that more attention has been given to

corporate-community relations in developed nations. The consensus is that less attention is given to CSR in developing communities such as NDR of Nigeria (Frynas 2006; Jamali Mirshak, 2007; Lertzman & Vrendenburg).

Irrespective of the renewed effort to enhance clean energy, the demand for fossil fuel has not abated. The implication is that economic and political stability of oil producing nations will continue to be a major priority for leaders (CRS, 2007; CSIS, 2004; Watts, 2004). To highlight the undiminishing need for fossil fuel, Peter Voser (CEO of Shell) summarizes:

> *In the decades to come, major economies will continue to consume energy to grow. In developing countries many people will become wealthier, buying their first television, refrigerator or car. In short, the world will need more energy. Fossil fuel will provide the bulk of this energy with, we believe, a greater role to play for cleaner-burning natural gas. Renewable energy including biofuels for transport will also increase steadily.*

There is also an indication from the above statement that there are prospects in green energy in spite of the overdependence on fossil fuel at the moment. The implication is that oil communities will still be carefully managed in years to come. Therefore, the above submission calls for a thorough understanding of the role IOCs in host communities in the NDR. Ultimately, this could stabilize oil prices to an acceptable level (Ogula, 2008). The NDR is a cluster of diverse ethnic minorities. According to Jamali & Mirshak (2007), ethnic minorities are faced with many challenges that make economic development slow. The NDR happens to be one of those communities that have been affected by this phenomenon. The result of this thesis suggests that social research methods can reveal information that could lead to policy and structural changes that stimulate development in local communities (Dudwick, Kuehnast, Jones, & Woolcock, 2006).

Experience has proven that the situation in NDR fluctuates without notice. Therefore, an understanding of stakeholder's perspective especially host communities regarding CSR practices of IOCs can assist them to modify their CSR practices in a more sustainable manner (Grossman, 2005; Jenne, 2004). The overarching goal of the study was to understand the CSR dynamics of IOCs and how they are structured to address

infrastructure and capacity development, and social welfare needs of the people of NDR. The findings of this study could lead to a win-win situation for all the stakeholders (Garvey & Newell, 2005; Grossman, 2005; Thompson, 2005). It is relevant to note that the situation in NDR is affected by the presidency of Mr. Goodluck Jonathan an Ijawman. For example, militants who hitherto were fighting the government are the ones championing the continuation of Mr. Jonathan as President. This development may have shifted focus from violent activities and attack on oil infrastructure. Beyond that point may be hard to predict even by the best of analysts.

From a theoretical perspective, this research draws on the fields of CSR, regional development and economics to develop a holistic understanding of IOCs and how their practices are applied in community development. The conceptual definition of CSR as a method of addressing local community needs was explored in terms of infrastructure development and capacity development, and social welfare. Relevant themes have been examined in an attempt to develop an understanding of the dynamics of the CSR practices of IOCs in NDR.

1.7   Research Aims

Research aims are required in any research to guide the researcher in putting the research study in the right perspective. In order to understand what CSR practices of IOCs imply in the NDR, the thesis seeks to achieve the following aims:

1. Establish an understanding of the CSR concept in the context of international best practice
2. Create an understanding of the CSR practices of IOCs in the NDR in terms of infrastructure development, capacity development and social welfare
3. Develop a sustainable development framework for the improvement of current CSR practices of IOCs in NDR
4. Create an objective assessment of the limits of the CSR practices of IOCs in achieving sustainable development in the NDR and beyond.

The overarching aim of the study was to evaluate the CSR practices of IOCs in the NDR, whether they have simplified and transformed lives in host communities or

exacerbated an already complex situation. Consistent with the listed aims, the objectives below will be used in accomplishing the identified aims.

1.8 Research Objectives

The thesis provides both practical and theoretical approaches that are holistic and comprehensive to address the complex issues in the NDR. In order to achieve the main aims of the study, a number of objectives have been developed. Essentially, the study seeks to provide authentic description of CSR practices of IOC in the areas of infrastructure and capacity development, and social welfare within the NDR. Table 1 below lists the research objectives structured to guide the study. It also includes the relevant chapters that addressed them within the study:

Table 1: Research Objectives

Objective	Where Considered
1. To explore the CSR concept from a broader perspective	Chapter 2: Overview of CSR
2. To examine CSR practices of IOCs within the NDR and other developing nations	Chapter 2: CSR Practices of IOCs in the NDR
3. To assess the understanding of CSR best practice within the stakeholder groups and subject matter experts	Chapter 4: Results Chapter 5: Conclusion
4. To provide a framework for CSR practices of IOCs in NDR and beyond	Chapter 4: Results Chapter 5: Conclusion

1.9 Research Design

The data for the research was from grounded theory analysis, CSR reports from some of the IOCs that participated in the study and other relevant materials. Interviews were conducted with three stakeholder groups and two subject matter experts that are conversant with the dynamics of the CSR practices of IOCs within the NDR. Data from the grounded theory analysis and interviews were analyzed, and the findings integrated with literature.

1.10 Research Questions

The purpose of this qualitative study was to explore the perception of the stakeholder groups and subject matter experts on the CSR practices of IOCs in the NDR and how they are shaped towards community development. The implication of this position is that qualitative methods were appropriate, where the goal of the research was to explore a phenomenon and gain in-depth understanding of the phenomenon. Conversely, the alternative of using a quantitative research method was not considered. Quantitative research is designed to explain association existing between variables (Creswell, 2002). However in the current study, research questions were developed to direct attention to the research purpose (Cresswell, 2002; Neuman, 2003).

Development in research methods suggests that academics have started to integrate both quantitative and qualitative techniques in conducting social research (Meetoo & Temple, 2003). This approach to a greater degree redefines the researcher's ability to adopt an inductive analytical process to build abstraction (Creswell & Miller, 1997; Dudwick et.al., 2006). Generally, data analysis and synthesis of the study conducted has necessitated hypothesis and laid foundation for future use of quantitative method in a similar research. Four research questions guided the study:

1. **What are the current CSR practices of IOCs in NDR and the rationale behind them?**

The intention of question 1 was to explore the CSR practices of select IOCs operating in NDR. Information revealed by addressing question 1 was intended to understand the underpinnings of CSR practices in NDR. Background information on CSR strategies of IOCs were gathered and those responsible for such strategies within the stakeholder groups. Research question 1 revealed information that could help current CSR practices of IOCs that can aid sustainable development in the NDR.

2. **What are ways of assessing CSR activities of IOCs in the NDR?**

Research question 2 was intended to explore and reveal the methods and parameters applied in assessing efficacy of CSR activities of IOCs in terms of community development in NDR. The rationale for this was investigated using content analysis of CSR reports and thoroughly examined interview data.

3. What is the stakeholder's perception of CSR best practice?

Question 3 intended to determine whether there was an awareness of CSR best practice. Interpretatively analyzing interview data and reviewing CSR reports of IOCs in NDR was implicit. This question was designed to facility the understanding of best practice assuming it never existed.

4. What framework do IOCs use in their CSR activities in the NDR?

In order to address this question, historical data regarding CSR activities of IOCs and interview data were analyzed. The question was intended to determine if any form of framework existed. Research question 4 revealed information that could lead to improving what stakeholders regarded as framework. Ultimately, it could put such approach on the path of sustainability

1.11 Design of Research

A qualitative design was adopted to accomplish the research objectives of exploring the perception of identified stakeholder groups and subject matter experts on the CSR practices of IOCs in the NDR, and how they impact infrastructure and capacity development, and social welfare. Open-ended interviews were used to conduct one-on-one interviews with three stakeholder groups and two subject matter experts as the primary source of data. According to Creswell (2002), qualitative research allows the researcher to explore social and cultural issues, describe groups in their natural setting and subsequently present findings in a detailed manner in relation to the expressions of the group. Qualitative research also enables participants to express their lived experiences and perceptions on a particular subject without restriction (Creswell, 2002; Conrad, 2009).

This approach allows the researcher to assess a given group taking into consideration contemporary issues (Lindgren, 2005). Additionally, the adopted approach was considered an effective tool to explore and reveal how stakeholders react to certain issues that affect their lives, and what perceptions they hold onto (Dudwick et al., 2006). Therefore, qualitative techniques were considered most appropriate to understand the perceptions of the stakeholder groups and subject matter experts on the CSR practices of IOCs in NDR. Data from the one-on-one interviews and secondary

sources were used to verify participants' perception and account of CSR activities of IOCs in NDR and present a realistic representation on such views.

The selected participants were interviewed to extract their views on extant CSR practices of IOCs within the region. Therefore, the thesis covers what participants from the three stakeholder groups and two subject matter experts expressed about CSR practices of IOCs and how such practices affect infrastructure development, capacity development and social welfare within the NDR.

1.12 Thesis Outline

This section outlines the structure of the thesis. Chapter 2 "Literature Review" is a review of existing literature relevant to the study. It starts with an overview of the concept dating back to the 1970s to present. Essentially, the section examined the CSR concept from a broad perspective and its effect on corporations and stakeholders. Further discussion focused on models, principles, theories and rationale for CSR in business and its application. Furthermore, the chapter reviews the literature on CSR practices of IOCs in host communities particularly the NDR. It also examines how IOCs incorporate CSR strategies into their corporate policy. This led to a review of stakeholder theory approach. In addition, it highlighted the implications of oil E&P in the region and how this has beleaguered the relationship between the major stakeholders. From the stakeholder analysis, corporate social responsibility issues emerged, which is fundamental to this study.

Chapter 3 presents the methodological position for conducting the research and the implications of the researcher's philosophical assumptions. It also highlights the overall approach taken in this research.

Chapter 4 examines results of the study. This chapter has three sections. First, the sample characteristics followed by presentation of results from data analysis. The final section discusses the results.

Chapter 5 discusses the entire thesis based on results from chapter 5. The discussions were linked to expert opinions and researcher's deductions from the responses of participants. Essentially concluded the entire study based on discussions in chapter 4.

The chapter also presented the limitations of the research together with the contribution of the study. Finally, it suggests areas of further research and development of new CSR ideas for the future. The chapter concludes with a summary of the key findings of study.

Chapter 2: Literature Review

2.1 The Concept of CSR

There is increasing demand on managers by stakeholders and other groups to appropriate more resources to CSR. According to McWilliams & Siegel (2001) this pressure is usually exerted by customers, employees, and community groups, governments, and stakeholders especially institutional ones. They argue that these expectations have led to many conflicting goals and objectives, thereby preventing clarity in the definition of the concept. Notwithstanding this fact, they define the CSR concept as:

> "Actions that appear to further some social good, beyond the interest of firm and that which is required by the law".

This definition clarifies that doing something required by the law does not necessarily imply CSR. Therefore, corporations should not mix legal activities with CSR. This expression confirms that CSR is going beyond the law (Kakabadbase et. al., 2007).

The CSR discuss finds its genesis arguably in Smith (1776) landmark publication "The Wealth of Nations" where he proposes that when business is unencumbered to pursue profit and efficiency, the outcome benefits everyone i.e. serving both business and society interests (Smith, 2001). Friedman (1970) draws his theory upon this philosophy by arguing that the overarching aim of business is making profit for its investors, if carried out ethically and within the law. Friedman may have underestimated the ambiguity surrounding business ethics.

Friedman (Friedman, 1970) relates his position to the agency theory and states that social responsibility of business people can be likened to agents acting in an unwholesome manner as public servants. Therefore, he opines that using investors' resources for financial gain of the investors is the ultimate priority for business and any deviation should be viewed as disservice than good to the society (Friedman, 1970; Lantos, 2001; Moir, 2001). This opinion is referred to as 'shareholders model' or 'shareholder primacy norm' (McWilliams & Siegel, 2001; Sharman, 2013). The efficiency of this model has been questioned by academics and rights groups (McWilliam & Siegel, 2001).

2.2 The CSR Movement

The 1960s and 1970s presented a paradigm shift in business thinking leading to heightened academic and social interest in CSR (Kakabadse, Rozuel & Lee-Davies, 2005). There are now sustained debates that have resulted in a number of models for CSR. Additionally, there are also debates on managerial implications of CSR and subsequent introduction of related concepts of business ethics and corporate responsiveness (Carroll, 1999). In the 1980s, alternative themes were introduced as balancing approach to the concept. Notably, corporate social performance and the stakeholder theory were incorporated (Kakabadse, Rozuel & Lee-Davies, 2005). Scholl (2001) notes that since the 1990s, CSR has been used as the 'base point' or integrated as an element of other related concepts. Kakabadse, Rozuel & Lee-Davies (2005) summarized the evolution of CSR in the figure below:
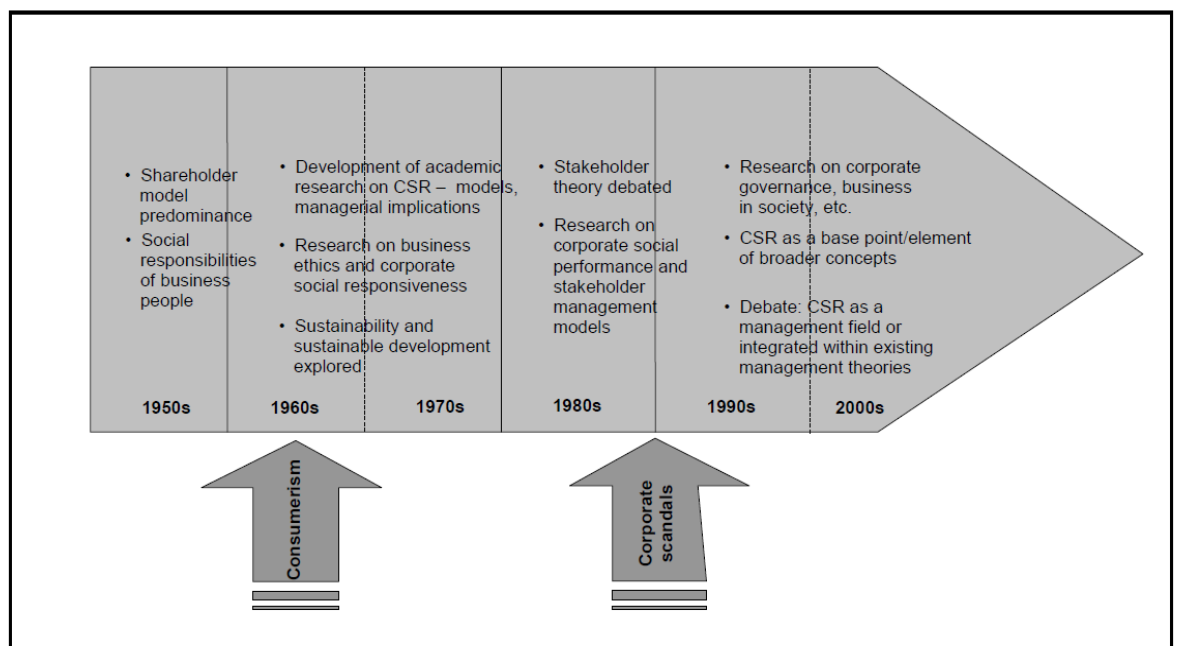
Figure 1: Evolution of CSR Research since the 1950s

Source: (Kakabadse, Rozuel & Lee-Davies, 2005)

The figure above shows an overlap in the different timeframes for the constitution of the concept. Notwithstanding that CSR is the backbone for the roles of business in society, the justification for economic survival is still under scrutiny (Kakabadse, Rozuel & Lee-Davies 2005). This position is supported by an extract from the comments of Mathew Bishop, business editor of the economist by Salls (2004):

> *CSR oriented programs implemented by companies are mere attempts to keep civil pressure at bay rather than an acknowledgement that business people should respond to 'stakeholders' as much as 'shareholders' concerns.*

He further posits that society's frustration about some decisions of companies act as impediment to developing economic system, which has proved beneficial over the past several years.

The above view is mostly shared by people in the Friedman school of thought (Kakabadse, Rozuel & Lee-Davies 2005). However, evidence of more positive relationship between CSR programs and long-term economic performance is commonplace. The prognosis is that proponents of shareholder theory will come to appreciate CSR over the period (Post et. al., 2002; Magolis & Walsh, 2003; McAdam & Leonard, 2005; Thevenet, 2003). Emiliani (2001) notes that the shareholder theory is less popular in the USA than in Asia and Europe. This is attributed to the fact that there are guidelines and standards for CSR in different countries. However; there is no absolute standard of CSR and this is expected to remain dynamic in most regions of the world (Daugherty, 2001). Overall, the concept will be changing according to the demands of different societies.

2.3 Defining CSR

The publicity and popularity of CSR has not helped in achieving a consensus definition for the CSR concept. Consequently, it is still difficult to state the precise meaning of CSR (Kakabadse, Rozuel, & Lee-Davies, 2005). It is factual that debate on relationships between business and society, as well as the implied responsibilities has been on-going for decades. Yet there is still no consensus definition for CSR (Carroll, 1991; Jones, 1995; McWilliams & Siegel, 2001). Kakabadshe (2005) attributes this confusion to the fact that people within (or outside) the field promote their own interpretation and implementation of the concepts that have emerged in the last 30 years despite what literature states. Some of these many interpretations range from Corporate Social Responsibility to Sustainable Development and Accountability to Corporate Governance. The various themes are indications of how the concept has grown to be as well as the importance of research (Carroll, 1999; Ougaard & Nielsen, 2002).

Paradoxically, all these have not crystallized a 'common ground' that is acceptable by a majority, which could add legitimacy, credibility and value to research on social responsibility of business to society (Angelidis & Ibrahim, 1993; Lantos, 2001; Ougaard & Nielsen, 2002).

Arguably, many concepts have been used in expressing society's expectations of business (Kakabadse, Rozuel & Lee-Davies 2005). On the contrary, none of such themes have been identified as definition of CSR (ORSE, 2004), leading to the being often referred to differently by groups. The concept has often been likened to Corporate Social Responsiveness or Corporate Social Performance by academics. Similarly CSR and/or sustainable development have assumed central position in business and civil society with major focus on stakeholders (Lepiessier, 2001).

Given the storyline, the definition could be conceptual, practical or more managerial statement. The definitions have been structured in two parts; academics and business, and civil society representatives (Kakabadse, Rozuel & Lee-Davies 2005). More recent definitions have been added to complement the authors' list. Tables 2 and 3 below explore the different definitions of CSR beginning from the 1950s:

Table 2: Definition of CSR - Academic Research

Authors	Definition
Bowen (1953)	[CSR] refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.
Frederick (1960)	Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.
Friedman (1962)	There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.
Davis and Blomstrom (1966)	Social responsibility, therefore, refers to a person's obligation to consider the effects of his decisions and actions on the whole social system
Sethi (1975)	Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance
Carroll (1979)	The social responsibility of business encompasses the economic, legal, ethical and discretionary

	expectations that society has of organisations at a given point in time.
Jones (1980)	Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.
Wood (1991)	The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities.
Baker (2003)	CSR is about how companies manage the business processes to produce an overall positive impact on society.
Basu & Palazzo (2008)	We can define CSR as the process by which managers within an organization think and discuss relationships with stakeholders as well as their roles in relation to the common good along with their behavioural disposition with respect to the fulfilment and achievement of these goals and relationships

Source: Adopted from Kakabadse, Rozuel & Lee-Davies (2005)

Table 3: Definitions of CSR – Business and Civil Society's Representatives

Organization	Definition
World Business Council for Sustainable Development (WBCSD) (2003)	Corporate Social Responsibility is business' commitment to contribute to sustainable economic development working with employees, their families, the local community, and society at large to improve their quality of life.
CSR Europe (2003)	Corporate Social Responsibility is the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organization and operations.
Organization for Economic Co-operation and Development (OECD) (2003)	Corporate Responsibility involves the 'fit' businesses develop with the societies in which they operate. […] The function of business in society is to yield adequate returns to owners of capital by identifying and developing promising investment opportunities and, in the process, to provide jobs and to produce goods and services that consumers want to buy. However, corporate responsibility goes beyond this core function. Businesses are expected to obey the various laws which are applicable to them and often have to respond to societal expectations that are not written down as formal law.
Amnesty International – Business Group (UK) (2002)	Companies [have] to recognize that their ability to continue to provide goods and services and to create financial wealth will depend on their acceptability to an international society which increasingly regards protection of human rights as a condition of the corporate license to operate.
The Corporate Responsibility Coalition (CORE) (2003	As an 'organ of society', companies have a responsibility to safeguard human rights within their direct sphere of operations as well as within their wider spheres of influence.
Novethic (2003)	Linked to the application by corporations of the sustainable development principle, the concept of CSR integrates three dimensions: an economic dimension (efficiency, profitability), a social dimension (social responsibility) and an environmental dimension (environmental responsibility). To respect these principles, corporations must pay more attention to all the stakeholders [...] which inform on the expectations of civil society and the business environment.
Unilever (2003)	We define social responsibility as the impact or interaction we have with society in three distinct areas: (i) voluntary contributions, (ii) impact of (business's direct) operations, and (iii) impact through the value chain.
Novo Nordisk (2003)	Social responsibility for Novo Nordisk is about caring for people. This applies to our employees and the people whose healthcare needs we serve. It also considers the impact of our business on the global society and the local community. As such, social responsibility is more than a virtue – it is a business imperative.

European Union (2011)	The responsibility of enterprises for their impact on the society. To totally meet their social responsibility enterprises should have in place a process to integrate social, environmental, ethical human rights and consumer concerns in close collaboration with their stakeholders

Source: Adopted from Kakabadse, Rozuel & Lee-Davies (2005)

The study was not intended to exhaust all existing definitions of CSR, but on the contrary, it seeks to examine some of the key elements of the concept that shape it in a meaningful perspective. Additionally, it presents the concept as an evolving research area for evaluation. Given the number of definitions listed, it becomes incumbent upon the research to examine some of the CSR models proposed by notable scholars.

2.4   Driving Factors for CSR

There is evidence to suggest that cultural diversity influence CSR practices of organizations in different regions and countries exhibiting diverse response to the new demands of business by society (Jamali & Mirshak, 2007). Many studies have identified various driving factors for CSR practices in a number of countries. Table 4 below outlines the varying driving factors for CSR and associated authors in different.

Table 4: Driving Factors for CSR by Country and Associated Authors

Country	Driving Factor	Author
Portugal	Socio-cultural demands	Abreu et al. (2005)
Cyprus	Managerial initiative Financial gain	Papasolomou-Doukadis et al. (2005)
Finland	Limited attention to philanthropy Long-term profitability	Juholin (2004)
Italy	Stakeholder needs	Long et al. (2005) & Tetani et al. (2004) &
Netherlands	Economic benefits Legal and ethical expectation Philanthropic/community involvement	Uhlaner et al. 2000
Spain	Philanthropic motive Profitability	De la Cruz Deniz Deniz & Cabrera Suarez (2005)
Malaysia	Islam (proscription of certain business practices)	Frynas (2009)
South Africa	Apartheid	Frynas (2009)
Argentina	December 2001 economic meltdown	Frynas (2009

The above confirmation is an indication that most firms in these countries are driven by profitability and other business and concerns to involve in CSR. It is also evident that some view CSR as a commitment to the overall wellbeing of the society. Additionally, it is a validation of the point that CSR has no defined dimension in Africa. Majority of the countries listed are in Europe, underscoring the notion that the region has a more robust CSR approach irrespective of the underlying motives.

For example in Nigeria, it has been argued that CSR is driven by a need by firms, especially IOCs to maintain a peaceful operating environment (Ite, 2006; Akpan, 2006). This factor can be viewed as being similar to the profitability motives of firms in Europe given that the whole idea is to ensure business activities are carried out without undue interferences. Aside all these cross-cultural diversity in CSR practices, a number of studies consider CSR to encompass ethical responsibility, where philanthropic considerations are optional but at the same time expected (Longo et al., 2005). Conversely, other studies view CSR as a practice where businesses accept a given legal framework but at the same time conducting its activities with high level of morals (Juholin, 2004).

2.5 CSR Models

2.5.1 Carroll's Model

A number of perspectives have been captured in an attempt to conceptualize CSR (Jamali & Mirshak, 2007). Carroll (1979) proposes what is known as the four-part of CSR, which he embedded in a conceptual model referred to as Corporate Social Performance (CSP). In this process of conceptualization, Carroll identifies four types of social responsibilities as economic, legal, ethical, and discretionary (philanthropic). Furthermore, he suggested three attributes for corporations seeking to incorporate CSP in their strategies:

1. Define basic CSR
2. Demonstrate an understanding of the subject for which social responsibility exists, and
3. Specify philosophy of responsiveness to the subject.

According to Jamali & Mirshak (2007), the first part of Carroll's concept (economic Responsibility) involves the assimilation and adoption of basic CSR types. This responsibility entails return on shareholders' investment, discovering new resources, promoting technological innovation and advancement, creating jobs, and fair pays for workers and creation of new products and services. Carroll (1979) implied thus that business is the powerhouse of the economy, as such all other associated roles are based on this fundamental assumption.

The legal responsibility is the second part of this concept and entails legal and regulatory requirements that govern business activities (Jamali & Mirshak, 2007). From this underpinning, society expects business to conduct its economic activities within the confines of the law. However, regulation does not guarantee that business will respond to issues equally irrespective of the legal requirements (Pratima, 2002). The third responsibility (ethical) describes ethical obligations of business. This responsibility translates to business doing what is right and fair. Therefore, ethical responsibilities in business are those expectations placed on business by corporate stakeholders and the civil society in general (A.B Carroll & Shabana, 2010). Ethical responsibility is assumed to overcome the limitations imposed on business to engage in CSR (Solomon, 1994). Essentially, ethical responsibility consists of business activities that are not enshrined in law, but are expected of business by society (Jamali & Mirshak, 2007). Such responsibilities include avoiding things that harm society, have respect for stakeholders and preventing social injury. These expectations are consistent with religious principles and human rights (Lantos, 2001). However, Carroll (1979) notes that controversy surrounds the accomplishment of these goals by business.

The last type of responsibility proposed by Carroll (1979) is discretionary judgment, in which business is expected to make good choices on philanthropic activities aimed at assisting the less privileged in society. Frederick (1994) opines that this kind of responsibility is founded on the premise that the relationship between business and society is inextricable. According to Jamali & Mirshak (2007), discretionary responsibility is viewed as the most complex of all four. They based this on its limits and inherent implications that could conflict with the profitability objectives of business.

In essence, corporate philanthropy (or discretionary responsibility) is the idea of firms giving back financially to the society some of its wealth from business activities. On this note, the 'charity principle' was introduced (Frederick, 1987; Mitnick, 1995). It was referred to as the obligation of the wealthy to support the less fortunate in society (i.e. business as custodian of 'society's resources') to justify the CSR concept. Philanthropy in this instance does not necessarily imply that a firm articulate strategy, which is used for a holistic assessment of its impacts on society, and to design plans, policies and tools to improve overall interest towards the society (Kakabadse & Rozuel, 2005). However there may be absolutely nothing wrong in business being strategic about its philanthropic expectations.

Carroll (1991) revisited the four-part definition of CSR and arranged them in the form of a pyramid. This arrangement was intended to demonstrate relevance and aggregation of the four responsibilities. The principal responsibility identified in this pyramid is economic and the discretionary responsibility viewed as apex (Jamali & Mirshak, 2007). This review of the conceptualization shows they are interrelated, and the implication is that any organization aspiring to be ethical must also be economically and legally responsible. From this position, economic and legal responsibilities are mandatory, ethical responsibility is expected and discretionary responsibility desired (Windsor, 2001). Figure 2 below is a hierarchy of Corporate Social Responsibilities (Carroll, 1991):

Figure 2: Carroll (1991) Hierarchy of Corporate Social

Source: Carroll (1991)

Another component proposed in Carroll (1979) corporate social performance model involves the social issues that business needs to address and a philosophy of responsiveness to such issues. This responsibility implies recognition of the fact that business should articulate effective responsibility performance that is aimed at systematically isolating the social issues that are of interest. However this model was not extensively addressed in that piece of work, rather the conceptualization was a simple differentiation between a reactive, defensive, accommodative or proactive responsiveness strategy (Jamali & Mirshak, 2007). In this regard, it will be balancing to examine another important model proposed by Wood (1991).

2.5.2   Wood (1991) Model

The model by Wood (1991) is viewed as a significant improvement in CSR research (Jamali & Mirshak, 2007). Essentially, a researcher adopting the model should first consider the principles that motivate a firm's social responsibility actions at three levels of analysis namely; institutional, organizational, and individual. Table 5 below outlines the Corporate Social Performance Model by Wood (1991):

Table 5: Wood (1991) Corporate Social Performance Model

Principles of Corporate Social Responsiveness	Process of Corporate Social Responsiveness	Outcomes of Corporate Behavior
Institutional Principle: Legitimacy	Environmental Assessment	Social Impacts
Organizational Principle: Public Responsibility	Stakeholder Management	Social Programs
Individual Principle: Managerial Discretion	Issues Management	Social Policies

From the above table, Wood (1991) conceptualized CSR literature into three principles:

1. The principle of legitimacy; this is essentially the societal expectations from business at an institutional level,

2. The principle of public responsibility, which operates at the organizational level and involves the potential impacts of business activities, and

3. The individual principle, which applies managerial discretion where managers are viewed as "moral actors" (Wood, 1991; Robertson & Nicholson, 1996).

This model to an extent is a direct response to the definition of CSR boundaries. It removes the hierarchy between the principles and proposes three different types of responsibility depending on the level of investigation one chooses (Kakabadse, Rozuel & Lee-Davies 2005). Thomas & Simerly (1995) drawing on the work of Wood (1991) similarly note that the motivation for a firm's CSR is in three parts. Firstly, Principle of legitimacy (institutional level), this implies the desire of the firm to maintain credibility and legitimacy as a responsible member of society. Secondly, motivation stems from an organization's sense of responsibility for outcomes associated with their business activities. The final motivation is the choice of individual managers and their personal responsibility preferences and inclinations. Jamali & Mirshak (2007) argue that these principles are not mutually exclusive but rather complementary. Therefore, they went further to integrate the two models for the purposes of clarity and enhanced understanding.

2.5.3   Integrating the Two Models

Jamali & Mirshak (2007) expatiate that the models proposed by Carroll and Wood are complementary. Following this position, they went further to reconcile and integrate the two models. In their view, Carroll's CSR categories are the domains within which all CSR principles, processes and outcomes are founded. Therefore, the Wood (1991) model can be said to be an extension of Carroll's principles. Effectively, it considers each responsibility; be it economic, legal, ethical or discretionary. Furthermore, it examines the motivating principles for each responsibility, the specific process of responsiveness and outcomes of corporate social behavior (Jamali and Mirshak, 2007). In spite of the above analysis, Jamali & Mirshak (2007) still argue that the models by Carroll and Wood are not all inclusive as they did not adequately address all the factors associated with CSR. Table 6 below outlines their categorization of CSR into four broad themes: economic, legal, ethical and discretionary. Interestingly, this is similar to the two models described earlier. The table below epitomizes the main features of the integrated model:

Table 6: Integration of Carroll and Woods' CSR Models

Domains	CSR Principles	Process of Responsiveness	Outcomes of Corporate Outcome
Cell 1: Economic	Social Legitimacy	Environmental Assessment	Social Impacts
	Public Responsibility	Stakeholder Management	Social Programs
	Managerial Discretion	Issues Management	Social Policies
Cell 2: Legal	Social Legitimacy	Environmental Assessment	Social Impacts
	Public Responsibility	Stakeholder Management	Social Programs
	Managerial Discretion	Issues Management	Social Policies
Cell 3: Ethical	Social Legitimacy	Environmental Assessment	Social Impacts
	Public Responsibility	Stakeholder Management	Social Programs
	Managerial Discretion	Issues Management	Social Policies
Cell 4: Discretionary	Social Legitimacy	Environmental Assessment	Social Impacts
	Public Responsibility	Stakeholder Management	Social Programs
	Managerial Discretion	Issues Management	Social Policies

Source: Jamali & Mirshak (2007)

2.6   CSR Focus by Countries

In the beginning, few organizations were focused on the three principles of economic, legal and philanthropic responsibilities. However, more recently the focus is shifting to factors such as environmental, educational and health responsibilities (Sharma & Kiran, 2013).   Evidently, organizations are apportioning more funds in environmental initiatives, healthcare delivery system and education for underprivileged societies. Accordingly, globalization has stimulated changes in traditional CSR practice, the implication being that business people are allocating more resources to education, environmental and health sector (Sharma & Kiran, 2012).   Different countries have different foci for CSR. This is a validation of the argument that there is uniqueness in the practice of CSR. Table 7 below is a list of countries, their CSR focus and associated authors.

Table 7: CSR Practice Country wise Focus

Country	Author Name	Sector	CSR Practice
Europe	Furrer *et. al.*(2009)	Education	Business students attribute more importance to environmental CR and less importance to social CR than managers.
Europe	Steurer (2010)	The role of governments in CSR characterizing public policies	CSR started out as a neo-liberal concept that helped to downscale government regulations, but that it has in turn matured into a more progressive approach of

Country	Author Name	Sector	CSR Practice
			societal co-regulation.
Indonesia	Arli, and Lasmono (2010)	Consumers' perception of CSR	Consumers are often unaware and unsupportive towards CSR. But When consumers have to buy similar products with the same price and quality, CSR could be the determining factor. Eg. ITC notebooks.
Chinese	Ramasamy, and Yeung, (2009)	Consumers Perception of CSR	Economic responsibilities are most important while philanthropic responsibilities are of least importance.
Mexico	Muller, and Kolk, (2009),	Auto industry	Local companies do engage in the type of CSR activities commonly associated with CSR in developed countries.
Germany and UK	Silberhorn, D, and Warren, R.C., (2007)	CSR view from big companies	German companies could benefit more from demonstrating a broad, business-driven understanding of CSR.
Finland	Kapoor, and Sandhu (2010)	Compares CSR practices of forest company, a cooperative bank, and a retail cooperative	Japanese business is not keeping up with corporate social responsibility practices, and it needs to achieve a more global mode of transparency and accountability.
Japan	Fukukawa, and Teramoto (2009)	Multinational companies	
United States, Europe, and Asia	Hill (2007)	Company stock market valuation	European countries and United States represented in this study are best characterized by horizontal individualism. Thus, their possible impact on socially responsible investing may be very different than Asian investors.
India	Murthy (2008)	Top Software Firms	Corporate social disclosure practices of the top 16 software firms in India. firms had different motives/reasons for reporting the different attributes of CSR.
India	Chaudhri et. al. (2007)	Information technology (IT) companies	IT companies in India are lagging behind in creative and effective

Country	Author Name	Sector	CSR Practice
			CSR communication on their Web sites. Multinational corporations would do well to proactively present CSR information on country specific sites as an expression of their commitment to local communities.
Asia	Chapple and Moon, (2005)	CSR Web Site Reporting	Multinational companies are more likely to adopt CSR than those operating solely in their home country.
India	Kapoor and Sandhu (2010)	Impact of Corporate Social Responsibility on Financial Performance	Bi-dimensional model
India	Kiran and Sharma (2011a)	Education	Introduce CSR into course-work of management curriculum.
India	Kiran and Sharma (2011b)	Health, Education & Environment	Investment in CSR initiatives vary according to the firm size.
India	Kiran and Sharma (2011b)	Health, Education & Environment	Need of the hour is for the development of CSR framework

Source: Sharm & Kiran (2013)

According to Matten & Moon (2005) CSR is a complex term and the word social responsibility has been randomly used. Significant literature on contemporary CSR has focused on economic and philanthropic issues associated with the concept (Basu & Palazzo, 2008; Margolis & Walsh, 2003). The table above suggests country specificity in the study of CSR. However, the trend is progressive and ushers in diversity (Sharma & Kiran, 2013). This confirms that the concept has transitioned from social welfare to include transparency, accountability and corporate citizenship (Waddock & Bodwell, 2007). Therefore, CSR has moved beyond philanthropy and image laundering and now associated with consumer needs in general and societal benefits at best (Sharma & Kiran, 2013).

The relative lack of CSR literature on Africa is very apparent. The reason appears to be a lack of interest by contemporary authors in the region as demonstrated in the above table. This is consistent with the views of Amaeshi et al. (2007) and Ogula (2010) that CSR studies are still structured to reflect western philosophy. The above table is a

validation of the point raised from the outset that sufficient literature on CSR does not exist in Africa. In the 18 studies listed, Africa was never a focus for any of the authors. Therefore, it will be more balancing for authors to increase studies on CSR from an African perspective give the content's associated challenges.

2.7   Criticism of CSR

Some authors are of the opinion that CSR has outlived its usefulness and have identified two flaws with the concept. First, they argue that it promotes 'separation theses, implying that business issues and social issues are mutually exclusive. However, the stakeholder theory considers the two as intertwined in terms of economic, political, social and ethical issues (Freeman, Velamuri & Moriaty, 2006). This position is consistent with the notion that managers with pragmatic framework for CSR actions are considered to be fair and just.

The second flaw for CSR is its focus on corporations. This is viewed as a restrictive approach that considers only corporation for CSR rather than a generic package for every organization. On the contrary, the stakeholder theory acknowledges the roles both small and large firms play in driving CSR (Freeman, Velamuri & Moriaty, 2006). In a wider sense, CSR is embedded with a variety of business actions with emphasis on sustainability and the new role of business in the society (Blowfield & Googins, 2006). Notably, there is also increased expectation for these new roles and tactics (Burke, 2005).

All business leaders inevitably come into contact with key stakeholders and this could result in conflict based on varying interests. It could be in the form of global versus regional expectations as well as cultural impositions (Freeman, Velamuri & Moriaty, 2006). This makes the union between stakeholders and CSR complex, as organizations are still struggling to understand the dynamics and scope of the concept (Morsing, Schultz, & Nielsen, 2008).

2.8   Key Elements of CSR

2.8.1   Stakeholder Theory

According to Freeman (1984: 48) "if you want to manage effectively, then you must take your stakeholders into account on a systematic fashion". This has led to growing academic and social interest in stakeholder analysis and management. Similarly, several debates have been associated with the concept given the new business focus (Laplume, Sonpar, & Litz, 2008). The stakeholder proposition requires managers to build constructive relationships with various stakeholders such as employees, customers, suppliers, government agencies, communities and other interest groups including shareholders (Freeman & McVea, 2001). In order to analyze the literature on stakeholder, the concept is outlined, and discussion on the perspective of the theory expatiated. Overall, a discussion of stakeholder management and strategy is examined.

In spite of extensive research in stakeholder issues in the last two decades, it has been mostly described as the opposite of the shareholder model. The latter emphasizes shareholder primacy and argues that they have legitimate claim on their company (Emiliani, 2001; Halal, 2001). As a subject of CSR, stakeholder theory is also faced with similar controversies on its nature and scope. Irrespective of these controversies, there appears to be some agreement regarding the general concepts in stakeholder theory (Hillman, Keim & Luce, 2005). These authors identify four central attributes:

1. The firm has relationships with constituent (stakeholder) groups,
2. The process and outcome associated with these relationships of interest,
3. The interest of all legitimate stakeholders have value, and
4. The focus of stakeholder theory is on marginal decision making.

Relative to this theory, other authors have also defined it using two basic principles as "that to perform well, managers need to pay attention to a wide array of stakeholders, and that managers have obligation to stakeholders which include, but extend beyond shareholders" (Jones et al, 2002: 20). Overall, stakeholder theory is three-part; "organizations have stakeholder groups that affect and are affected by them, these interactions impact on specific stakeholders and the organization, and perspectives of salient stakeholders affect the viability of strategic options" (Haberberg & Pieple, 2001: 74, Simmons, 2004). This leads to the examination of different definitions for stakeholders through stakeholder analysis.

2.8.2   Definition of Stakeholder

There is divergence in opinion on the nature of "stakeholder" as a concept. Many of the recent definitions emanate from the seminal work of Freeman (1984) where he makes a distinction between people that affect or affected by business decision or action (Reed et.al, 2009). It is relevant to note that stakeholders predate Freeman's work (Rowley, 1997). The word stakeholder was first applied in the seventeenth century, where it was used to describe a third party enlisted with the stakes of a bet (Ramirez, 1997). However, Schilling (2000) argues that the work of Fillet (1918) is instrumental to Freeman's stakeholder theory that came several decades later. In a narrow perspective, Bowee (1988: 112) defines stakeholders as those groups or individuals "without whose support the organization will seize to exist". Subsequent definitions propose a wider and more normative position by viewing it as "any naturally occurring entity that is affected by organizational performance". That includes living and non-living entities as well as mental environmental constructs, such as respect for past generation or wellbeing of future generations (Starik, 1995; Hubacek & Mauerhofer, 2008).

Historically, there seems to be a natural fit between the idea of CSR and the stakeholders of an organization. Yet, there is controversy on what the word 'social' implies as it lacks specificity on which the corporations is responsible to (Carroll, 1991). Fundamentally, stakeholder concept personalizes societal responsibilities by defining the specific groups or persons that should be considered by business in its CSR. Therefore the stakeholder concept personifies those that the organizations should respond to (Carroll, 1991).

A number of scholars have come with frameworks that distinguish stakeholders. For example Mitchell et.al. (1997) developed three attributes of stakeholder relations:
1. The stakeholder group's power that may influence the firm,
2. The legitimacy of the relationship between stakeholder group and the firm, and
3. The urgency with which the stakeholder group has claim on the firm.

These attributes were further summarized into definitive, instrumental, dependent, dormant, discretionary, demanding stakeholders and non-stakeholders. This demonstrates diversity in the stakeholder debate. Debatably, managers can use the variables of legitimacy, power and urgency to identify the degree of relevance of

stakeholder types. The normative and instrumental categorization will be further differentiated.

2.8.3 Normative and Instrumental Stakeholder Theory

The work of Donaldson and Preston (1995) has inspired the development of stakeholder approaches in two different perspectives. In their work, they consider four types of stakeholders namely descriptive, instrumental, normative and managerial. Accordingly, two approaches (instrumental and normative) have been given particular consideration in literature (Kakabadse, Rozuel & Lee-Davies, 2005).

Donaldson and Preston (1995: 74) define stakeholder management as acting "as if all stakeholders' interests have intrinsic value". Following this definition, they refer to instrumental stakeholder theory as a platform for assessing the financial impacts of acting as if all stakeholders' interests have intrinsic value. This definition by Donaldson and Preston (1995) further suggests similarities in both normative and instrumental stakeholder theory by assuming that they are two sides of the same coin. This interpretation is shared by other authors (e.g. Jones & Wick, 1999; Shankman 1999; Oorts & Strudler, 2002), as they consider instrumental theory as the financial effects of acknowledging the normative stakeholder theory.

The normative stakeholder theory seeks to justify stakeholder theory from a moral or philosophical underpinning. It views all stakeholders as having intrinsic value (Berman, Wicks, Kotha & Jones, 1999). This emanates from the opinion that stakeholders affect and are affected by the firm (Frooman, 1999). Therefore, it becomes binding upon organizations to look after all of its stakeholders (Berman et al., 1999). Proponents of normative stakeholder theory argue the importance of giving attention to multiple stakeholder groups because it is perceived as the best approach. However, there is an acknowledgement that it may not represent the most profitable path for the firm (Berman et al., 1999; Jawahar & Mclaughlin, 2001; Jones & Wicks, 19999; Trevino and Weaver, 1999). Jones & Wicks (1999) refer to this perspective as being bi-directional, given that it underscores the negative effects of self-centeredness.

The instrumental stakeholder theory views stakeholder management theory as a tool to achieve expected outcomes that are centered on profitability. On the contrary,

normative stakeholder theory considers ethical legitimacy of shareholders' claim on the organization as paramount (Jones et al., 2002). Hummels (1998) refers to instrumental stakeholder as 'primary' and at the same time argues that normative stakeholders are critical. In this vein, Scholl (2001) identifies two strands of stakeholder research. The first strand is referred to as 'Social Science' strand. This strand examines the instrumental motivation of stakeholder theory. The second strand is the 'Business Ethics', which suggests that each stakeholder potentially has intrinsic value by them and should form an ethical framework for managers. Following this, the instrumental stakeholder theory seems open to criticism. This is constructed on the point that it redefines an all-inclusive stakeholders' claims formulation through economic reasoning. Invariably, this position argues that it makes good business sense to accommodate those stakeholders' opinion that will have strategic implication on business (Kakabadse, Rozuel & Lee-Davies, 2005). However, some authors opine that this action alone does not translate to business morality for the firm as it lacks the desired commitment to good citizenship (L'Etang, 1995; Goodpaster, 1991; Hummels, 1998). The criticism is that organizations are likely going to communicate ethical behaviors as a matter of public relations. Therefore, some of the approaches adopted could be structured towards economic gains (L'Etang, 1995)

The instrumental perspective considers stakeholders as important due to the fact that addressing their needs would translate to good business practice (Jones, 1995). Resulting from this argument, Berman et al. (1999) asserts that stakeholders influence the organization; consequently, effective management of stakeholders could lead to business successful maximization of profit (Berman et al., 1999). Frooman (1999) refers to instrumental stakeholder theory as unidirectional as opposed to the bi-directional nature of normative stakeholder. Instrumental stakeholder theory is primarily built around the economic benefit of the firm. It follows therefore that stakeholder concerns are only considered by firms in decision making when they have strategic business value (Berman et al., 1999; Frooman, 1999). The difference between the two is that instrumental stakeholder considers stakeholders as part of organizational strategy rather than what drives it (Berman et al., 1999; Donaldson & Preston, 1995). Overall, the goal of instrumental stakeholder management is the traditional organizational performance (i.e. most importantly financial growth). Studies have made persuasive argument on the correlation between positive relationship between multiple stakeholders and performance index, suggesting a strategic validity to effective

stakeholder management (Berman et al. 2001; Jawahar et al., 2001; Jones, 1995). As a consequence, there is need for cooperation between all the stakeholders for mutual gain.

2.8.4   Stakeholder Analysis

Many approaches have been developed to analyze stakeholders based on their constructive and destructive tendencies. Therefore, the need to understand their interest and influence becomes obligatory as they could threaten or support a firm's business agenda (Brugha & Varvasovsky, 2000). As result, managers have adopted stakeholder analysis to achieve aims such as mobilizing, neutralizing or defeating stakeholders (Reed et al, 2009).

Drawing on the work of Brugha & Varvasovsky (2009), Reed et al. (2009) notes that policy analysts have attempted to reconcile the importance of information, institutions, decisions and power influence policy agenda for stakeholders in social networks. They further opine that stakeholder analysis is instrumental to generating information on the relevant actions in order to understand their behavior and influence on the whole decision-making process. Pain (2004), while expressing disappointment, argues that stakeholder analysis may have been wrongly applied in projects that did not adequately understand stakeholder dynamics and the aftermath has been failure.

2.8.5   Significance of Stakeholder

There is thinking that stakeholder approaches derail business objectives (Profit) by embracing social goals (Vinten, 2000). On the contrary, the concept does not discriminate against the core purpose of business, but only widens the scope (Kabda, 2005). Broadly speaking, stakeholder theory does not argue the legitimacy of shareholders claim. However; it challenges the notion that shareholders should be the preferred or only claimants (Hummels, 1998; Emiliani, 2001). Clarke (1995), an advocate of restrictive stakeholder, opines that organizations run a risk by ignoring its primary stakeholder. Thus, they must combine profitability with stakeholder management to strike a balance.

Reiterating the position of Jones & Wicks (1999: 2009), the stakeholder approach is not intended "to shift focus of firms away from market success toward human decency, but

to come up with understanding of business in which these objectives are linked and mutually reinforcing". Interestingly, there has been extensive research in this area in the last three decades in order to establish a link between CSR and financial performance, and the outcome has been positive (Margolis & Walsh, 2003; Orlitzky et al., 2003). In spite of this positive correlation, it still remains complex to determine the contribution of CSR in real terms (Ougaard & Nielsen, 2002; Margolis & Walsh, 2003).

2.8.6   Justification of Stakeholder Analysis

Bowen (1988: 112) proposes a narrow (instrumental) definition of stakeholders as those "without whose support the organization will seize to exist". In a broader sense, stakeholder is defined from a normative perspective as "any naturally occurring entity that is affected by organizational performance (i.e. living and non-living entities or even mental-environmental constructs, such as respect for past generation or the wellbeing of future generation (Starik, 1995; Hubacek & Mauerhofer, 2008).

From an environmental underpinning, Coase (1960) defines stakeholder as pollutants and victims. In which pollutants affect change and victims are those affected by the change. According to Friedman & Miles (2002), the controversy in the definition of stakeholders arises from the inability to establish what constitutes a legitimate stake. They argue that literature does not usually distinguish between legitimate and illegitimate stakeholders. Similarly, Friedman (1962) expresses skepticism in his work by suggesting that shareholders should be the only recognized stakeholders. Thus, they remain the only legitimate stakeholders. However this position is at odds with stakeholder analysis, which provides criteria to include other individuals and groups other than shareholders. Such groups could range from those who affect or are affected by an organization's activity (Freeman 1984; Starik, 1995), to those based on theories of natural capital investment (Schlossberger, 1994), externalities (Freeman, 1994) and property rights (Donaldson & Preston, 1995). Frooman (1999) in his work disregards the need for stakeholders to establish legitimacy over an organization noting that "the appropriateness of the stakeholder's claim may not matter nearly as much as the ability of the stakeholder to affect the direction of the firm". This expression reduces the influence of other stakeholders other than shareholders. Friedman and Miles (2006) adopt this approach by suggesting that legitimacy is an important basis of influence and that clarity is required on what amounts to legitimate stake.

2.8.7 Stakeholder Theory vs. Theory of the Firm

Following the work of Coase (1937) and by extension Achilan and Demsetz and others, a rich body of literature has emerged examining the different aspects of the firm theory (Jensen & Meckling, 1976). Some studies have been designated as 'transaction cost economics' or 'new instrumental economics' and applied to the themes of the firm. These studies reflect issues of market failure such as transaction cost, the principal-agent problem, asymmetric information, opportunistic behavior and moral hazard (Jensen & Meckling, 1976). These authors consider firms as a link of contracts designed to mitigate conflicts that arise between shareholders and managers as well as within the firm (Cheung, 1983). Following the types of contracts, studies can be categorized into two; complete contracting perspective and incomplete contracting perspective.

Complete contracting assumes that agents are able to anticipate all future occurrences and devise detailed contracts without inherent cost (Grossman & Hart, 1986; Williamson, 1981; 1988). Conversely, the incomplete contracting category underscores the costs of drafting complex contracts and the significance of carrying out monitoring (Alchan & Demsetz, 1972; Hart, 1988; Holmstrom & Milgrom, 1994). However, the stakeholder theory argues that management should take care of the relationship with stakeholders such as employees, customers, suppliers, government and communities in the same manner with shareholders (Evan & Freeman, 1993; Freeman, 1984; Freeman & Evan, 1990). Accordingly, this stimulates a debate for the management of stakeholder relationships versus shareholder relationships. Some issues such as agency problems, fiduciary duties, property rights and transaction costs have been associated with managing these relationships. Some of these issues are further discussed to enhance understanding.

2.8.8 Agency problems

Essentially, agency theory is associated with agency problems that are rooted in divergent interest between the agents (managers) and principals (shareholders). This theory proposes that the firm is a node of explicit contracts and supports shareholders' primacy (Alchian & Demsetz, 1972; Jensen & Meckling, 1976; Ronnegard & Smith, 2010). Williamson (1985), a proponent of shareholders' primacy argues that

shareholders' interests are not protected as much as that of other stakeholders, thereby putting their investment at risk. In a similar vein, Jensen and Meckling (1976) in their work note that the agent may not act in the best interest of the principal if both parties are utility maximizers. However, the principal can manage this situation by incentivizing the agent and also absorbing monitoring costs aimed at limiting opportunistic activities of the agent. For example, they reason that it will be disadvantageous to the agent to expend resources (bonding costs) in order to assure that they will not take decisions that are inconsistent with the expectations of the principal or to ensure that the principal does not suffer any loss should such decision be taken. It follows therefore that principals (shareholders) can devise any means to prevent opportunistic behaviors of the agent.

Realistically, it is very tasking for both the principal and agent to optimize the monitoring of bonding activities without any associated cost. As a consequence, residual cost may likely apply in this situation. In essence, the central point of agency theory is to impose limit on agency cost (Fama & Jensen, 1983; Jensen, 1983). Following this, the firm theory is examined from explicit contractual relationships to a relationship between explicit and implicit contracts from a multi-stakeholder perspective by Hill & Jones (1992). Their argument is based on the fact that agency theory is similar to agency-stakeholder theory. The agency theory opines that markets are efficient and capable of adjusting rapidly to adverse movements. They further express that both endogenous and exogenous shocks that result in short-term market imbalance and power differentials between managers and other stakeholders should be allowed.

There is a complex debate on the boundaries of the duty of the manager, whether it is exclusively to cater for the interest of shareholders or the generality of stakeholders. Stakeholder theory considers this complexity by extending manager fiduciary duties to multi-stakeholder groups as opposed to the traditional shareholder fiduciary perspective (Freeman & Evan, 1993). In order to further demonstrate the relevance of this opinion, Freeman and Evan (1993: 82) had to redefine the purpose of the firm by stating that "the corporation should be managed for the benefit of its stakeholders, its customers, suppliers, owners, employees and local communities". This could be regarded as a multi-stakeholder approach.

On the contrary, some scholars argue that the concept of multi-fiduciary duty is morally deficient (Marcoux, 2001), creating what is known as 'stakeholder paradox' (Goodpaster, 1991). Goodpaster (1991) simply put stakeholder paradox thus:

> *"It seems essential, yet in some ways illegitimate, to orient corporate decisions by ethical values that go beyond strategic stakeholder considerations to multi-fiduciary ones".*

He further suggests that the multi-fiduciary approach affects manager's accountability to shareholders given that it connotes a contradiction that hinders requests for profit maximization at the same time. Similarly, Marcoux (2001) notes that it is an onerous challenge for managers to perform multi-fiduciary duties among parties with conflicting interest simultaneously. Invariably, it is only moral that fiduciary duties be concentrated only on relationships between the managers and shareholders.

From a public policy perspective, Boatright (1994) challenges Goodpaster position using a three-point view. First, he argues that there is no direct relationship between the property rights of shareholders and the fiduciary duties of managers. He asserts that shareholders are essentially beneficiaries and not owners of a corporation. This consideration is made based on the fact that shareholders can trade their shares in the stock market when they feel their expectations are not being met or for the purposes of divestment without much transaction cost. Therefore, shareholders enjoy flexibility relative to their investment. The second argument put forward by Boatright (1994) is that no express contract exists; thus, implicit contract between shareholders and management is surrounded by ambiguity. In essence, there is no negotiation on mutual obligations as only little interaction ensues between the parties.

In his third view, Boatright refers to managers as "agents of the corporation not shareholders" (Boatright, 1994: 399). This position was further validated by making reference to the second Restatement of Agency, Section 1: "(1) consent to the relation, (2) the power to act on another's behalf, and (3) element of control" (Boatright, 1994: 399). He concludes that these conditions do not exist in the relationship between managers and shareholders and calls to question the authenticity of the claims. Drawing on this perspective, Phillips (2003: 80) concurs by noting that the fiduciary duty of managers is relevant to only the corporation rather than to shareholders. In his words:

If care were taken to distinguish shareholders from corporation, we would see that the shareholder, in fact, continue to control the stock that is both their asset and their investment. The assets Marcoux describes as being under the control of management are the assets of the organization, not the shareholders

Overall, the stakeholder studies support the position that manager accountability is all inclusive (i.e. all stakeholders) to parties in a corporation and not exclusively to shareholders. In the view of Boatright (2002) the contract theory is not premised on shareholder or the stakeholders perspective and is not fundamental to either stakeholder or shareholder primacy.

2.8.8.1   Property Rights

This is another issue of for consideration. Two types of definitions have been identified for property rights. The first is narrow in perspective and refers to it as "legal recourse available to owners of property" (Asher, Mahoney & Mahoney, 2005:7). However, a more broad definition refers to it as: "any sanctioned behavioral relations among decision makers in the use of potentially valuable resources" (Asher et al., 2005: 7). This includes any social institutions as well as legally enforceable claims.

In the study by Coase (1960), resources do not necessarily imply a physical asset, as it could be in the form of rights. Invariably, the resources owned by a firm could refer to property rights rather than brick and mortar. Following this argument, Donaldson and Preston (1995: 83) introduce the notion that "property rights are embedded in human rights and that restrictions against harmful uses are intrinsic to the property right concept clearly brings the interest of others (i.e. of non-owner stakeholders) into the practice". Paradoxically, they suggest that "the stakeholder model can be justified on the basis of the theory of property; because the traditional view has been that a focus on property rights justifies the dominance of shareowners' interest" (Donaldson & Preston, 1995: 83).

Asher et al. (2005) draw a conclusion between property rights theory and resource-based view, by arguing that maximizing shareholders' value is consistent with the logic behind explicit contracting framework. Therefore, it cannot demonstrate the

appropriate firm value considering the fact that it ignores implicit contracts. They imply that other stakeholder should be taken into consideration alongside with shareholders by stating:

> "When considering both explicit and implicit contracts, when assessing the economic value generated by the firm, one needs to assess the economic surplus captured by all stakeholders (2005: 15).

Essentially, this position underscores the significance of other stakeholders in a firm's value creation and value distribution channels.

2.8.2 Transaction Costs

The final issue of consideration in this category is transaction cost. Jones (1995) identifies three other sources of transaction cost in addition to the agency cost described earlier. The first is the information asymmetry between the seller of resources and the buyer. This is associated with the problem of value uncertainty or opportunistic behavior. In this instance, transaction costs will consist "(a) search cost (b) negotiating cost, (c) monitoring cost (d) enforcement and (e) residual loss" (Jones 1995: 410). Williamson (1985) notes a second cost as hold-up problem. This refers to an obstacle to investment in a specialized resource, which would improve efficiency of both the supplier and the consumer. Given that difficulties are usually experienced in disposing specialized resources, there could be reduction in the value investment or increased cost. Such costs may be incurred in the process of negotiating, monitoring and enforcing contracts in order to prevent a hold-up.

The third cost is described by Jones (1995) and is referred to as team production (or consumption) problem. He describes the team production problem by using the work of Hardin (1968) as "tragedy of the commons" – where individuals tend to exploit or over-consume a resource collectively owned by society. As a result, transaction costs obviously increase due to unscrupulous behaviors or arrangements required to curb such misadventure. Jones (1995) argues that mutual trust and cooperation founded on ethics and corporation morality between multi-stakeholders can actually reduce both agency and transaction costs thereby creating efficient contracting. He summarizes that:

> "*because the cost of opportunism and of preventing or reducing*
> *opportunism are significant, firms that contract on the basis of trust and*

> *cooperation will have a competitive advantage over those that do not use such criteria" (Jones, 1995: 432).*

2.9   Legitimacy of Business

Legitimacy has grown to be an important aspect of contemporary business. Moir (2001) examines the reason that makes legitimacy central to business by drawing on the work of Suchman (1995). It was noted in that work that:

> *If legitimacy is so important for business, up to serving as an incentive to engage in social responsibility, it may actually be that "society grants legitimacy and power to business". In the long run, those who do not use power in a manner which society considers responsible will tend to lose it (Davis, 19973; Wood, 1991).*

The above statement is popularly referred to as 'Iron Law of Responsibility' and has implications on social contract (Kakabadse & Rozuel, 2005). The summation for this position is that society grants business some conditional power and influence; where business fails to use such power responsibly, it could jeopardize its social, economic and political standing and even existence in the society (Kakabadse & Rozuel, 2005). Taka (1999) simply points that the firm is meant for the society and not vice versa. This expression confers so much power on the society, in which it determines what is right or wrong. It makes the society both judge and monitor of members' compliance and punish those who do not follow the rules. As a consequence, the firm is expected to act as 'public steward' or as citizens entitled to social responsibility like everyone else (Chen, 1975; Davis, 1975; Takala, 1999). According to Kaba (2005), the above argument balances power and forces between society and business, considering the fact that business has become an integral part of society. The campaign for CSR and agitation by rights group could be attributed to this control as members of the society aspire to gain control they should ordinarily have. However this issue still faces real challenges as there is no clarity for a straight solution (Wood, 1991).

2.10   Accountability and CSR

Accountability simply put is a process whereby leaders, companies or organizations adopt for the purposes of integrity. It has been noted that accountability is a key

challenge for organization in this global stakeholder society (Frame, 2005). Therefore, it becomes incumbent upon managers to reconcile and align the demands, needs and interest, and values of all the stakeholders. Such stakeholders include employees, suppliers, shareholders, communities, NGOs and the entire society. Frame (2005) further notes a growing number of literature in areas of CSR accountability and a requirement for NGOs to be as ethical, transparent, and accountable as those they perform oversight function on. This expression is a demonstration that accountability cuts across board. However, there has been inconsistency in the manner in which communities demand for accountability. According to Garvey & Newell (2005), doubt exists on the effectiveness of the strategies adopted by communities to seek corporate accountability.

Similarly, Frynas (2005) expresses skepticism by arguing that accountability is far from making false promises by organizations. He cited an example of $500 million spent by oil; gas and mining sector in host communities in 2001, and that the efficacy of the development program can hardly be determined. The conclusion is that a huge gap exists between claims and actuals on the part of organizations. Arguably, accountability is implicit on all levels of CSR on the part of leaders, customer, organizations, and community leaders. However, accountability still remains a complex subject just like CSR. Consistent with this opinion, it could be said the factors affecting the effectiveness of corporate accountability are multifaceted and inextricable (D'Amato, Henderson, & Florence, 2009). Dolan (2004) uses his work to demonstrate that business is an interconnected web of relationships, with activities having consequences on its objectives.

2.11 CSR as a Social Contract

CSR has been associated with the term social contract or license to operate. In that respect, it is important to extract this definition of corporation as:

> *A corporation is defined as an entity created and empowered by a state charter to act as an individual. This authorization gives the corporation the right to own, buy and sell property, to enter into contract to sue and be sued, and to have legal accountability for damages and debt to only*

the limit of the shareholders' investment (Nisberg, 1988: 74; Kilcullar,
Ohles, Kooista, 1999).

From the above definition, the idea of license to operate stems from an understanding that business will behave fairly and demonstrate accountability in its action beyond what is required by the law (Kabie, 2001). In this vein, Moir (2001) draws on the work of Grey, Owen & Adam to explain the reason behind business engagement of CSR. The argument is that social contract is that which makes business to act responsibly not because of profit interest but rather an obligation to the society. Therefore, social contract is explicit on society's expectation of business and vice versa (Moir, 2001). According to Lantos (2001), this expectation may have evolved over time based on changing societal preferences. Initially, it was profit-oriented within the confines of the law, whereas the "new social contract" that became popular in the 1950s links social progress to economic programs. Thus, "the enterprise's responsibilities should be commensurate with its economic, social and political power" (Lantos, 2001, p. 599). Overall, business has come to appreciate the value of working with communities for the benefit of all parties.

2.12   Contributions to CSR

CSR can be viewed as a process that consists of many stakeholder groups, which may be highly contextual in practice and succumb to macro environmental as much as very individual factors of influence. However CSR tends to be multidisciplinary rather than distinct management discipline, which ought to be explored from different perspectives (Qugaard & Nielsen, 2002). The figure below summarizes the contributions of academics, business and members of the society to the CSR concept. It is consistent to note that the list is neither absolute nor exhaustive, rather an effort to underscore the main drivers in the development of CSR meaning and scope. According to Qugaard and Nielsen (2002), academics view CSR from a social contract point of view than sustainability and also assess it from a legitimacy perspective. On the part of society, they consider it as the payment for power granted to business by society. Interestingly, the trio of academics, civil society and business are in agreement that CSR is a multi-stakeholder framework and its practicality dependent on that principle. Overall, academics define CSR as a movement beyond legal requirement, whereas business and

society are more concerned about the philanthropy or voluntary aspect of the concept. Notably, all the parties have identical themes for the CSR debate. However, the difference lies in the terminology used in assessing and implementing it (Qugaard & Nielsen, 2002). Below is the summary of the various contributions made by academics, civil society and business as proposed by Kakabadse & Rozuel (2005):
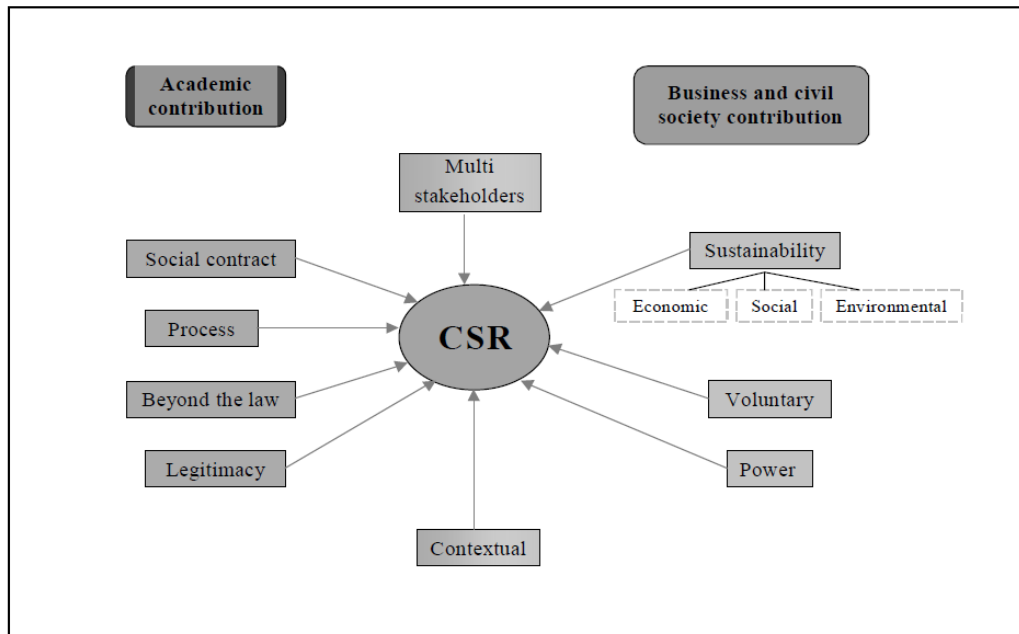
Figure 3: The CSR Concept: Major Contributions
Source: Kakabadse & Rozuel (2005)

2.13   Role of IOCs in Nigeria

Oil creates the illusion of completely changed life without work, life for free. It expresses perfectly the eternal human dream of wealth achieved through likely accident, a fairy tale and, like every fairy tale, a bit of a lie (Ryszard Kapuscinski in Kashi & Watts, (2008).

After examining the CSR concept, it became relevant to examine the activities of IOCs in the NDR of Nigeria as a fundamental aspect of the study. This based on the realization that IOCs are among Multinational Enterprises (MNEs) that are pivoting globalization given their pedigree in the world economy. MNEs are central to world trade and foreign direct investments (FDI) that traverse nations (Ahiakpor, 1990). In developing nations such as Nigeria, IOCs are the bedrock of the economy and engage in different activities. IOCs are particularly responsible for oil E&P in Nigeria. Following this understanding, Travis (1998) notes:

Multinationals forge links between these very different countries and among the people within a country. Within third world countries, multinationals have direct linkages through the products they produce, many flowing to consumers who cannot read; though their workers who are often drawn from urban slums or rural poverty; through the purchase of materials, components, and services from local suppliers. The secondary effects are great. Communities in short supply of physical and social infrastructure and managerial capability call upon the local multinational subsidiaries (Travis, 1998: 8)

The above statement places MNEs such as IOCs in a position of power. The implication is that some of these developing nations look up to them to fill the gaps created by the lack of development structures and accountability. However, developing nations remain skeptical about this power as it could be harmful to their developing economic structure and thus agitate for more regulation in some instances (Eweje, 2001). This differing objectives most of the times create a conflict environment as epitomized in the crisis in the NDR. This is consisted with the work of Mikesell in his investigation of mining projects in developing nations as reported by Bosson & Varon (1978). The investigation confirms a conflict situation between the host government and foreign investors, where the conflict was found to be on-going as host nations perceive the foreign investors are making profit. Therefore, they wanted a direct relationship between the profits made by investors and what they give back to the host nation. As a consequence, there is always friction between these countries and MNEs as host communities have always had their reservations about the relationship (Eweje, 2001). This relationship between MNEs and developing nations has been difficult as well as complex, with host communities feeling marginalized (Akpan, 2006).

Ahiakpor (1978) notes that this situation was the genesis of the nationalization of some of these foreign firms in developing nation. The whole idea was to bring indigenous people on board to create more local participation. Irrespective of this thinking, the positive role of MNEs play in developing nations can hardly be exaggerated. This has been highlighted in the works of Frynas (2009) and Eweje (2006). Some studies however suggest that some of these firms may be playing this role grudgingly. Therefore, many groups have suggested a close supervision of the activities of IOCs in order to reduce exploitative tendencies (Ahiakpor, 1978).

MNEs have also had support from some groups, who argue that investment by these firms is associated with economic benefits in developing nations. They contended that investments of this nature fill social gaps and improve quality of life in host nations. In this vein, Eweje (2001) refers to capital as the most important contribution of these firms. Furthermore, he posits that MNEs provide scarce economic resources to these nations that are seriously lacking. Overall, foreign investors contribute to the economic wellbeing of developing nations as a commitment to social responsibility.

From a different perspective, Spero (1993) notes the contributions these multinationals make in foreign exchange to these nations through their export activities. He summarizes thus:

> *First the marketing skills and knowledge of foreign markets of the MNEs and the competitive products, it is argued, generates exports and thus increase foreign exchange earnings of host countries. The second, crucial resources gaps filled by multinationals, according to proponents of foreign investment, is technology. The desire to obtain modern technology is perhaps the most important attraction of foreign investment for developing countries. Multinational Corporations allow Southern States to profit from the sophisticated research and development carried out by multinationals and make available technology that could otherwise be out of reach of less-developed countries (Spero, 1993)*

The above is a classic demonstration of how multinationals can help in developing nations by connecting them to the world through modern technology. It could be argued that most of the developments witnessed in developing nations are aftermath of multinational activities. Additionally, proponents of the economic impact of MNEs point to the fact that the create jobs, provide innovate products, initiate and implement healthcare programs, housing, and education for host communities. In real terms, they improve the quality of life of host communities (Eweje, 2006). Interestingly, some earlier studies suggest that multinationals are more ethical than indigenous ones (Kolbe, 1982). However this should not be perceived as a vote of confidence on multinationals in developing nations as some IOCs faces difficult challenges in host communities (Ite, 2007).

Conversely, critics of MNEs still remain skeptical about the authenticity of their commitment in developing nations. They argue that policies are adopted for business interest of MNEs and not necessarily for host communities. MNEs are said to exploit and perpetuate the dependency syndrome at best (Spero, 1982). This is consistent with the position of Watts & Kashi (2008) that the discovery of oil in NDR might be a curse after all.

At this stage, it is important to note that the study does not seek to analyze the implications of FDIs in developing nations but rather examines the extant CSR practices of IOCs in the NDR. Arguably, it is common knowledge that IOCs have significant roles to play in the sustainable development of NDR through effective CSR framework. Specific activities of IOCs in the region will be further described

2.14   Significance of IOCs in Nigeria

According to Rosser (2006) the conventional wisdom in the 80s was that natural resources played central role in the development of a nation. Some development theorists and neoliberal economists further amplified this position until the emergence of a contrary view in the 80s as well. The opponents claim that natural resources may not be a blessing to those nations after all. The core argument by the proponents is that abundance of natural resources such as oil would assist developing countries to migrate from underdevelopment to industrialization as evidenced in countries such as Britain, USA and Australia (Akinlo, 2012). However, the situation in Nigeria starkly contradicts the view that oil is associated with economic development. This has been attributed to the lack of transparency and accountability on the part of the government (Vletter, 1997).

In this vein, a number of contributions have been linked to oil resources in developing nations. Such contributions include the accumulation of foreign reserve; which could be used as a form of collateral in attracting foreign investment to the nation (Dooley et al., 2004). On the contrary, some analysts view this as an expensive self-insurance to smoothen vulnerability impacts of domestic and foreign uncertainties in order to manage foreign exchange (Akinlo, 2012). Another significant contribution of oil to oil-rich economies is the provision of intermediate input to the entire economy. The

intermediate inputs include crude oil, gas, liquid feedstocks, as well as oil and gas into the refining, petrochemical and electricity and energy intensive industries (Al-Moneef, 2006). This entire channel is considered crucial to growth and development in developing nations. For example, some of the outputs of petrochemical industries are critical to the development of the manufacturing sector. It is also pertinent to note this could reduce the cost of electricity and other basic utilities that are required by the manufacturing sector.

Prior to independence, Nigeria was a British protectorate for several decades. During this period, Britain had monopoly of business activities in Nigeria (Ikoya, 2007). After the discovery of oil in 1956, Nigeria's economic policy has been shaped around oil revenue, making it an indispensable commodity (Abe & Ayodele., 1986). Therefore, from the time oil was discovered in Nigeria, IOCs have played a central role in the economy (Pinto, 1987). Without much complexity, IOCs account for almost all the foreign revenue through crude oil export. For example, 87% of Nigerian government revenues; 90% of foreign exchange earnings, 96% of export revenues, and almost half of Gross Domestic Product was attributable to oil (M. Watts & Kashi, 2008). This is consistent with the earlier statement that the nation's economy is built around oil.

In Nigeria, IOCs have total control over oil E&P, marketing and export of petroleum products (Pinto, 1987). However, it is pertinent to note that the NNPC is in joint ventures with the major IOCs in oil E&P but IOCs still provide technical expertise. Nigeria is the largest producer of crude oil in the African continent (Evuleocha, 2005). Interestingly, Nigeria's crude oil is referred to as sweet due to its low sulfur content. This oil wealth coupled with dense population, confers on Nigeria economic and political superiority among its peers in sub-Saharan Africa (Khen, 1994). However this superiority is highly contestable based on the pervasive poverty in the nation (Campbell, 2011).

A 2011 OPEC report places Nigeria as the 8th largest oil-producing nation in the world. It is consistent to state that Nigeria has had many oil windfalls. Paradoxically, these windfalls have not translated into economic development. For example between 1973 and 1979, the nation witnessed economic boom through unprecedented oil revenue

(Jazayeri, 1986). Subsequently, oil became the hub of all economic activities as politicians and other players started enriching themselves (Campbell, 2010).

In the 1980s, oil had become almost the only source of revenue to the country. As a consequence, laws were enacted to protect this precious resource. One of such laws put absolute control of oil revenue in the hands of the federal government. The law states:

> *Under section D of the petroleum Act 1969 the entire ownership and control of all oil and gas in place within any land in Nigeria, under the territorial waters and continental shelf, is vested in the State of Nigeria. Section 40 (3) of the 1979 constitution of the Federal Republic of Nigeria provides that the entire property in and the control of all mineral, oil and natural gas, in, under or upon any land in Nigeria the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in Government of the Federation and be managed in such manner as may be established in Nigeria (George Etomi & Partners: April, 1991).*

This is a confirmation that the constitution allows the federal government to centrally control oil and all the associated activities. Therefore, if any changes to be made, it must go through a constitutional amendment. The agitation by the NDR for total control of oil revenue would appear unconstitutional based on the above proclamation.

In an economic sense, the oil boom was associated with increase in local manpower demand and flow of foreign exchange. The development benefited the elites and politicians; who formalized corruption and mismanagement of resources (Campbell, 2011; Turner & Sherman, 1997). The international community took note of this anomaly and the consequence was the turning down of a loan request to IMF in 1985. Most Nigerians viewed this development as a danger sign. However, this action was accompanied with some advantages as the currency was devalued "four-fold, import restrictions were lifted, import licenses abolished, wages frozen, price controls, subsidies removed, wages frozen, price controls lifted, jobs cut, the minimum wage eliminated and profitability of oil investment enhanced (Turner, 1986).

Following this, some economic initiatives were introduced to boost the economy by cutting cost. An example of such programs is the Structural Adjustment Program that was in place between 1986 and 1988 (Pinto, 1987). The World Bank lauded this

development as they took active part in negotiating a new debt repayment timetable for Nigeria. In addition, loans were granted by the same World Bank and other institutions. However, it is also relevant to note that at this time, the oil industry was ridden with crisis and this fed into ethnic conflicts. This was exacerbated by the mismanagement of oil resources; which crystallized into strike actions by oil workers (Pinto, 1987).

The negative economic impact of oil was the shutdown of other sectors of the economy. For instance, the manufacturing sector became anemic as the country became over-dependent on oil. The agricultural sector was also under severe malfunction as shortages of fertilizer and foreign exchange had direct impact on productivity (Turner, 1987). The most worrisome aspect of the oil burst was a constrained relationship between IOCs, host communities and Nigerian Government. This friction came at a point that Nigerians were calling for the nationalization of some of these international companies. The whole idea of the Nigerianization was to drive down the cost of oil E&P by exploring local technology and manpower (Eweje, 2001). This agitation is consistent with views that foreigners have dominated the petroleum and mining industries to the detriment of developing nations. Interestingly this view has attracted the attentions of different groups (Frynas, 2009; Spero, 1980). However, it remains arguable if this objective has been achieved ever since. Events had a different turn when Nigeria returned to democratic rule in 1999 after a long period of military rule (Shaka, 2006). The government on its part has been providing loans, subsidies and training to farmers to improve productivity. However, some observers doubt the efficacy of this approach considering the overdependence on oil. It remains to be seen how this approached has boosted food production in the nation (Eweje, 2001).

2.15   CSR and the Oil Industry in Nigeria

In Nigeria, there is awareness that oil E&P have detrimental effects on the lives and health of host communities largely as a result of oil spills (Amaewhule, 1997). However, the major crisis in the region stems from when "youth liberal dispositions were at odds with older citizens, whom the young people have accused of conniving with the companies to the detriment of the people" (Amaewhule, 1997: 53). Consequently, these young people have prevailed on IOCs through threats on their oil infrastructure to attend to their needs (Eweje, 2001). Akpan (2006) argues from a similar perspective that the youth accused the elders of ignorantly negotiating with

IOCs and that the largesse from IOCs never got to them. However, he acknowledges that the approach has become more sophisticated and complex. This situation has stimulated research interests as there is need for; capacity development, sustainable economic development, social justice, conflict resolution and CSR (Caseli & Coleman, 2006; Grossman, 2005; Lertzman & Vrendenburg, 2005; Ogonor, 2003; Thompson, 2005). However, it could be argued that only few empirical studies can be associated with developing nations such as Nigeria (Jamali & Mirshak, 2007).

Irrespective of the above position, some major bodies have been funding studies in the NDR; prominent among them is the United Nations Development Program [UNDP]. UNDP (2006) sponsored a study that focused on human development and people-oriented framework in the region. The study examined the crisis in the NDR using a host community participation approach. The exciting thing about this study is that it went beyond economic growth to include human wellbeing (UNDP, 2006). A similar study was conducted by Orubu et al. (2004) focusing on the effects of oil exploration on NDR and the potential roles of the community in minimizing environmental impact of oil E&P. These two studies highlight the developmental needs of host communities in NDR and essentially reflect the direction of the thesis.

Carroll (1999) notes that oil E&P pose a significant hazard to the environment considering the fact that all the stages involved in the process are hardly environment friendly. Considering the fact that adverse effects cannot be totally be ruled out; therefore strategies are likely to be focused on risk management because damage to the built or natural environment is might not be completely avoided. Following this position, Frynas (2009) notes that different groups have started exploring the potential role of CSR activities of the oil and gas sector in addressing international developmental challenges and environmental concerns in developing nations (Frynas, 2009). He further contends that the effect of oil and gas production is localized; therefore different host communities are going to experience it differently. In some cases, the impact may not be threatening, whereas it might leave long-term damage on others. A classic example of the latter is the NDR.

The impact of oil E&P can be devastating in some host communities for a number of reasons but the response of IOCs is what counts. Irrespective of this realization, Frynas

(2009) acknowledges that the oil and gas industry is one of the most prominent in championing CSR. The proactive approach of IOCs has been attributed to some highly visible negative effects of their operations. Such negative effects include oil spills, pollutions and the involvement of oil firms in human rights abuses. In order to mitigate against these negative effects and reemphasize commitment to host community development, IOCs have initiated and funded community development projects such as schools and hospitals; local credit schemes have also been launched in some areas for local people (Idemudia, 2007). Shell and BP have been recognized for their pioneering CSR efforts in the oil and gas sector. However hard some of these IOCs work in this regard, some host communities still argue that locals are not feeling the impacts of CSR activities of the IOCs (Eweje, 2007). An example of such community is the Ogoniland in the NDR where poverty is very visible. Available statistics tend to support Krishna (2007) view that the level of poverty in the NDR belies the oil wealth. In 2007 over 87% of Nigerian government revenues; 90% of foreign exchange earnings, 96% of export revenues, and almost half of Gross Domestic Product was attributable to oil (Kashi and Watt, 2008). The PFC Energy (a strategic advisor in global energy) projects that between 2007 and 2020, Nigeria may be in a position to generate over half a trillion dollars in oil revenues. The reality is that no matter how the oil revenue is allocated, members of host communities will always demand for more. The whole expectation is to achieve sustainability through well-articulated CSR policies.

2.16   CSR and Sustainability

The theoretical perspectives of sustainability can be traced to a series of conferences between 1972 and 1992. Particularly, the UN conference on Human Environment held in Stockholm in 1992 appears where it was first deliberated on a global scale (Brundtland, 2010). The recommendations at this conference were emphasized in the 1980 at the World Conservation Strategy, collaboration between the World Wildlife Fund [WWF] and UN Environment Program [UNEP]. The central issue was to advance sustainable development by making conservation a policy focus. However the concept has assumed more diverse position in contemporary times.

Following this, the Organization of Economic Co-operation and Development (OECD) and the International Institute for Sustainable Development came up with the Bellagio

STAMP (Sustainability Assessment and Management Principles) as a benchmark for assessing managers towards sustainability through the OECD (Bruntland, 2012). This approach involves UN organizations, national governments and the civil society organization in the development of other measurement indices of human progress that accurately measures social and environmental factors. Nonetheless, many nations have articulated sustainable development indicators as a supplement for economic indicators (OECD, 2006). In this vein, many firms are making powerful statements about sustainability in their CSR reports. Evidently, more than 1500 organizations from 60 countries have adopted the Global Reporting Initiative (Global Reporting Initiative, 2010). This marks a paradigm shift in business thinking as well as governments and civil societies.

For several decades, profit maximization has been at the core of business goals therefore, firms have strived to create and sustain sterling economic performance (Hui, 2008). This position has always conflicted with society's expectation of business. As a consequence the concept of sustainability has started to resonate in business practices. Sustainability is surrounded by the ambiguity of definition and scope reminiscent of the CSR concept. This view is consistent with the position of Sherren (2006) who notes that sustainability appears to be about everything and nothing at the same time. Similarly Brand and Karvoran (2007) acknowledge this ambiguity by arguing that the complexity around this concept and associated interest devolve into a confusing cacophony.

Mankind has become a dominant feature in nature, shaping the global landscape through its activities thereby exerting pressure on world's finite resources, consequently pushing the earth's biophysical system beyond its limits (Steffen et al, 2005). These changes have been addressed using different headings such as climate change, degradation and loss of biodiversity (Crutzen, 2006). Following this, it is contended that the sustainable practices that society constantly engages in are not sufficient to create sustainable system as summarized by Stermen (2012) thus:

> *[M]ost efforts by firms, individuals and governments in the name of sustainability are directed at symptoms of unsustainability rather than causes... policies to reduce waste, cut energy and material use, reduce green-house gas emissions, promote green products and local consumption... fail to address the underlying sources of the*

> *unsustainable world we have created... [a] focus on symptoms and low-leverage policies reflects a widespread failure of system thinking.*

The above statement implies that real issues about sustainability are yet to be addressed. Some authors have argued that technology is an obstacle to sustainability. Van de Leouw (2010) expresses that there are warning signs that technological innovations, "far from serving human needs, is driving development in directions potentially opposed to sustainability". It therefore follows that sustainability goes beyond changing light bulbs; it is rather a concept that is broad, interrelated and all encompassing (Weinstein et al., 2013). Consistent with this, decision-makers in the society have come to the realization that their policies have come short of solving persistent sustainability problem, but on the contrary causing them (Sterman, 2012). An example of such situation is seen in well thought-out programs that could create unanticipated side effects.

In simple terms sustainability implies maintaining the capacity of ecosystems to support socio-economic system in the long-term (Gunderson & Holling, 2002). Berke et al. (2003), presents a three-feature description of sustainability; 1] the change that a system can experience, but still retain the previous control on structure and functions and degree of attraction within a sustainable trajectory, 2] the capability of the system for self-organization, and, 3] the ability to optimize capacity for learning and adopting. They further underscore the significance of resilience in the concept given that it is the only framework to maintain stability in the process of change (Weinstein et al., 2013).

Global sustainability challenges were concisely expressed in the reports from two workshops held at Friibergh (Sweden) and at the Air-lie Centre, Warrenton, Virginia (USA0 in 2000 and 2009 respectively. These workshops were a prelude to a formal definition of sustainability (Kates et al., 2001; Levin & Clark, 2010). This report was based on the approaches of scientists from both developed and developing nations (Kates, 2012). The reports suggest that global issues motivate scientists from developed nations, whereas their counterparts in developing nations are crystallized by local issues. These approaches arguably are not unrelated to economic and technological standing of the various nations.

Similar approaches have delineated sustainability into adopters and cautious adopters. Embracers are known to be very concerned about sustainability analysis. Their major concerns include revenue stream, innovation, investors' concerns and regulatory environment. Conversely, cautious adopters are focusing more on risk mitigation, regulatory compliance and efficiency (Hall & Vrendenburg, 2005). It is not yet clear how this categorization plays out in LDCs such as the NDR. However the researcher contends that this will be helpful in the NDR at some point

In some instances, sustainability practices have come to be associated with employee engagement, innovation and most importantly stakeholder appeal (Hall & Vrendenburg, 2005). Therefore, it is not an unreasonable position that organizations need good sustainability strategies in order to remain competitive. Following this, it is now brand-enhancing for organizations to develop a reputation for sustainability strategies because of inherent advantages. Put simply, this tends to be a case of *doing the right thing for the wrong reasons*. Organization have identified some advantages associated with sustainable investments to include; increased margin and market share, increased potentials of business innovation and access to new markets (Haanaes et al., 2011).

As sustainability continues to gain prominence in CSR, some organizations have started viewing it beyond responsibility to a business enhancing strategy. This realization has led to a proposition that for a more effective sustainability, for-profit and not for-profit organizations need to cooperate by setting aside some ideological difference. Hall & Vrendenburg (2005) reason that this approach may be less costly in the future for both parties. However this alliance may not be healthy for the society as the oversight functions of NGOs could be undermined.

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The situation in the NDR calls that all aspects of sustainable development be explored to improve the quality of life for the various host communities. Dale and Newman (2005) acknowledge the relevance of a sustainable development literacy built upon an understanding of environmental and ecological factors. Militia activities in the NDR tend to undermine the principles of sustainable development. In addition most actions of young locals are destructive and retrogressive as redress is being sought through extreme violence (Frynas, 2009). The relationship between sustainable development literacy program and the militia activities in the NDR is yet to be established especially in terms of seeking redress. However it could be argued that such awareness can reduce attacks on oil infrastructure and establishments. In order to be able to take advantage of the benefits of such initiatives, IOCs, the Nigerian National Petroleum Company (NNPC)[1], Non-Governmental Organization (NGOs) and other stakeholders are to be collectively involved (Eweje, 2007).

2.17   Significance of Community Engagement in NDR

The WBSCD (1998) defines social/community involvement as a broad range of activities that include community assistance program; supporting education needs, fostering a shared vision of corporation role in the community, ensuring community

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[1] The NNPC was established in 1977 by the government of Nigeria. This corporation regulates and controls the Nigerian petroleum industry. It also manages joint ventures between the Nigerian government and a number of foreign multinational companies

health and safety, sponsorship, enabling employees to do voluntary work in the community and philanthropic giving. Generally, IOCs are bound to have regular contact with host communities based on the nature of oil E&P activities. This association usually results in constant conflict of interests that are sometimes escalated leading to arguments on the altruistic nature of some of these interactions lately. In addressing this perception, Frynas (2009) identifies four reasons for community engagement by IOCs. The motives include obtaining competitive advantage, maintaining a license to operate, managing external perceptions and keeping employees happy.

2.17.1   Obtaining Competitive Advantage

Lately, most businesses have faced stiff competition from providers of similar products. As a direct response, many companies are embracing CSR in the most proactive sense. Underscoring the importance of this, Frynas (2009) argues that in oil communities, social responsive organizations attract preferential treatment from constituted authorities. However, other factors like expertise, politics and board composition play significant roles as well. For example, in Angola, Shell gained competitive advantage by contributing an estimated $130 million to the country's social fund. Eweje (2007) addresses this from a different perspective by noting that host communities on the basis of mistrust do not applaud all CSR initiatives by IOCs. In some instances community development approaches are saddled with controversies that could lead to abuse. For example, some government officials have been enticed with CSR activities for the purposes of gaining their support. The disadvantage of this approach is that some social initiatives may be skewed towards pleasing political decision-makers and not the enlarged stakeholder groups (Frynas, 2009).

2.17.2   Maintaining License to Operate (LTO)

Stakeholder relationship and a firm's license to operate (LTO) can be inextricably linked in some instances. Invariably, a mutually beneficial relationship with stakeholders to a significant extent can guarantee LTO for firms (Kern, Sachs & Ruhli, 2007). This is evident in situations where management strives to reduce operational impact by creating benefits for stakeholders. Approach of this nature can increase a

firm's general acceptability and the overall outcome can have a positive impact on the LTO (Post et al., 2002; Elkington, 2002). Interestingly, some organizations have found this relevant and a significant number of them are working towards achieving a balance. The implication of this is that an organization can be faced with distracting issues if the importance of LTO is ignored (Post, Lawrence, & Weber, 2002)

According to Sethi (1979), corporations that ignore social expectations are likely to lose control over their internal decision-making and external dealings. He further argues that such corporations may experience legitimacy problem when societal expectations for corporate behavior differ from societal perceptions of a corporation's behavior. Arguably some of the activities of IOCs can be linked to a remote reason of retaining their LTO. Nonetheless, the nature of the activities is dependent on the firm's activities, circumstances of the host communities, and the nation's political landscape (Ite, 2007). The researcher's experience suggests that some of these companies meddle into political activities with CSR as a disguise. This action tends to undermine the central essence of CSR that aims at encouraging firms to impact positively on the society in an altruistic manner.

Frynas (2009) expresses that community development has been used to create a favorable work environment in countries such as Nigeria and Colombia. The level of stability being achieved in these countries is subject to debate considering the incessant tampering of oil infrastructure in the NDR of Nigeria. There are reported cases of IOCs engaging in community development project for short-term motives such as securing an uninterrupted construction of pipelines. The aftermath is that such projects are abandoned as soon as the pipelines are built (Eweje, 2007). This approach tends to undermine the sustainability of CSR initiatives because projects are driven by business exigencies. The above implies that firms are likely to concentrate on stakeholders that pose the greatest threat to their operational activities. Ironically, stakeholders that can contribute towards sustainable CSR activities may be ignored because of their nonviolent approach. However, it is important to note that IOCs have been prominent in championing CSR. This is attributable to the fact that oil and gas activities create a serious threat to people and environment be it, construction, exploration, production, transportation and refining (Clark, 1982; Estrada et al. 1997). In order to demonstrate total commitment to people and the environment, some IOCs now make strong

statements about their environmental performance through CSR reports (O'Donovan, 1996). Additionally, environmental indicators are now being published on annual basis (Frynas, 2012).

2.17.3   Managing External Perception

The way any organization is perceived can affect its image both internally and externally. Consumers have become increasingly aware; therefore negative perception may likely affect turnover, corporate identity and profit. This has necessitated firms to employ CSR in managing public perception. Unfortunately, some of such perception management approaches are reactive and are intended to counter an already existing negative publicity. A related argument to legitimacy theory is that management is able to influence the perception of the public toward their organization (Martins, 2007). Arguably, a firm seeks in some ways to satisfy the social values of its host community and to meet the minimum norms of acceptable behavior (Wilmshurst & Frost, 2000). Perception can be image damaging if not properly managed. Some organizations consciously manage perception by owning up to the impact of its organizational activities. The advantage of this approach was demonstrated by BHP when the *Iron Baron* ran aground in Northern Tasmania in 1995. The organization reacted swiftly to the incident by accepting responsibility. This proactive approach helped the organization to avert high level criticism for this accident given that they were perceived to have taken ownership of the situation (Salmons, 1995)

By way of contrast, Frynas (2009) cites a reactive example where an IOC had to rebuild a hospital destroyed by one of its contractors at Okoroba in Bayelsa State of Nigeria. This mediatory step was taken after a long battle with an environmentalist from that particular host community. The implication is that long-term development of local communities is likely to be sacrificed for the purposes of image laundering. In the process of managing public perception, some companies tend to give misleading information as well. For instance Shell in August 1996 claimed that Kolo Creek flowstation was fully functional and provides gas for a rural electrification scheme. However investigation by Frynas (2009) revealed that gas was still being flared. He contended that such conduct forms part of what is referred to as corporate hypocrisy and

not regarded as good corporate practice given that good CSR initiatives may have been sacrificed for public relations.

2.17.4   Keeping Employees Happy

Management has started to recognize employees as major stakeholders in the organization. Some firms now encourage employees to participate in community service and use such opportunity to convince society on the firm's commitment to societal goal (Zairi, 2000). The contribution of a motivated workforce is hard to exaggerate; consequently employee management now forms part of companies' CSR initiatives. Similarly Frynas (2009) notes in his field study that CSR is often driven by a firm's desire to portray itself as a positive force before employees. Therefore organizations are encouraging staff to participate in inventing and innovating new CSR ideas invariably making everyone feel like a winner (Lantos, 2001). It is contended that managers are better positioned to adopt and deliver the most appropriate human resource management styles given that they are in regular contact with employees. As a result, a number of managers are structuring this into their CSR policies (Cooper, 2001; Storey & Sisson, 1993; Cumningham & Hyman, 1999).

2.18   The IOC Impact in NDR

The pioneering position of Shell in the Nigerian oil sector makes it difficult to discuss IOC-host communities' relationship without using it as a reference point (Evuleocha, 2005). Irrespective of the efforts of some IOCs such as Shell, host communities in NDR still demand for absolute control of their land and accruing resources (Krishna, 2007). This ambition has been challenging for both government and IOCs in the NDR. In this regard, Ibeanu (1997) notes that "the Achilles heel of development remains that it is prone to conflict because of the tendency to be exclusivist, and exploitative". The implication is that most people in the region perceive that everyone is against them and envious of the natural resource in their domain and are willing to protect it at all cost.

There are allusions that some IOCs are not particularly interested in the sustainable development of their host communities. For example, Frynas (2009) reports an

anonymous confirmation that Shell was not genuinely interested in developing host communities. The report argued that Shell was only buying off local people with gifts rather than offering them genuine development. This gives credence to the logic of business case for CSR. The report further notes that development is not the primary objective behind engaging in social initiatives. On the contrary, social initiatives are used in achieving corporate objectives. Everything is being valued in terms of financial gains. This has led to the non-involvement of beneficiaries of CSR initiatives by IOCs. The advantage of involving beneficiaries in CSR initiatives is that they make their own choices on developmental projects and may take ownership of such projects in terms of management and maintenance.

A number of projects have failed for various reasons such as focusing on construction instead of the intended beneficiaries of the project. Frynas (2009) cites examples of instance where projects were executed without due consultation with beneficiaries. A quay built in a riverside village in the NDR that was unsuitable for canoes used by local people is a classic example of such misnomer. This further indicates the importance of liaising with locals before embarking on any developmental project within that locality. There is another instance where Shell built three town halls in one village to solicit the support of three different local chiefs. It is hard to establish whether this community actually needed 3 town halls simultaneously.

The above approach appears contradictory to the tenets of sustainable development. Interesting, IOCs have classified awarding contracts to local companies as a way of engaging beneficiaries. There is no doubt that such move could provide job opportunities for local people. Unfortunately the whole idea sometimes appears to be to be compensation for certain leaders whose interests are represented through such companies. This style erases the ownership concept amongst the local people because they view these initiatives as gifts from IOCs thereby increasing the dependency mentality (Watts & Kashi, 2008). Dependency theory is thought to have roots in colonialism considering development approaches of colonial administrations were perceived not to sustainable rather was used in given that development in the colonies were not carried out a sustainable manner rather was used in promoting economic agenda (Luiz, 2010).

Some stakeholders have realized that overdependence has become seductive among some people of NDR and suggest that such mentality be erased. In their own words:

> *Overdependence on a particular commodity places a disproportionate burden and pain on communities and people, who own, live and depend on the environmental and natural resources of the land. We therefore recommend that the sole dependence on oil and gas should be broken as it has made us poorer (Minority Report of the Committee on Environment and Natural Resources of the National Political Reform Conference; Abuja, May, 2005).*

It is imperative to note that IOCs are not development agencies therefore; there is a limit to how their CSR initiatives can address developmental challenges in their host communities. In addition some of the demands of host communities may not be need based on actual needs (Eweje, 2007). The IOCs pay taxes and royalties to host[2] government and at the same time take significant responsibility towards community development. However some observers argue that IOCs' involvement is not yet sufficient. Similarly, IOC spending in community development is considered insignificant compared to the taxes they pay to the government. For example Shell was reported to have paid $17 billion in taxes and collected another $71 billion for government in the form of sales taxes and excise duties in 2006 (Frynas, 2009). Reportedly the total community investment for that same period was $140 million. The question remains what level of spending will be sufficient to meet the expectations of these communities. This puzzle is yet to be determined by any of the stakeholders.

Most of the initiatives of IOCs in host communities are perceived to be a way of protecting their business interest. This perception is aligned to the *business case* and consequently affected the level of appreciation of IOCs' commitment to community development. It is increasingly difficult for firms such as IOCs to convince the public of the altruistic nature of some of their CSR initiatives. Frynas (2009) in his work for the Nuffield Foundation confirms that the *business case* remains a constraint to the role of CSR in development. He contended that CSR schemes are not independent of corporate objectives therefore they are done to affect business

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[2] Host government in the context of this research is defined as the national government of oil producing country

positively. By implication, capitalizing on profit motives can affect good community development initiatives of an organization, as the two are not usually intertwined. This does not preclude the fact that firms are established for the primary purpose of protecting and fostering shareholders' interest.

Following this impression, IOCs have a daunting challenge beyond development initiatives in their host communities. Given the amount of taxes paid by IOCs, there is a strong issue regarding the management of petrodollars. Invariably, it can be beneficial for IOCs to start playing significant roles in the fiscal responsibility and governance of some of their host governments especially LDCs such as Nigeria. In the case of Nigeria, host communities sometimes see IOCs as de-facto government because they are usually the ones providing them with basic infrastructure and other social needs in the absence government. However some of the IOCs in Nigeria are unable to execute such developmental schemes thereby failing the host communities for various reasons (Frynas, 2005, 2008). Gulbrandsen and Moe (2007) suggest that it might be useful for firms to shift focus from micro-level of CSR activities toward macro-level of governance issues. This approach they opined would be crucial in addressing developmental issues. However oil revenue management remains a substantial issue in LDCs, it has become imperative to determine the nature of developmental schemes that can be achieved through CSR in the wider society. Ultimately, a sustainable approach will involve stakeholders understanding the different issues at stake and addressing them without prejudice (Eweje, 2009).

2.19   CSR in the NDR

This section describes the evolutionary trend of community development in the NDR. It discusses the different approaches and inherent challenges before arriving at what is now known as Global Memorandum of Understanding (GMOU). A brief narration of the new approach has been included. The section summarizes by comparing the new GMOU with older approaches. Throughout this section, the name SPDC (Shell Petroleum Development Company) resonates. This is line with the firm's dominant position in Nigeria's oil and gas sector.

Since the discovery of oil in the NDR, the relationship between IOCs and host communities can be described as complex and challenging. IOCs have tried to manage this challenge by applying many community-based strategies. Some scholars have argued that most CSR approaches in sub-Saharan Africa particularly Nigeria are Anglo-American in nature and suggest a need to customize CSR to suit circumstances of different societies especially in LDCs. Underscoring the relevance of this argument, (Wagner, Lutz, & Weitz, 2009) argue for a Nigerian brand of CSR that is independent of the West; a CSR that enhances an institution not one that fills the gap in institutions. In Nigeria, CSR investments of IOCs are concentrated in NDR based on obvious reason. Notably, the NDR accounts for most of IOCs' oil E&P activities in Nigeria. The 1970s and 1980s ushered in different perspectives for CSR in a number of sectors. However, Shell was the first major oil company to publish a social report in 1998 (Idemudia, 2007).

Idemudia (2011) recognizes a shift in the debate on CSR from corporations being expected to imbibe the principles of CSR; to the extent to which CSR principle can influence corporate decisions, and practices and the best approach by business to address social responsibility. Therefore organizations are expected to be active partners in building the society. It is pertinent to acknowledge the pioneering position of Shell in the Nigerian oil industry by virtue of first-mover advantage (Frynas, Beck, & Mellahi, 2000). Shell remains the largest IOC in Nigeria with 40% share of the total crude oil production (Idemudia, 2007). It operates five companies in Nigeria under an umbrella known as SPDC. Shell has been constantly under the international and local scrutiny as a result of its numerous onshore activities that brings it into direct contact with members of host communities. Therefore it is not extraordinary that they are shaping CSR activities of IOCs in the region. Subsequent sections will highlight the evolutionary stages of community development initiative of IOCs (SPDC) within the NDR.

The exact circumstance surrounding the interest of IOCs in CSR in developing countries may not be unrelated to the fact that most of their E&P are within these areas. However there seem to be two schools of thought in this regard. The first assumes that the interest in CSR in developing nations by IOCs could be linked to the NGOs that constantly highlight the negative impacts of their activities on the environment and the society (Omeje, 2006; Thompson, 2005). The other school of thought argues that

interest in CSR in developing countries can be traced to an unavoidable need to understand the impact of organization's operations in host communities (Garvey & Newell, 2005). Put simply, pressure from external bodies and the need to address the needs of the host communities seem to be the centerpiece for most CSR practices of IOCs.

Toward the end of the 20th century, NDR became a major source of concern to the Nigerian security and intelligence community. This was as a result of instability, communal violence and tension between IOCs and host communities. The international community was particularly concerned because of the economic significance of such instability in the NDR to global oil market (Ikelegbe, 2005, 2006; Watts, 2004). It may be instructive to note that relations between IOCs and host communities predate Nigerian independence; this relationship was not as complex as it is today, then it was characterized by sporadic and localized unrest (Shaka, 2005). As a result of increased demand by host communities in NDR for; equal participation, the right to make decisions about land issues and equitable distribution of resources, IOCs started exploring feasible options to incorporate host communities into their business strategy (Ikelegbe, 2006; Watts 2004, 2007). The subsequent agitation for reinvestment of oil revenues into host communities may have given birth to the more participatory approach we have today (Ikelegbe 2006; United Nations Development Program [UNDP], 2006).

To underscore the danger associated with the unrest in NDR; Shell IN 2003 put-off operations in several well sites as a result of unabated kidnappings and violence in the NDR, this resulted in a reduction in the daily oil production by up to 40% ("Nigerian Oil", 2003). In an event like this most reasonable organizations will strive within their powers to control and manage a situation of this nature. Therefore it was not unexpected to list the instability in NDR as one of the causes of the rise in crude oil price in October 2004 (Congressional Research Services [CRS], 2007, "Crude Oil", 2004). All these point to the fact that Shell and a numbers of other IOCs have evolved in its community development practices. The evolutionary trends are described below:

2.19.1 Community Assistance

Community assistance is one of the earliest forms of interactions between IOCs and host communities in the NDR in terms of giving back. In the 1960s, Shell's initial approach to community development was referred to as community assistance (CA). This strategy focused primarily on philanthropy involving the distribution of gifts predicated on giving the communities what they wanted (SPDC, 2004a; Ite, 2007). The implication of this approach was that Shell without any form of consultation with host communities planned and implemented infrastructural projects within host communities. The whole idea was to get the host communities to their side to enable them carry out their operations unencumbered. Idemudia (2007) characterizes the CA approach as a one-off gift to communities without any community involvement. This approach was associated with significant flaws resulting in building of school blocks that were never put to use, hospitals without doctors and water pipelines that did not serve their purpose. In summary, the initiative was not articulated to add value to those host communities. The whole idea may not have been to improve the lives of the host communities but to control them in order to ensure that operational activities were not interrupted. Idemudia (2007) again referred to this strategy as pay-as-you-go. However, events in the 1990s would compel Shell to adopt a new approach known as community development (CD).

2.19.2   Community Development (CD)

Some global events such as Brent Spar and the complex Ogoni crisis necessitated a change in Shell's strategy to community relations. The Brent Spar crisis drew unprecedented condemnation from both international and local communities. Consequently, in 1997 Shell changed its community relations strategy from community assistance to community development. This change was an aftermath of some identified shortcomings of the former approach (Idemudia, 2007). The major cause of failure was attributed to the lack of community participation in the entire project phase. The CA approach did make community members look like outsiders and they saw no need to maintain the projects but rather referred to them as SPDC's property. The significant gap here was the lack of ownership spirit, which would be addressed by subsequent approaches. Three reasons have been listed for the transition from CA to CD. The reasons for the transition include; supporting socioeconomic development of

host communities, improving family welfare through economic empowerment, education and health care services and introducing best practice into community support programs (SPDC, 2004a).

Community development was hence expanded to include a total welfare package for the community. Some of the challenges associated with this new approach include an unprecedented rise in community expectation and inherent sustainability of the system. Ite (2007) argues that such problem may not be unrelated to the structure of CA reckoning that it was tailored toward philanthropy as a result community ownership was minimal. Given some of the identified challenges of CD, Shell again transitioned to sustainable community development (SCD) in 2003 (Idemudia, 2007). The transition was informed by an internal audit review that highlighted the problems associated with CD.

2.19.3 Sustainable Community Development (SCD)

This approach came into existence in 2003. The significant difference between CD and SCD is that the later focuses more on partnership between SPDC and other stakeholders. It was the first attempt by IOCs to introduce expanded participatory approach to community development initiatives. SPDC in this instance strived to build strong and beneficial partnership with stakeholders aimed at promoting sustainable agriculture, diversified economic growth, decreased conflict and job creation through business development, education and good governance (SPDC, 2004a).

It is impressive to note the pioneering efforts of SPDC in evolving proactive approaches to community relations in NDR. Consequently there is a renewed emphasis on partnership by SPDC with host communities through its SCD initiative. Overall, this approach was aimed at cutting costs in community development spending thereby supporting the business case of CSR. Idemudia (2007) highlights a negative viewpoint to this by stating that both CD and SCD approaches brought about the 'dependency mentality' within these host communities. Limited community involvement made members feel neglected and regard themselves as victims of circumstances rather than equal partners in the development initiatives of IOCs (Ite, 2007). This became

cancerous and changed a lot in the relationship between IOCs and host communities. Consequently there was increased level of expectation and demand for substantial development benefits from Shell and other IOCs in the region. The aftermath of this was a high spending in community development projects and persistent uprising.

In order to move away from traditional practices, some IOCs in NDR decided to take community development to the next level and invented an entirely different initiative sequel to SCD. This new dimension was introduced in 2005 by one of the IOCs and is gradually being embraced by other IOCs given its level of success within some host communities. The initiative is known as the Global Memorandum of Understanding and commonly referred to as GMOU.

2.19.4   Global Memorandum of Understanding (GMOU)

A GMOU is a written statement of understanding between an IOC and a group of communities that incorporates roles of such communities in the implementation of community development plan. This approach is essentially to create a participatory development process that addresses the needs of host communities. The initiative offers these communities greater roles in selecting, planning, designing and executing developmental projects through a management known as Regional Development Committee (RDC). The RDCs are charged with the responsibility to plan and manage developmental projects within their geographical enclave. They carry out these activities in conjunction with a Project Review Committee. Projects are based on a sustainable livelihood assessment and project prioritization carried out from the outset.

The main objectives of this CSR approach are to foster peace, create stability and reduce conflict within the areas IOCs operate. This underscores the business case of CSR initiatives of IOCs in the NDR. The GMOU is packaged as a joint venture between the NNPC and an IOC. Under this initiative; planning, selection and execution of community development projects are shifted to RDCs (Idemudia, 2007). This contrasts past approaches where IOCs had a near absolute control on community development projects. The primary function of the RDCs lies in helping communities develop plans that are designed to improve their welfare conditions. Specifically the GMOU is designed to;

1. Encourage participatory partnership amongst communities, development organizations and government at different levels.

2. Build community capacity and ownership through high impact and sustainable community development,

3. Cultivate transparency and accountability into the governance of projects and programs by encouraging stakeholders to operate within the GMOU framework,

4. Jointly promote a safe and secure environment within the community in which they can fulfill their development potentials and business goals,

5. Assist RDCs in their efforts to pursue peace and stability through effective conflict resolution,

6. Address employment expectations within host communities, and

7. Promote a harmonious relationship between the communities and the IOC.

The GMOU happens to be one of the joint initiatives NNPC coordinates with IOCs. The NNPC and IOCs provide funding for governance, administration, projects and partner costs. IOCs claim to have provided billions of naira to build bridges, equip hospitals with medical supplies, host youth workshops and support a diverse range of other developmental projects. Under GMOU, communities decide the development they want while IOC on behalf of the joint venture partners provides secure funding for an agreed number of years (Idemudia, 2007). This ensures that the communities have stable and reliable finances as they undertake the implementation of their development plans. IOCs also provide them access to development experts to oversee project implementation and simultaneously build the capacity of community development officers (CDOs). Essentially, this is to enable them to metamorphose into functional community development foundations. Hitherto, IOCs manage separate and individual projects directly and separately. This new system offers synergy between the main stakeholders in the NDR (Ite, 2007). The significant contrast between the current approach and previous approaches is that the later utilizes a participatory approach while the former does not instill ownership spirit within host communities. Apparently in the GMOU scheme, members of the host communities are initiators and finishers of community development projects.

Reportedly the GMOU has proven to be a successful model for community development in the NDR. The committees delivered an estimated 250 projects within two years. These projects were chosen, designed, planned, contracted, awarded, executed and completed by the committees for their people. Some of the projects

included multipurpose town halls, poultry and fish farms, classrooms, health centres, housing units, concrete jetties, water projects, drainage channels and concrete roads. The GMOU initiative has also been used to build capacity among the RDC members in order for them to better understand and manage developmental projects. Such critical project management training includes communication, finance, budgeting, leadership and accountability, conflict resolution and microfinance.

Idemudia (2007) observes that this approach has made it easier for an IOC like SPDC to manage escalating community expectation with associated cost. IOCs using this approach are now better equipped to respond to criticism and challenges on its community development. The partnership strategy has assisted SPDC in reducing community development cost, which dropped from $67 million to $30.8 million between 2002 and 2003 (SPDC, 2004b; Ite, 2007). The federal government played a significant role in the current state of CSR in the NDR through the establishment of Niger Delta Development Commission (NDDC) in 2000. The NDDC was established as a result of incessant conflict in NDR and the political climate of Nigeria then as it just emerged from several years of military dictatorship. The NDDC is charged with the responsibility of transforming the NDR in terms of economic prosperity, social stability, ecological regeneration and peace (NDDC, 2004). The evolutionary trend of CSR initiatives of IOCs in the NDR has been summarized in Table 8 below:

Table 8: Evolutionary Trend of CSR in the NDR

CSR Activity	Acronym	Year	Scope
Community Assistance	CA	1970s	Limited (Charity-Based), No Host Community Input. Reactive in Nature
Community Development	CD	1990s	Limited (Philanthropic), No Host Community Input. Reactive in Nature
Sustainable Community Development	SCD	2003	Enlarged in Scope with Limited Host Community Involvement. Slightly Proactive
Global Memorandum of Understanding	GMOU	2005 - Date	Participatory, Wider Scope with Host Communities Actively Making Development Decisions. Completely Proactive and Futuristic

2.19.5   National Initiatives

A number of failed efforts to address the poverty in the NDR using some unilateral approaches such as the establishment of the Niger Delta Development Board (NDDB) in the 1960s and the (OMPADEC) in the 90s have brought about a paradigm shift on how best to address the lingering poverty in the oil rich region (Idemudia, 2007). This would have necessitated the more proactive approach of some IOCs, such as Shell and the establishment of Niger Delta Development Commission (NDDC) and several joint ventures by the federal government. The consensus at the moment is that a sustainable poverty reduction in NDR would involve concerted efforts of the government, IOCs and society (Idemudia, 2007). This calls for synergy amongst these parties in order not to duplicate efforts. For example a newspaper quote credited to the Delta State Governor Dr. Emmanuel Uduagha that "evidence had shown that some projects which the state may have decided to undertake were sometimes on the to-do-list of NDDC and IOCs. This has created problems in the past, as such projects may end up being abandoned or the community end up with just one project instead of three if the organization involved coordinated the activities". This calls for more coordination and synergy amongst the federal government, state government, IOCs and host communities.

It is instructive to note that IOCs might have been living up to this challenge with their various community-based initiatives. IOCs have particularly responded to some of these challenges by accepting their social responsibility roles in host communities. They have demonstrated their commitment to CSR by increasing spending in community development (Idemudia, 2007). However, despite some of these efforts, NDR experts such as Frynas (2005) and Akpan (2006) still argue that IOCs' performance in the NDR appears abysmal and suggest an increased commitment to reflect the desires of host communities. Conversely, Eweje (2006) and Ite (2007) in the moderate position note that IOCs have made significant contributions to the development of NDR. It is yet not established what these two differing opinions are premised on. However, Idemudia (2007) suggests that such CSR assessment could be measured using an index such as partnership while also admitting its fragility despite the associated advantages.

2.20 Challenges of CSR in NDR

Corporations have been experiencing challenges in their CSR programs as stakeholders have become increasingly aware of the consequences of corporate activities. With the fast growing information and communication technology industry (ICT), information is readily available and people always put such information to any use that benefits them. Weaver et al (1999) contend that corporate responses to social demands can be mere camouflage. Firms employ ethics related initiatives in ways, which can be easily separated from operational activities to enable such demands to be met without interfering with core business activities. However, there is need for a joint assessment of requests to exclude the unrealistic and unreasonable ones. It is not controversial to state that firms are coming up with more ethically sound ways of doing things but the expectation is that they can do more (Idemudia, 2007). In order to deflect this perception, firms are developing and communicating more socially responsible policies and procedures. However it is imperative to acknowledge that incidents of irresponsible behavior are bound to increase as firms globalize. For example, the coffeehouse chain Starbucks (2005) has long and distinctively presented itself as an avid adopter of fair trading practices. Ironically the company has been criticized for trying to inhibit Ethiopian farmers from securing trademark protection for their coffee and being able to obtain a better price for themselves (Adamy & Thurow., 2007)

One of the major criticisms of CSR as a business practice is that, unlike that on the financial front, performance on the social environment front is much more riddled with contradictions. The practice assumes even more ambiguity when firms attempt to present what looks like widely accepted standard (Norman & MacDonald, 2004). It could be a challenging objective to set a particular standard of CSR for firms because they operate differently and are affected by certain variables in different forms. In order to reduce this vagueness, some nations allow organizations to draw CSR policies or initiatives based on peculiarity. Realistically, this will allow for more flexibility if backed by some level of legislation for guidance and control.

Interestingly, the manner in which CSR should be carried out has generated a number of debates. There are those who think it should be voluntary and on the other divide, those who are championing the imposition of the concept on firms. This contradiction has

led some to advocate the abandonment of both the concept and its practice. Henderson (2001) suggests that it is better to concentrate on perfecting the market, since it is within the context of efficient markets that businesses can be legitimately expected to contribute to the public good. However, the other group advocates a firmer regime of CSR, insisting that it is CSR's voluntarism that predisposes the process to abuse by business corporations or leads corporations to make so much noise about it in the first place. The central point is not about benevolently sponsoring all forms of campaigns in a remote village; rather it is how their operations impact the society and what can be termed the stakeholder license to operate (Swanson, 2002). The license in this case is not the formal oil prospecting/drilling license given by government.

The situation in Nigeria may not necessarily reflect a global perspective. Arguably, most corporations in Nigeria have the major decision-makers sitting on their boards and this makes it increasingly difficult to effect CSR policies that are not in line with shareholders' perspective (Akpan, 2006). It is constitutional that people relinquish board position at the point of taking up political position but this is not strictly adhered to. The experience is that a significant number of people in management boards are always very influential even outside the boardroom and major decisions will not be passed without their overwhelming influence.

Corporate activities have always been subject to scrutiny for alternative motivations, therefore most CSR policies reflect some form of corporate hypocrisy and a lot of observers are still in doubt of the sincerity of most organizations to CSR courses (Wagner et. al, 2009). Following this leaning, there is a need to appraise the meaning of corporate hypocrisy in relation to CSR. As a consequence, organizations have the onerous task of convincing stakeholders of their determination to contribute meaningfully to society. In real terms, corporate hypocrisy can be simply defined as the belief that a firm claims to be something that it is not, essentially this occurs when there is a perceived disparity between claim and reality (Shklar, 1984). Checking performance against assertion can make or mar an organization. Therefore, organizations like people may be perceived as demonstrating hypocrisy when inconsistent information about their own statements and observed behavior are observed. It is relevant to note that there is no established relationship between individual hypocrisy and corporate hypocrisy.

The work of Jackson & Artola (1997) suggest that little research has been done on cross-cultural ethical value and behavior of organizations such as IOCs in LDCs despite the fact that the impact of globalization and demands for ethical behavior are now far-reaching. This is consistent with the opinion earlier expressed earlier in the study. However a report by Global Environmental Management Initiatives (based upon World Bank data) exonerates IOCs by noting that most of them are proactive in both economic development and environmental health and safety quality in LDCs they operate. Conversely, Ite (2004) notes the difficulty in applying universal or western CSR standards to LDCs such as Nigeria by concluding that IOCs may have contributed in the injustice surrounding the equitable distribution of oil resources. This position remains debatable to this day.

CSR could mean different thing to different people as culture has a way of affecting people's perception. A lot of synonyms have been associated with this concept but the objectives are similar and contextual as well. The implication is that the concept is practiced differently and depends on the circumstances of the society in question. In the Developed World, CSR initiatives are centered on the environment, Health and Safety issues (Ite, 2004). However in the developing world, the community dominates the agenda because the basic infrastructure to make life worthwhile is lacking. CSR here also involves the clamor for good governance and anticorruption crusades, as legislations to achieve these are weak in these places. Generally speaking CSR policies would involve environment, community, health, safety, infrastructure, capacity building, corporate governance and ethical issues. It is pertinent to note that CSR requirements of the developing world are significantly different from that of the developed world because of value system, cultural differences and technological advancement (Ite, 2004).

2.21   Chapter Summary

This chapter reviewed the central topics in CSR and stakeholder management. Firstly, extant literature of CSR was examined, whereby the different elements of the concept were described. The various developments in CSR were captured beginning from the 1950s; its significance in leadership and business practices was highlighted. The

stakeholder management was explored from different perspectives. Of particular interest was the stakeholder management theory, in which instrumental and normative stakeholder theory were expatiated. Similarities and difference of these popular theories were established. Consequently, stakeholder value and significance in contemporary CSR were established. In addition, contributions made by various groups to the CSR concept were indicated. Subsequent chapter will explore CSR from host community and IOC perspectives within the NDR.

Additional, the chapter examined CSR from an NDR perspective. The review exemplifies the numerous challenges and opportunities facing IOCs in the region. IOCs particularly are adopting new strategies to ensure peaceful coexistence with host communities. However it remains to be seen if the host communities appreciate the efforts of IOCs in this direction. A number of issues have been thrown up in the chapter; therefore it is incumbent upon the researcher to carry them forward to the field study without being judgemental. The findings will determine the current state of the CSR initiatives of IOCs in the NDR. Consequently, the future direction of the concept in the region can be articulated. Generally, IOCs are embracing changes in their CSR strategies to reflect the realities in NDR and the globe.

Chapter 3: Research Methodology

This chapter describes the methodological underpinnings for the purpose of later examining the extant practices of IOCs as they impact infrastructure and capacity development, and social welfare provision in the NDR of Nigeria. The ontological and epistemological position of the researcher explicitly and implicitly form the platform for the research method adopted and utilized. The qualitative approach adopted for the research emanates from the researcher's perception of the world, and the kinds of research questions designed.

The purpose of the study was to use open-ended one-on-one interviews to explore stakeholders' perception of the impact of CSR activities of IOCs in the NDR of Nigeria on host communities. Qualitative research is normally used to access conventional societies to gain insider information on a subject matter. This chapter describes in detail the qualitative design used in the research. The appropriateness of the design, research question, target population and study location has been highlighted. Procedures for informal consent of participants, sampling frame, confidentiality, instrumentation, and data collection and analysis have also been described. At the end, procedures used in order to ensure validity and reliability as well as the required skills to conduct the research is addressed. A summary completes the chapter.

3.1 Research Method

Research methods comprise individual techniques used for data collection and analysis (Easterby-Smith et. al., 2002). A more simplified way of classifying research methods is by distinguishing between qualitative and quantitative research methods (Myers, 1997). The nature of the problem described in this thesis takes the position of a phenomenologist. Consequently, the research method adopted would have the ability to generate data that is subjective, qualitative and fully interpretive of CSR practices of IOCs within NDR. Holt (1998) acknowledges the importance of research methods by stating that the principal characteristic of academic enquiry is the use of rationally grounded, validated and justified research methods. For any given research, there is a variety of research methods available to the researcher. Therefore, it is incumbent upon the researcher to identify their strengths and weaknesses. There is no doubt that certain

methods may be more appropriate than others in a given research. Generally, the specific method selected will depend on the research subject and nature of the specific problem.

Qualitative research method was applied in exploring stakeholders' perception of the CSR activities of IOCs and their bearing on infrastructure and capacity development, and social welfare provision in the NDR. Grounded theory was incorporated into the research design to identify patterns emanating from the data into CSR framework for IOCs in the NDR. According to Glaser (2002), grounded theory could be used to conceptualize data across research methods.

Creswell and Miller (2000) identify two concepts governing the selection of an appropriate qualitative research. First, is the use of established protocol consistent with the positivist approach of scientific enquiry. Traditionally, the positivist perspective embraces the view that research must follow well-defined systematic and rigorous procedure. The second concept follows a constructivist framework that encourages dialogue to evolve as the study progresses. This approach remains open to the use of flexible contextual methods in determining reality.

There are three main types of research design; qualitative, quantitative and mixed methods. Neuman and Benz (1998) suggest that qualitative and quantitative approaches are not polar opposites, rather represent two ends of a continuum. Consequently, a study could be more qualitative than quantitative and vice versa. However, mixed methods research sits on the middle of the continuum due to the fact that it incorporates both qualitative and quantitative approaches (Creswell, 2009). The difference between qualitative and quantitative research revolves around the fact that qualitative makes use of words or open-ended questions, whereas quantitative uses numbers or close-ended questions. Creswell (2009) further notes that the difference also lies in the fundamental philosophical assumption brought to the study by researchers, the types of research strategies used, and the specific approaches to these strategies. Interestingly, research approaches have been evolving in contemporary time with quantitative research being used in social research until after the 20th century, when interest in qualitative research

increased as well as mixed methods (Creswell, 2008). The different research methods are described thus:

3.2   Qualitative Research

Qualitative research can be described as a means of exploring and understanding the meaning individuals or groups ascribe to a social or human problem. This method involves emerging questions and procedures, in which data is typically collected in a natural setting, and data analysis based on emerging themes (Creswell, 2007). According to Creswell (2002), qualitative research is applicable where the objective of the study is to explore and understand a contentious phenomenon. This kind of research involves asking general questions and subsequently analyzing such information to identify emerging themes. Generally, data analysis in qualitative research is flexible and often times incorporate personal reflection (Neuman & Benz, 1998). A qualitative approach was adopted for this study due to the fact that knowledge about the NDR is arguably limited, thus a one-on-one in-depth interview was conducted and complemented with historical data. This research is considered to be a social research and researchers in this field adopt rigorous scientific procedure to observe behavior, interpret meaning, and unravel the important dimensions of knowledge within a particular setting (Creswell, 2002). Notably, developments in social research allow for flexible techniques in data collection and analysis from a number of perspectives

In view of the above argument, the approach of Meredith et al. (1989) was adopted to place the research in the most appropriate method. They argue that in order to simplify the research process, appropriate method must be identified after eliminating the ones that are not applicable. Table 7 illustrates Meredith's Framework of Research Methods. The highlighted portions represent the framework adopted in the study.

Table 9: Framework of Research Methods (Source: Meredith et al., 1989)

Approach to Knowledge Generation	Direct Observation of Object Reality	People's Perception of Object Reality
Logical Positivist / Empiricist	(A) Field Studies Field Experiments	(B) Structured Interviewing Survey Research
Interpretive	(C) Action Research Case Studies	(D) Historical Analysis Delphi / Expert Panel Intensive Interviewing Introspective Reflection

In qualitative research, the use of literature varies considerably. For example, in theoretical oriented qualitative studies such as ethnography, the literature on cultural or a critical theory from literature forms the basis of developing a framework. Whereas, in grounded theory, case studies, and phenomenological studies, literature serves less to set the stage for an impending study (Creswell, 2007). Generally, qualitative approach allows room for innovations, in which the researcher works within their own framework. Furthermore, it encourages more creative literary-style writing, a pattern that might be familiar to the researcher.

Qualitative research involves the collection of different case study, personal experience, introspective life story, interview, observational and historical texts that describe routine and problematic moments and meaning in the life of an individual (Denzin and Lincoln, 1994). In this approach, the researcher remains the primary instrument of data collection and analysis (Merriam, 1988). In line with the above dimension, it is not inappropriate to state that some methods are not applicable in this context. By implication, research methods in quadrants (C) and (D) were identified as the most appropriate for this study. The two require significant degrees of interpretivism that is in line with the subjectivity of the study.

3.3 Quantitative Research

This kind of research method consists of testing objective theories through the examination of relationship among variables. Afterwards, these variables can be measured and numbered data analyzed using statistical instruments. Fundamentally, quantitative research describes trends or explains relationships among variables (Creswell, 2002). Eventually, the final report is presented using a set of structure that includes introduction, literature and theory, methods, results and discussion (Creswell, 2008). Researchers that adopt this approach collect data based on predetermined procedure. They also have assumptions about deductively testing theories, mitigating against bias, controlling for alternative explanations, and having the ability to replicate and generalize findings. Generally, quantitative design includes experimental, quasi-experimental, and correlational and survey research (Creswell, 2007; Neuman & Benz, 1998). This method was not considered appropriate for the research given that the central theme was to explore and understand stakeholders' perception of the subject matter. The approach requires one-on-one encounter with participants in other to obtain raw views about the research subject.

3.4 Mixed Method Research

This approach seeks to describe trends or explain relationships among variable and researchers that adopt this approach collect data based on predetermined procedures (Creswell, 2002). This approach involves philosophical assumptions, implying the combination of both quantitative and qualitative methods in a study. Therefore, it goes beyond collecting and analyzing both kinds of data. Additionally, it includes the use of both approaches simultaneously thereby addressing the limitations of the two conventional methods (Creswell & Plano Clark, 2007). According to Creswell (2007), a mixed methods design captures the best of both qualitative and quantitative approaches. For instance, it is applicable where a researcher intends to both generalize the findings to a population and simultaneously develop view of the meaning of a phenomenon or concept for individuals or groups.

In a research of this nature, it is difficult to combine approaches especially when collecting and analyzing data. The most important aspect in this regard is the way data is pulled together to make sense. Collis and Hussey (2003) note the difficulty in combining the two approaches by arguing that both have different views on social reality. However, it is consistent to note that a combination of the two approaches can help overcome the shortcomings of a single approach. In this vein, many researchers tend to combine the two approaches by developing sequential approach to the research. In so doing, they first observe phenomenon and subsequently conduct inductive reasoning. Typically, this method keeps to the phenomenologist tradition of hypothesis and theory formation (Love, Holt and Li, 2002). Henceforth, research progresses toward empirical evidence gathering using tools and techniques associated with logical positivism. This process of phenomenologist theory formed followed by positivist theory testing may be reversed. Love et al. (2002) contend that unexplained data resulting from a positivist study could be critically investigated using a phenomenologist approach. Generally, qualitative research consists of a wide range of designs such as grounded theory, phenomenology, and action research. A brief description of the designs has been presented:

3.5 Grounded Theory

In this design, the researcher seeks to derive a general abstract theory of a process, action, or interaction grounded in the view of participants in a study. This design consists of using multiple stages of data collection and the refinement and interrelationship of categories of information (Strauss & Corbin, 1990, 1998). The two principle characteristics of this theory are (1) the constant comparison of data with emerging categorization, and (2) theoretical sampling of different groups to maximize the similarities and differences of information (Creswell, 2007). Following this, measures adopted to develop concepts include collecting data through interviews, and through analysis, developing and linking themes. Grounded theory was adopted in the design to conceptualize patterns revealed in the data.

3.6 *Phenomenology*

Phenomenology is referred to as a tool for exploring and assessing lived experiences of individuals or groups (Laverty, 2003). Laverty (2003) notes that phenomenology is based on the work of Hussel, who views it as a method of arriving at true meaning that exposes reality. From another related view, Heidegger expands Hussel's position by incorporating history and background into lived experiences of human beings. This approach to phenomenology explores the lived experiences of human beings in order to elucidate overlooked and taken for granted aspects of life (Laverty, 2003). Reality and meaning in this instance can be constructed through an understanding of the history, culture, and contexts where meaning can be deduced from lived world (Creswell, 2007). Han-Georg Gamada refines Heidegger's views and included procedures and applicability, ultimately making phenomenology an effective research tool (Laverty, 2003).

Generally, phenomenology explores human understanding of meaning. According to Laverty (2003), phenomenology is descriptive and emphasizes on the structural elements of experience. It is documented that a variety of designs have emanated from the philosophical studies of Hussel and Heidegger, Van Manen, Merkeau-Ponty, Georg, Moustakas, Ricoeur and Polkinghorne, which offers different interpretation of phenomenology (Couray, 2003; Creswell & Moerer-Urdahl, 2004; Laverty, 2003; Reid, 2004). In this vein, social researchers adopt phenomenology designs to explore and understand questions about human experience and add different dimensions of meaning to the extant body of knowledge (Loureiro Alves et al., 2006). Given the expression above, phenomenology is deemed appropriate for the current study. Therefore, the research design is phenomenology-oriented, which implies an interpretive underpinning.

In order to underscore the approach adopted, the researcher draws on the work of Hoff and Bhati (2007), which suggested that a phenomenology design is appropriate for the study of less popular groups such as NDR. Additionally, the lack of extensive literature on CSR in the NDR influenced the selection of phenomenology to explore the research topic and raise questions for further research. This selection feeds into the views of Averill (2006) that social barriers and disparities are best assessed and understood in the

cultural and community-specific contexts of rural inhabitants. In addition to further justify the design adopted for the study conducted; there is a requirement to provide an insider perspective based on the accounts of research participants (Pfandenhauer, 2005). It is important to state at this point that phenomenology design is based on cooperative interaction between the researcher and research participants (Neuman, 2003). Similarly, familiarization with the setting underscores the social bond between a researcher and participants. This kind of bonding enhanced an understanding of the contexts and perception of the different stakeholder groups.

Aside from involving participants in the research process, phenomenology research also facilitates an understanding of people's relationships and the variables that influence them on topical issues (Averill, 2006). The central idea was to create an atmosphere for reasonable flexibility to highlight participants' expectations with their narrative, while at the same time capturing emerging themes (Mathews, Detwiller & Burton, 2006). Furthermore, the approach linked participants' concerns and research goals while empirically grounding findings (Averill, 2006).

Phenomenology brings about creativity in research by suggesting dispassionate observation (Neuman, 2003). Researchers in this group contend that full understanding of phenomenon would entail subjective interpretation and intervention of reality. This paradigm builds new theories and generates new ideas that are tested in the process (Creswell, 2002). A distinguishing feature between the positivists and phenomenological approach is that the former revolves around hypothesis and theory testing, whilst the latter is concerned with hypothesis and theory formulation. Historically, phenomenologist paradigm emanated as a result of criticism of the positivist paradigm (Creswell, 2007; Neuman, 2003).

3.7 Action Research

This type of research is geared towards social change (Reid, 2004). Action research focuses on the social cause of the research population. In this research, there is demand for individual and collective actions, which transforms the research participants. This is consistent with the views of Neuman (2003) that action research is an effective design

for social research given that the techniques are flexible and adaptive. Creswell (2002) notes that this research design is viewed by critics as lacking empirical rigor, where research prejudice or bias that could affect findings is absent. However, he argues that qualitative research allows for the exploration of social and cultural issues, description of groups in their natural environment, and presentation of accurate portrait of the group. Fundamentally, qualitative research involves field research and taking notes about events. These notes taken and observed data are analyzed leading to the development of themes.

Following this description, insight gained from the analysis of phenomenology and action research formed the basis of the choice of research design for the study conducted. It is pertinent to note that phenomenology and action research have overlapping tendencies in many respects (Laverty, 2003). In the study conducted, the perception of stakeholders about CSR activities of IOCs and their impact on infrastructure and capacity development, and social welfare were extracted. Given the research objectives illustrated in chapter 1, priority was given to phenomenology design. Therefore, new knowledge emanated from the inductive analytical process of scaling down the data to manageable themes (Creswell, 2007).

3.8   Summary of Research Design

The research design for the study conducted is phenomenology. According to Creswell (2002) and Neuman (2003), qualitative research design is effective for capturing the perceptions, lived experiences, action, and behavior of a people. The qualitative approach adopted this procedures based on the recommendations of these two authors. Details of the procedures are as follows:

1. Interaction with participants in their natural environment

2. Data collection through open-ended questions

3. Acquisition of insider information

4. Search for rich underlying details from participants perception

5. Accurate presentation of events based on participants' account

6. Identification of emergent themes and theories

All the above are consistent with the researcher's underpinning for adopted the aforementioned research design.

In line with the subsisting argument, collected data will be analyzed and findings subsequently presented. The study presents an accurate description of the events, and account of participant's perception as well. Following this, a systematic analysis will be conducted to extract details based on participants' perception (Maggs-Rapport, 2001). Strategies and procedures for the study are consistent with conventional procedures for conducting a qualitative study (Creswell, 2012; Neuman, 2003). Similarly, Beck (2005) report how new approaches to qualitative research can be applied in a wide range of social issues.

It is unequivocal that some kinds of social research problem demand specific approaches. In this instance, a research problem is an issue or concern that needs to be addressed (Collis & Hussey, 2003). For example, if the problem is identifying factors that determine an outcome, the convenience of an intervention or understanding predictor's outcome, then a quantitative approach is more appropriate. On the contrary, if a concept or phenomenon needs to been understood based on its unpopularity, then it calls for a qualitative approach (Creswell, 2007). Further to these descriptions, the conducted study falls within the domain of a qualitative approach.

Focus on the perception of stakeholders in NDR stems from the fact that rural communities are insulated from cultural diffusion and the influence of the contemporary world. This study identified contextual factors that influenced participants' perceptions and the consensus on host communities in NDR. It is pertinent to argue that host communities in NDR have experienced transformation in terms of social, cultural, economic and political dimensions. Invariably, critical events during this transformation may have shaped participants' perception of life in general. The crisis in NDR is a combination of many factors with oil E&P activities taking a central stage.

Two criteria formed the basis for assessing the appropriateness of the research design addressed two core question; (1) what represents knowledge, and (2) what were the

most appropriate research tools needed to capture knowledge (Creswell & Miller, 1997). In addition, a second set of criteria that included data availability and the existing research conducted about the subject matter were examined.

Overall, a completed study is judged depending on how conceptually and theoretically it is grounded. The rigor and appropriateness of research remain a critical factor in the whole exercise; and research methods usually evolve from and are determined by the research question (Babbie, 1995; Holt, 1998; Neuman, 2000; Rudestam and Newton, 2001; Easterby-Smith et. al., 2002)

3.8.1 Participant Consent

In compliance with AUT standard, an informed consent form aimed at obtaining consent from participants was administered. A duly signed consent form was obtained from participants before interview commenced. This was sequel to the participants' information sheet, which gave an overview of the study. The consent form and participants information sheet have been attached as appendices F and G. These two documents addressed the following relevant areas:

1. Affirmation of the voluntary nature of their participation

2. Description of the purpose of the study

3. Procedures for the study

4. Potential risks and benefits of the study

5. Information about participants to withdraw at any point during the interview

6. Procedures for protecting confidentiality of participants (Groenwald, 2004).

3.8.2 Sampling Strategy

The population for the conducted study was the major stakeholders in Nigeria's oil sector (i.e. IOCs, Government, Host Communities and Others). The selected sample reflected experience and understanding of CSR activities of IOCs within the NDR and other associated issues. Consequently, a qualitative phenomenology study using four

stakeholder groups was considered appropriate to gain perspective across the selected groups (Creswell, 2002).

In qualitative research, sample frame is determined by a number of factors such as the research topic, the degree at which the individual represents the characteristics of a given population, or the number of people in the group or sub-group (Higginbottom, 2004; Neuman, 2003). The works of Creswell (2002) and Neuman (2003) illustrate that quantitative approach depends on systematic sampling or mathematical processes to derive a representative sample. On the contrary, qualitative design uses non-probability sampling that includes quota, purposive, snowball, sequential and theoretical sampling (Neuman, 2003; Collis & Hussey, 2003).

According to Creswell (2002) sampling technique is a function of the research aims and objectives. Using purposive sampling, participants were selected based on predetermined categories in order to ensure that the sample is consistent with the research population (Neuman, 2003). Initially, snowball sampling was used to identify subject matter expert, who in turn recruited research participants with the identified characteristics for the study. Snowball sampling is appropriate if participants are selected through referral (Creswell, 2002; Neuman, 2003).

A purposive sample of participants representing the different stakeholder groups in the Nigerian oil sector was selected. This selection was informed by the need to:

1. Identify participants that had lived experiences on the CSR activities of IOCs in the NDR and beyond,
2. Represent the different stakeholder groups, and
3. Elicit information that depicts the purpose of the study.

Neuman (2003) notes that purposive sampling is adopted where primary participants in a study from a diverse group of people who are not easily accessible. Familiarity with community development initiatives and the dynamics of CSR practices of IOCs were prerequisites for selecting participants within the different stakeholder groups (Higginbottom, 2004; Neuman, 2003).

In qualitative study, the number of research participants varies according to the study. In phenomenology studies, a part of a group or population represents the sample (Higginbottom, 2004). Following this, Creswell (2002) suggests that a sample size in qualitative studies could range from 2 to 40. Similarly, Higginbottom (2004) confirms that small sample is associated with phenomenology, where the central theme is to explore a critical phenomenon.

3.9 Designing the Research Plan

The research plan is intended to give direction and guidance to researcher's efforts and enables him to conduct systematic research. The researcher uses research strategy to clarify the types of information the research needs to find. Information required in this regard could be: background versus in-depth; scholarly versus popular, factual versus descriptive, historical versus current or primary versus secondary. The research detailed in this thesis can now be adjudged to be primarily focused on the conduct of a field study in order to collect and record subjective data for analysis. The research process has been outlined below:

Stages	Research Steps	Outcomes
Stage 1	Problem Identification/Scope Definition → Review of Literature / Preliminary Contact with stakeholders/ Subject Matter Experts	Identify Global CSR Practice Identify Existing/Current CSR Practice
Stage 2	Data Collection (Field Study) → Design Interview / Obtain Historical information	Identify CSR Practice in NDR by IOCs
Stage 3	Data Analysis and Discussion → Identify Appropriate Method	Create Map of CSR Best Practice in NDR by IOCs
Stage 4	Data Validation → Field Review / Subject Matter Expert Opinions	Validated Map of CSR Best Practice Transition Map from Current Practice to Best Practice

Stage 5	Summary and Conclusion	Completed Thesis

Figure 4: Research Design Framework

3.10   Study Area

The study was conducted in three major locations in Nigeria (Lagos, Port Harcourt and Abuja). At this point, it is important to give an overview of Nigeria and the NDR in particular

3.10.1 Nigeria

The Federal Republic of Nigeria lies along the west coast of Africa; north of the equator between latitude 5 & 18 degrees and longitude 0 and 20 degrees. Nigeria is in the West African sub-continent, south of the Sahara desert and created by the British colonial administration (Shaka, 2005). However, some historians opine that the name Nigeria came from the Niger River (Olusakin, 2006). Nigeria was under British rule before it gained independence on October 1, 1960 (Ikoya, 2007). Prior to the formation of Nigeria, there were the northern and southern protectorates that subsequently became amalgamated in 1914 (Shaka, 2005; Synge, 2006). This amalgamation might not have taken into consideration the complex nature of Nigeria in terms of ethnic nationalities, tradition and culture. Arguably, the country has not lived beyond these ever since. There is by some estimates 250 distinct groups (John, Mohammed, Pinto, & Nkanta, 2007; Ogundiran, 2006; Olusakin, 2006). However, this is not conclusive as there is controversy among some researchers on the exact number of ethnic groups in Nigeria (Shaka, 2005).

Reportedly, NDR is one of the most undeveloped regions in the world (Ikelegbe, 2005; Ogonor, 2003; Pedro, 2006). As a consequence, the people of the region have suffered neglect in terms of poverty, mass unemployment and a near non-existent infrastructure (Ogonor, 2003; Ross, 2003; UNDP, 2006). The majority of stakeholders have argued that the problem with the region could be as a result of the mismanagement of the oil wealth. However, the complex ethnic composition of the NDR has not helped matters

either. Demographics suggest that the region is home to about 20 minority ethnic groups with an estimated population of 28 million people, the inhabitants being clustered in settlements of less than 5000 people (Ikelegbe, 2006; UNDP, 2006). The differences between these ethnic groups have also compounded the already complex issues in the NDR.

3.10.2 The NDR

The NDR hosts most of the oil and gas resources of Nigeria. Geographically, NDR comprises of the area that covers the natural delta of the Niger River, delineated by two tributaries, the Nun River and a web of creeks on the East and the Forcados River that adjourns creek on the West (Earths Right Institute, 2003). The natural delta covers approximately 25,900 Km^2 (UNDP, 2006). For political considerations, the Nigerian government in the 1990s expanded the boundaries of NDR to nine oil-producing states (Idemudia, 2007; UNDP, 2006). Given the expansion, the NDR formally begins from the Southeastern states of Nigeria and stretch across the coastal regions of the Southwest. These are spread over 112,110 km^2 (NDDC, 2004). The NDR states include Ondo, Edo, Delta, Bayelsa, Rivers, Akwa Ibom, Cross River, Imo and Abia. A map of Nigeria showing the NDR states is attached as appendix A.

3.11 Research Instruments

The primary instruments for the study conducted were one-on-one interview, a tape recorder, notes, and interview questions. These instruments were used to collect relevant information for the study. It is pertinent to note that demographic considerations were not made in the study. This decision was consistent with the confidentiality position taken in the research. In the process, there was the possibility of data inconsistency resulting from ambiguity of some research question which could have effect on the validity of the findings. However, the focus during the interview was on clarity of certain words or terms that may be considered confusing or offensive. Eventually, interviews were recorded, notes taken and subsequently data transcribed and analysed.

3.11.1 Data Collection

The procedure associated with the collection data in qualitative research evolves during the study (Creswell, 2002). The phenomenology research conducted applied various data collection techniques. One-on-one interviews and participants' narratives formed the primary source of data. This was complemented by other secondary sources, which include IOC publications, government information, newspaper accounts and publication from development agencies (Averill, 2006). Generally, open-ended questions were administered to participants from the different stakeholder groups principally to allow for open expression of views. Interviews were conducted in person, audio recorded and transcribed accurately.

3.11.1.1 Field Work

The researcher played multiple roles of interviewer, observer and participant in the study conducted. This is in line with the position of Pfadenhauer (2005) that the researcher acts as interviewer observer as "observer participant". The process entailed the collection of data from participants in their places of choice using open-ended questions and interactions. This approach led to a holistic approach to data collection (Magg-Rapport, 2001).

3.11.1.2 Setting

Setting was viewed as being essential for the study. Following this position, interviews were arranged at specific times to suit participants' schedule. The preferred location was offices of participants in the various towns. Neuman (2003) underscores the significance of setting by suggesting that the researcher familiarizes with the setting, routine, and patterns of participants to enable proper planning to conduct a phenomenology study. Similarly, Hoyt and Bharti (2007) argue that focus on setting emanates from the need to take ownership of the flow of information from natural setting and determine the behavior of participants. Therefore, researchers strive to engage themselves in the participants' natural worlds and their lived experiences both physically and mentally.

3.11.2 Interview Procedure

All the interviews commenced with the Nigerian style of greetings. Traditional question regarding participant's wellbeing and that of the family were used to establish the initial rapport with them. It is interesting to note that most Nigerians appreciate being a little informal in an official setting therefore, language used was a combination of Standard English and Pidgin English. The crisis in NDR crystallized further clarification for the purpose of the study in order to distinguish the research from a journalistic exercise.

The above was preceded by introductory questions relevant to the purpose of study, such as background information about the stakeholder group and major issues facing the region. The interviews remained flexible as questions were reframed or refined as the interview progressed. The procedure for the interview encouraged participants to reflect on lived experiences in the presence of the researcher.

3.11.3 Interview Skills

It is consistent to highlight the interview skills applied in conducting the study. Various factors have been acknowledged to influence data collection using interviews (Creswell, 2002; Knapik, 2006; Neuman, 2003). Some of these factors include (1) the interviewer's expertise or familiarity with interviewing techniques, (2) the motivation behind participation, and (3) technical problems inherent in interviews (Dean & Sharp, 2006).

Social scientists consider interview as an important instrument due to the fact that data is collected from participants of the study via exchange of information. Fundamentally, the study conducted demanded research skills that are critical to conduct phenomenology interviews. The interview template (appendix B) was articulated to focus on the purpose of the study. In this vein, Stricklant et al. (2003) note that interview skills are central to stimulating the type of questions that produce relevant data for a given study. Accordingly, a skilled interviewer poses questions and probes for further clarifications as the need arises. Additionally, skills such as ethical standards

(i.e. respecting participants rights, transparency, honest reporting and ability to evaluate and write the final report) were considered relevant for the study (Creswell, 2002).

Critical skills in a social research can be described as the ability to demonstrate care and concern for participants. Therefore, the study conducted considered. Sensitivity associated with emotional issues in participants' experiences was displayed to show respect for their concerns and wellbeing. There was no inherent cost associated with participation as participants had no such concerns.

3.11.4 Data Analysis

Data analysis in this instance entails organizing the collected information and subsequently developing them into themes (Creswell, 2002; Neuman, 2003). Invariably, the accuracy and reliability of a study are dependent on the manner in which emerging themes are linked. In this regard, codes were adopted to maintain participants' anonymity which is consistent with the views of Creswell (2002) and Neuman (2003). Detailed notes that describe the interviews and participants' demeanor and communication pattern were captured. Nvivo was not used given the relatively small sample size.

In phenomenology studies, data analysis involves descriptive analysis of themes, and patterns of behavior and participants' perspectives (Creswell, 2002). Additionally, data analysis was conducted reflexively by incorporating interview notes in order to underscore participants' perspectives. This approach yielded hypothesis for future studies (Creswell, 2002; Maggs-Rapport, 2001). Following this, subjective experiences of participants called for in-depth analysis of data. Notably, the research protocols led to identification of the essence that links participants understanding of the CSR activities of IOCs in the NDR while illuminating the relevance in their context (Pfadenhauer, 2005). In order to achieve this goal, extracts from interview transcripts were incorporated in the research report (Creswell, 2002; Neuman, 2003).

The conducted study applied Grounded theory procedures to establish the prevalence of perceptions (Glaser, 2002). These procedures noted by Glaser consist of observations

of concepts that surpass time, grounded in a tangible unit and a target population. He further notes that Grounded theory is applied to concrete units and patterns of behavior. Interestingly, the themes generated in the study were related to concepts that are relevant, shared common attributes and derived from the perception of selected participants in the stakeholder groups. The significance of observation is further underscored by Soichiro Honda (Founder of Honda Motor Company) developed a special technique known as "genba genbutsu". This literally means actual place, actual article (Hartley, 1992). The whole idea was to ensure that workers understood everything about a given product or concept. It required taskforce to do a real-time observation for any changes that are to be made in a particular component of a Honda car.

3.11.5 Validity and Reliability

In qualitative studies, objectivity and accuracy form central themes in producing a reliable study. Therefore, poorly designed and executed research procedure is likely going to compromise the validity and findings of a study. Having this in mind, various elements of the research questions were presented with clarity and logic. According to Dudwick et al. (2006), the ability to replicate a study is considered pertinent in a research; however, they argue further that replicating the study conducted faces challenges because aspects of the field interaction, social contexts and researcher-participant exchanges can hardly be replicated.

In line with the above argument, Creswell and Miller (2006) outline eight approaches that can enhance the validity of a study as: (1) triangulation, (2) disconfirming evidence, (3) research reflexivity, (4) member checking, (5) collaboration, (6) audit trail, (7) thick and rich description, (8) and peer debriefing. Threats to validity were mitigated by triangulating information gathered from multiple sources. Triangulations in this context involved a systematic process of searching different sources of information in order to determine points of convergence or divergence. Subsequently, participants' accounts were triangulated against IOC documents, government documents, and reports by development agencies for the purposes of comparison.

The research adopted reflexive approach to assess the infrastructure and capacity development, and social welfare issues in the NDR. Participants' perspectives were compared against the researcher's notes to ensure accuracy. A systematic approach assisted reflection upon the research methods and at the same time captured participants' view in a well understood manner (Harden et al., 2004). Generally, reliability in phenomenology research depends on a researcher's insight, awareness, suspicion and questions (Neuman, 2003). Consistent with the need to maintain fairness and accuracy, transcribed interview data were reviewed and direct quotes by participants included in the analysis and discussion sections of the report. In order to emphasize participants' perspectives, their exact words were integrated into the analytical texts.

3.11.6 Confidentiality

Confidentiality was considered pertinent in the study conducted. Participants were assured that any information collected in the process will not be made available to a third party. The situation in NDR calls for confidentiality as the situation is complex as well as sensitive. In this vein, anonymity of research participants and the confidentiality of the data gathered were protected using different codes and also adhering to AUT's strict guidelines. It is important to note that the numerical attachment to the codes does not indicate any data collection sequence.

3.11.7 Generalizability

The problems associated with CSR practices of IOCs in NDR are complex, specific and non-generalizable beyond immediate specific location in Nigeria (Ogula, 2010). The problem is specific in the sense that it focuses on a particular aspect of operations of select IOCs in NDR. The solutions to these problems also cannot be generalized as was established during an elaborate literature review. Furthermore the complexity of the problem calls for a multifaceted solution. By implication, the methodological approach as well as method selected will be aimed at delivering non-generalizable and specific result.

3.12 Summary

The chapter has described in detail the design for the intended study, thereby justifying the phenomenology approach adopted. The research design was constructed to portray how participants in the various stakeholders groups perceived the CSR activities of IOCs in NDR relative to infrastructure and capacity development, and social welfare provision.

The phenomenology design allowed reasonable flexibility for data collection and analysis from different angles. The design also underscored participants' experiences through personal narratives, allowing emergent themes to be identified (Mathews et al., 2006). Indeed, the phenomenology design illuminated the contexts and perceptions of the research from participants' point of view. Therefore, the data analyzed demonstrates emergent themes that are consistent with the perceptions of the participants by taking note of practical experiences of participants. The study design showed significant academic rigor, high scientific procedures and eventually could enhance participants' understanding of their potential role in CSR strategy formulations in their various groups.

The preceding chapter (4) presents the research findings based on a methodical analysis of data collected from a purposive sample of 11 participants from the four stakeholder groups. Overall, chapter 4 is intended to review the data collection process and prepare the data for analysis. Finally, the chapter presents a detailed description of research findings.

Chapter 4:   Results

The purpose of this qualitative phenomenology study undertaken was to critically explore the perceptions of participants from the four stakeholder groups on the extant CSR practices of IOCs in NDR and how they shape infrastructure and capacity development, and social welfare provisions. Therefore, one-on-one interviews were conducted with a purposive sample of 11 participants from the different stakeholder groups to extract themes about their perceived roles of IOCs in community development in NDR.   In this chapter, a comprehensive analysis of interviews is outlined. Additionally, it gives explanation for the data collection process and subsequently the method applied in analyzing the data and prevalent themes identified.   Chapter 4 concludes with a summary.

4.1   Review of Research Questions

In the study conducted, the research questions set the stage for analyzing the interviews and presenting the results.   Research question 1 (R_1) intended to identify the convergence between the participants from different stakeholder groups on CSR and extant CSR practices of IOCs in the NDR. Information revealed from this question could provide a framework for reviewing current CSR practices of IOCs in the NDR.

Research question 2 (R_2) sought to identify ways in which CSR activities of IOCs are assessed in NDR host communities. The question explored the various perceptions of participants on how they view CSR commitment of IOCs in NDR.   Information revealed by addressing this question facilitated understanding on the commitment of different IOCs on community development from stakeholders' perspective.

Research question 3 (R_3) required participants' perception on what constitutes CSR best practice in the NDR. It explored participants' views about how best to address the concerns of host communities through effective CSR strategies of IOCs. Information revealed by exploring this question facilitated the understanding of CSR best practice from participants' point of view in the various stakeholder groups.

Finally, Research question 4 (R_4) was designed to espouse understanding on CSR framework from participants' perspective. Information gathered from this question could provide a framework for formulating policies that are aimed at improving current CSR practices of IOCs in NDR and beyond.

4.2   Review of Research Problem

Infrastructure and capacity development have emerged as critical problems in the NDR. There is a perception that the region has been ill-served despite the fact that oil wealth from the region accounts for 80% of national revenue (Ikelegbe, 2006; Ite, 2004; Ogonor, 2003; Omeje, 2005). Yet, this region is exemplified by poverty and the lack of basic infrastructure to make life worthwhile (Krishna, 2007). In this regard, the people consider themselves excluded from the CSR strategies of IOCs in the NDR (Ite, 2004).

Following the above narrative, the NDR has been overwhelmed by incessant violence, thereby calling for a need for capacity development to encourage self-reliance. Therefore, there are so many expectations on IOCs to use their expertise through effective CSR strategies to address some of these concerns. This impression has forced both the government and IOCs to acknowledge the need for improved quality of life for these people given their central position in the nation's economy.

4.3   Review of the Data Collection Process

Questions used by Eweje (2006) in the study of mineral host communities in sub-Saharan Africa guided the interview questions used for the study conducted. Open-ended questions were administered to create an environment in which participants will openly express their views to address research questions $R_1R_2R_3R_4$. Participants were contacted through a subject-matter expert who had direct contact with them.

Data collection commenced on April 15 and ended May 15. Each of these interviews was an occasion for participants to express their views in a free manner. A couple of participants from an IOC declined to participate on the grounds that they were out of the country and three orders sighted organizational bureaucracy. A tape recorder and field

notes formed the primary data collection instrument. All interviews except two were audio recorded and notes were contemporaneously taken during each interview. The interviews were conducted in English and Pidgin English to further establish familiarity in the Nigerian style. Participants were presented with similar questions except when there was need to rephrase or refine a question for the purposes of clarification.

Interview session lasted between 60 minutes and 120 minutes. Secondary data were collected from Shell Petroleum Development Company (SPDC), Chevron Nigeria Limited, NNPC, and corporate and public records on the Internet. Shell organized the town hall meetings where community leaders were encountered in Port Harcourt. It is relevant to note that none of the interviews were conducted in indigenous language based on the fact that participants were reasonably educated. In line with the proposition of Creswell (2002), participants were given the opportunity to review the tapes after the interview in order to confirm content accuracy. A total of 7 participants indicated interest and reviewed the interview recordings after the interview.

4.4   Data Preparation for Analysis

Data were manually organized as opposed to using Nvivo based on the relatively small sample size. This approach enabled the researcher to familiarize more with the collected data. Subsequently, coding was carried out in order to address confidentiality and objectives of the study (Neuman, 2003). This method facilitated the evaluation of interviews to discuss relationships among themes.

Sequel to coding, the researcher identified central themes in the textual data; and these themes were clustered into broader themes (Creswell, 2002). Following this, responses to interview questions were manually linked with research questions. At the end, relationship chart was derived for the purposes of data analysis, data interpretation and evaluation of the research findings.

Research findings emanated from the textual data by combining the identified themes. The apparent goal was to derive results that describe the perceptions of the participants. The study illustrated frequency of the coded themes; however this was not considered as accurate measures of the broader themes.

4.5 Data Analysis

In the study conducted, participants were not asked for personal information; however, their positions in the various stakeholder groups were mentioned. Participants' responses to questions were manually coded and evaluated. In line with Creswell (2002) suggestion, lean coding and textual elements were linked and subsequently condensed into 6 categories of meaning. Following this, references to schools, scholarships and teacher incentives were categorized as education. Building of roads, bridges, quays, hospitals and power generation fell under infrastructure. Particular attention was paid to the quota of indigenes working in IOCs and this was categorized as employment. Narratives on training programs aimed at empowering local people economically and socially were referred to as capacity development.

References to hospital equipment, health insurance schemes, and disease prevention and control were categorized as healthcare provisions. Finally, issues about spillage, pollution and pipeline vandalism were grouped under environment. There were also common grounds among participants on how to encourage cooperative relationship between host communities and IOCs. Generally, factors that influenced participants' perceptions were identified in the process.

4.6 Profile of Participants

Consistent with the study's position on confidentiality, codes have been applied in characterizing participants in the research conducted.

CHN1 is an engineer by training and has spent close two decades with the IOC that he works for. This participant has direct responsibility for community development initiative of the IOC and takes active part in formulating CSR policies. He has both

theoretical and practical understanding of CSR dynamics in oil host communities and beyond.

CHN2 has a social science background and works closely with CHN1 on CSR strategies for host communities. Particularly, he handles the publicity angle of the IOC's relationship with host communities. He has spent 14 years with the organization of which most part has been dedicated to host community relations. Participant is vast in community development strategies and enjoys the support of most host communities. He usually acts as a middleman for negotiations.

SHL1 is a top management staff in the IOC he works and incidentally comes from one of the host communities. A social scientist by qualification, he is in charge of all community development initiatives for the organization. He joined the IOC as a fresh graduate 25 years ago. SHL1 has a working relationship with both the government and host communities. His demeanor depicts influence and control over community issues. Participant has very good understanding of CSR and the manner it applies in their areas of operation. Members of host communities seem to rely on him for relating their concerns to management.

SHL2 has a doctoral degree in CSR and Sustainable Development. Before joining the IOC, he had taught for a decade in a Nigerian University. This participant is the brain behind most of the CSR strategies that have helped address the concerns of host communities. He is very vast in the theoretical underpinnings of CSR and hopes to continue to apply them in their relationship with host communities.

NPG1 is in the regulator's category and holds top management position in a government department. He has background in communications and coordinates community development activities of IOCs in Nigeria and has extensive experience in public affairs especially oil communities. Participant understands CSR from both practical and theoretical perspectives. He hopes to continue to use his office to address host community concerns relating to oil E&P in host communities. His views were based on his position in the government department as opposed to an indigene.

NPG2 has a doctoral degree in CSR from a British University. Participant embarked on the advanced degree in order to help structure community development initiatives in host communities through effective CSR strategies by IOCs. His countenance was that of a regulator who ensures that guidelines are followed relative to joint venture initiatives between the government and major IOCs in Nigeria. He takes responsibility for the joint venture activities and community investment of the government. NPG2 has the most advanced knowledge of contemporary CSR. He also comes from the NDR.

SME1 is a global award-winning editor with extensive publication in the oil and gas industry. He has conducted international researches on the global oil market. Participant has working understanding of CSR; however, he is not very conversant with specific CSR theories. He is well respected and has direct channel to top management in IOCs. SME1 acts as a consultant to most of the major IOCs based on his knowledge of global oil market and requirements of IOCs to address community development needs.

SME2 is a journalist by profession. He is an energy reporter for a leading publishing company in Nigeria. SME2 conducts workshops on oil and gas issues to enlighten people on the impact of oil E&P and vandalism. He has practical understanding of the CSR initiatives of IOCs from a broad perspective and does documentary programs on related issues. He presents himself as a neutral person who hopes to foster relationship between all the major stakeholders in the oil sector by accurately stating the facts at all times.

HCL1 is a medical doctor by training and wields a lot of influence in the host community. He is credited with an award winning health insurance scheme in his community, which the State wants to popularize. This participant is the chairman of an RDC and controls all the community development activities in the area. He has good understanding of community development and does not have extensive understanding of CSR as a subject. His tone was a mixture of discontent and satisfaction. HCL1 is the main liaison between IOCs and host communities within his area.

HCL2 is a practicing lawyer who has been involved in litigations between IOCs and host communities. He understands the politics of IOC-host community relationship and has explanation for every event that has occurred in the NDR. HCL2 acts as spokesperson for host communities as he tries to maximize every opportunity to the benefit of host communities who happen to be his clients. He was combative in his response and hardly displayed any signs of satisfaction with IOCs. He seems to understand CSR from a legal perspective and is a strong advocate of regulation of CSR activities of IOCs in order to hold them accountable.

HCL3 is a university teacher who uses the classroom to make his case for host communities. He is an environmentalist by specialization and has been involved in pollution control in the NDR. Participant has extensive knowledge of oil E&P activities and their impact on the environment. He works closely with some IOCs in their effort to remedy damaged well sites. Generally, he understands host community expectation in terms of infrastructure and capacity development in the region. He is very conversant with extant CSR practices of IOCs in the NDR and beyond. Participant is an indigene of NDR but tried to distance his views from this factor.

4.7   Data Analysis

Data analysis in this context entails organizing the collected information and subsequently developing them into themes (Creswell, 2002; Neuman, 2003). Invariably, the accuracy and reliability of a study are dependent upon the manner in which emerging themes are linked. In this regard participants' codes were applied to maintain anonymity which is consistent with the views of Creswell (2002) and Neuman (2003). Detailed notes that describe the interviews and participants' demeanor and communication pattern were written. Nvivo was not used because of the relatively small sample size. Manual coding was carried in order for the researcher to gain a deeper insight into the data being analyzed. The coding followed dimensions that reflected the purpose and objective of the study (Neuman, 2003). Subsequently, data was reduced to manageable categories as there was no attempt to regroup or recode. This position was informed by the notion that such exercise may have been counterproductive.

In phenomenology studies, data analysis entails descriptive analysis of themes, and patterns of behavior in participants' perspective (Creswell, 2002). Additionally, data analysis was conducted reflexively by incorporating interview notes at the same time not undermining participants' perspectives. This approach resulted in hypothesis for further research 9Creswell, 2002; Maggs-Rapport, 2001). Following this, subjective experiences of participants' experiences called for in-depth analysis. Notably the research protocols led to the identification of the essence that links participants' understanding of the CSR activities of IOCs in NDR while illuminating the relevance in their context (Pfadenhauer, 2005). In order to achieve this goal, extracts from interview transcripts were incorporated in the research report (Creswell, 2002; Neuman, 2003).

In this study, grounded theory procedures were applied to demonstrate the prevalence of perceptions (Glaser, 2002). These procedures noted by Glaser consist of abstraction of concepts that go beyond time, grounded in a tangible unit and a target population. He further contended that grounded theory is applied to concrete units and patterns of behavior. Interestingly, the themes generated in the study were related concepts that are relevant, shared common properties and derived from the perception of the selected participants in the various stakeholder groups.

4.8   Validity and Reliability

In qualitative studies, objectivity and accuracy forms a central focus in producing a reliable study. Consequently, poorly designed and implemented research procedure could compromise the validity and findings of a study. Therefore, various elements of the research questions were presented with clarity and logic. According to Dudwick et al. (2006), the ability to replicate a study is essential in research; however, they argue that replicating qualitative studies faces challenges because some aspects of field interaction, social context and research participant exchanges may be hard to replicate.

Following this argument, Creswell & Miller (2000) outline eight approaches that enhance validity:

1. Triangulation,
2. Disconfirming evidence,

3. Researcher reflexivity,

4. Member checking,

5. Collaboration,

6. Audit trail,

7. Thick and rich description, and

8. Peer debriefing.

Triangulating information gathered through different sources mitigated threats to validity. Triangulation was identified as being useful to the study conducted. In this vein, triangulation involves a systematic process of searching different sources of information in order to determine points of convergence or divergence and arranging key concepts into categories. Accordingly, participants' accounts were triangulated against IOCs, government documents and reports by development agencies for the primary motive of comparison.

The researcher adopted a reflexive approach to assess the infrastructure and capacity development, and social welfare issues in the NDR. Participants' perceptions were compared against the researcher's notes to ensure accuracy. A systematic approach assisted reflection on the research method and at the same time captured participants' views in an understood manner (Harden et al., 2004). Generally, reliability in phenomenology research depends on factors such as a researcher's insight, awareness, suspicion and questions (Neuman, 2003). Consistent with the need to maintain fairness and accuracy, transcribed interview data was reviewed and direct quotes by participants incorporated into the analysis and discussion parts of the report. In order to underscore participants' perspectives, their exact words were integrated into the analytical text.

4.8.1 Perception for the Future

All the participants revealed optimism that things will be better in the future for all the stakeholders especially host communities. The impression was premised on the on-going GMOU and other community-based initiatives that are designed to improve lives and control violence in the NDR. In the words of NPG1:

"Things are a lot better from how they used to be, we are partnering with IOCs in many ways and the results are encouraging".

However, HCL1 indicated that things could change for the worse if the current management of RDC was disbanded. He indicated as follows;

"We started this and know how it works, any management changes will bring the boys out from the creeks and trouble will start again".

4.8.2   Data Clustering

The interview questions were structured to elicit open expressions that would eventually reveal participants' perceptions of CSR practices of IOCs in the NDR (Loureiro Alves Jurema, Correia Pimentel, Cordeiro, & Austregésilo Nepomuceno, 2006).   Each interview was presented in 12 broad headings:

1. Meaning of CSR
2. CSR Practice
3. Stakeholder Engagement
4. Infrastructure Development
5. Capacity Development
6. Environment
7. CSR Assessment
8. Regulation
9. CSR Framework
10. Resource Management
11. CSR Audit
12. Cooperation

Following this, techniques applied for clustering and mapping interview questions to research questions was based on domain analysis. According to Neuman (2003), domain analysis consists of three element; textual, a semantic relationship as well as a term that incorporates the meaning of sub-element. In this regard, semantic relationship explains the fit between the textual elements and the broader or "cover term" (Neuman, 2003, p. 454). Subsequently, the interview questions were grouped into 12 nodes. Textual elements derived from participants' perceptions were linked to the twelve nodes from which broader themes emerged. This procedure involved identifying semantic

relationships among words and phrases and linking them to cover terms. The cover terms were linked to questions and objectives.

Invariably, search for relevant themes concentrated on contextual information regarding the participants' perceptions of the activities of IOCs as they affect lives in the NDR. The major problems of the region and participants' perceptions of IOCs and the government were considered.

Following this, indicators from questions 1 and 2 were clustered in a attempt to elicit participants perception of CSR as a business concept and narrowing it to the CSR practices of IOCs in the NDR. Questions 3, 4 and 5 were clustered to establish relationships between IOCs and other stakeholders. It was also intended to establish areas of convergence between the perceived roles of IOCs in infrastructure and capacity development in the region and how these activities have transformed lives and vice versa.

Questions 6 and 8 were clustered in an attempt to discover participants' perception of the impact of oil E&P and the laws guiding the activities of IOCs. Indicators in responses to question 7, 9 and 12 were clustered to establish a convergence between the perceived structure for CSR activities of IOCs and how such activities are assessed. They also sought participants' perception on the existing relationship between all the stakeholders particularly IOCs and host communities.

Indicators from responses to questions 10 and 11 were to reveal participants' perceptions of the roles of IOCs in resource management. It also sought participants' perception on the approach used in determining the extent of involvement of IOCs in community development in NDR. Generally, indicators in responses to these questions were linked to participants' perception of the effect of CSR or the purpose of the study.

4.8.3 Interview Questions

4.8.3.1 Interview Question 1: Meaning of CSR

Interview question 1 was designed to reveal participants understanding of the meaning of CSR. 60% of participants defined CSR in broad terms as the contribution an organization makes to the community in which it operated beyond making profits.

Majority of respondents likened the company to someone in society. Interview with the different stakeholder groups suggested that CSR had become a social trend and any IOC that does not follow suit will be left behind. The terms society, economy, environment and social welfare were used interchangeably by most respondents. Nearly all participants presented the same perception when asked for their own personal understanding of CSR but further probe for the company's position made them more specific. 40% of participants acknowledged that their own perception of CSR was in line with their corporation's position on the concept. Participants from IOCs seemed to have greater understanding of CSR; their perceptions seemed all inclusive as they were in line with global trends in company/society relationship. There was a consensus about improved relations among stakeholders for the common good in NDR.

In terms of relevance of CSR, all participants were strong on the fact that anybody involved in any kind of business activity was expected to be engaged in one form of social responsibility or the other. SHL2 went as far as suggesting the participation of religious bodies in CSR by stating that churches should take part in CSR activities because they operated within the society. In his own words, "As long as one comes into contact with the society, there should be some form of appreciations beyond what is legally required". This argument probably should have been the other way round as churches can use their position in the society to influence organisation to contribute meaningfully to the public. The above perception was not popular among respondents therefore; it was not applicable in any context within the study. SME1's perception of the meaning of CSR appeared to be slightly different. He was a little sceptical while noting that IOCs were only using CSR to shine their public image with the intent of covering up negative publicity. This perspective was not in congruence with that of most respondents irrespective of the stakeholder group.

A popular opinion among participants was that CSR suggested that companies should not just make profits given that they were now accepted as part of the society. With respect to the meaning of CSR, CHN1 had this to say:

> *Our goal is beyond CSR, not just putting back part of our profit but a long-term commitment to develop and work with our host communities; we are part of society, which we operate because our employees live and work in host communities.*

This acknowledgement was a paradigm shift in the way things used to be with IOCs especially in the way they understood their roles in host communities. This development could be attributed to the actions of NGOs and environmentalists who are constantly monitoring and appraising CSR activities of IOCs especially in LDC. Majority of participants acknowledged the big role information and communication technology (ICT) is playing in the way IOCs carryout their activities and how the related with host communities.

On this particular question, there was no evidence to suggest that a gap existed in the understanding of CSR concept by respondents within the different stakeholder groups. Respondents' understanding of CSR seemed to align with what had been expressed by a number of authors and researchers in the area. The following are excerpts from SHL1's response regarding CSR:

> *Generally, the concept of CSR can be taken to be an organization's activities with the social, environment and economic factors of the society which the organization operates but largely because in our organization we do more than what is generally referred to as social responsibilities, because we conduct operations in ethical manner.*

The description above reflected an expanded understanding of the concept. This respondent was simply referring to TBL in order to demonstrate his good understanding of the concept. He was not explicit in his explanation of the concept. He reacted from a business perspective by contending that taxes paid by the organization should be used by government to provide infrastructure for the people. This very participant did not offer any specific definition of the concept however; at the end of the exercise his understanding of the concept was very clear. Respondent demonstrated the organization's CSR activities in the form of PowerPoint presentation. Coincidentally he had made a similar presentation a day before the encounter with researcher. He took time to give detailed explanation on the various community development programs of his organization.

In the presentation, SHL1 pointed out a number of challenges the IOCs faced in host communities where they operated. His presentation enabled the researcher understand first-hand the extent of vandalism that was carried out on oil infrastructure by some local people. The pictures of vandalized oil infrastructure were so glaring that it would have been a weak argument to present that such things never existed. The images showed instances where pipelines were skilfully broken and crude oil channelled to improvised refineries. Respondent referred to such refineries as *Kpofire*. At this point, the researcher became inquisitive and probed further to determine the marketability of such improperly produced products. The participant confirmed the existence of a ready market for disposing the products. This puts into question what roles the authorities played in protecting oil facilities to discourage these people from engaging in such dangerous ordeal. Evidence showed that such act had claimed several lives in those communities as fire and explosions usually accompanied the process. The respondent likened the entire setting to organized crimes witnessed in countries such as Colombia and that perpetrators were highly placed in the society making cover-ups a norm as opposed to being an exception. In all these, there was no effective strategy to sustainably curb this perceived sabotage as understood by the participant. Apart from sabotage occasioned by vandalism, the respondent noted that kidnapping was also a challenge. Interestingly, he confirmed that a concerted effort by IOCs and the state government had reduced its occurrence by substantial margin. Unfortunately kidnapping remains a menace in Nigeria even in non-oil producing communities.

Generally, the scenario presented a serious challenge for the industry and all other stakeholders. Therefore, it became incumbent upon all the parties to evolve strategies of dealing with the situation. It was not unreasonable to note that such sabotage had had substantial negative impacts on the economy, environment and most importantly human lives. Invariably, this should have been given serious attention and the government was expected to lead in any arrangement to ensure long term solution. However the IOC in question had the responsibility to liaise with the local people given that some other IOCs were not experiencing such level of colossal damage to their oil infrastructure. Arguably the IOC being referenced owned more drilling sites than the others in the area. Therefore it was not entirely an unexpected development.

This experience afforded the researcher the opportunity of getting raw perceptions from someone who had the responsibility of formulating CSR strategies for the organization. This participant evidently spoke candidly and was pleased with the level of interaction between the different stakeholder groups. In a different encounter, regarding the meaning of CSR, CHL1 responded as follows:

> *In simple terms, in my own understanding, CSR is giving back to the society positively. You are not paying for what society has given you or has enabled you to do but you are just giving back as a form of gratitude. You give back to enable growth and development within the society.*

The above appeared very significant as respondent felt the organization owed the society and should be partners in its development. He was suggesting the involvement of firms in addressing the many challenges of the society. Respondent's perception displayed the human face of organisation and that seemed quite impressive. His understanding was that companies could not give enough to pay for what it derives from the society.

Both HCL1 and HCL2 did not provide any definition for the concept rather used the GMOU concept to demonstrate their understanding of CSR. This was somewhat unexpected given their level of education and involvement in community development projects and also the fact that some other participants articulated clearer understanding of the concept. The respondents did not address CSR as a subject, rather seemed to imply that CSR was embedded in the GMOU scheme. Invariably their interest was in what the IOC was providing for his community and not particularly interested in what principles they applied in addressing their concerns. Interestingly the duo's description of the GMOU scheme was similar to the perception of some respondents from other stakeholder groups on the CSR concept. Implicitly they were elaborating similar things but using an entirely different perspective.

It was noteworthy that the lack of specifics in the participants' perception of CSR did not preclude the fact that they understood the right path to take in order to ensure IOCs addressed the community concerns and expectations. At the end of the interview process, the researcher was convinced that respondents had clear understanding of CSR in practical terms. The only gap experienced was their approximate theoretical understanding of the concept.

NPG1 presented his perception in a slightly different form. Respondent sounded academic and used the following sentences to summarise his understanding of CSR concept:

> *To me CSR is looking after the community so that they can look after you in return. It is not tokenism, kindness or philanthropy but enlightened self-interest.*

Respondent suggested that there was always a business dimension in whatever gesture extended to communities by business. Indeed he was the second participant that introduced the business sense into their perception of CSR. He portrayed himself as someone who had expert knowledge about CSR and how it was practiced by IOCs. This was not surprising based on his strategic position in the organisation that he represented. He also used a number of quotes from scholars to underscore his grasp of the concept. NPG2 reasoned in a similar manner like NPG1 and expressed that CSR was all about organisations being integral part of the society by contributing meaningfully to its wellbeing.

Given all these descriptions of CSR by respondents from different stakeholder groups, it could be deduced that overall, their understanding was not significantly different from popularly held opinions on the concept. Evidence from the interview suggested that participants had at a least a working understanding of the concept. Most of them had seen CSR in action therefore did not lack words in elaborating how the concept was being practiced. Generally, the expressions of respondents on this question were not polarizing rather identical in many respects. There was an unequivocal acceptance that business owed some duties to the community in which it operated as well as the larger society. Participants opined that business should help communities realize their aspirations and work towards meeting these expectations. Paradoxically, the role of government in this regard was not championed by any of the stakeholder groups. In terms of relevance, respondents agreed that organisations will look odd if found not to be engaging with the society. There was agreement on the fact that every organisation which had contact directly or indirectly with the society should engage in CSR practices to meet the demands and expectations arising from their operational activities.

4.8.3.2   Interview Question 2: CSR Practice

Interview question 2 offered participants the opportunity to express their views about the CSR practices of IOCs within the NDR. What most participants considered CSR practice were actually projects that can be traced to IOCs, as there was no talking points on intellectually based orientations to enlighten people on the basic roles of business in society. Participants from IOCs saw it a little differently, given that they considered it as a total package in their interaction with host communities.

CHN1 had the following to say about this question:

> *Of course we are talking about socio-economic terms; we want to empower not only our employees but the communities where we work. And of course it is only when they are sustainable where we operate, we have to see to the economic development of this people, we want to sustain the environment in which we operate. We want to build capacity and make them economically viable.*

The respondent's comment revealed his organization's commitment to building a sustainable host community thereby making perception of the concept all inclusive. This response suggested a link between the tenets of CSR (i.e. social, economy and environment) and that they are not mutually exclusive but are rather inextricable.

SHL1 and SHL2 started their responses by narrating historical antecedents of their organisation. SHL1 stated that his organization had been in Nigeria for several decades. Respondent noted that his organization's CSR practices were beyond their immediate communities where they operated by remarking:

> *You know we offer scholarships both to host community indigenes and beyond. For example our university scholarship cuts across areas of our operations and also nationally.*

At the instance of introducing the conversation, participants' responses were centred on the relationship between the major stakeholders. Most respondents considered harmony within the host community as an indicator for best practice. SHL2 simply put it as:

> *Doing the things expected of you by your host community and ensuring they are happy. When the community is happy, we are also happy because we experience minimal disruptions*

The above perception did not demonstrate a comprehensive conceptual understanding of the question as it appeared narrow in scope. There was ambiguity in this expression; therefore, the researcher could not deduce significant meaning from this position. The generality of respondents had unique ideas as to what CSR best practice meant. However there was no disagreement in noting the relativity of best practice. Some participants (especially those from IOCs) opined that there were no universal forms of best practice rather that they were dependent on communities and their circumstances.

The above expression was a confirmation of the many forms that best practice could assume from participant's point of view. Respondent was underscoring the fact that best practice could be a function of the needs of host communities at any given time. Participant did not see any justification to engage in a scripted form of best practice. Indeed, he saw keeping host communities happy as their preferred form of best practice.

The opinion of NPG1 suggested a theoretical approach by reasoning that CSR best practice occurred when IOCs benchmarked their CSR initiatives against what obtained internationally. Respondent noted that international best practices were evident in all spheres of life; that IOCs understood that fact quite clearly and suggested that there should be indices for measurement. He opined that IOCs had the capacity to apply international standards and reasoned that each IOC had international standards guiding its operations. There was scepticism in the tone of NPG2 on the commitment of IOCs to such standards in Nigeria. Participant's impression was that IOCs were taking advantage of the loose regulatory framework in the country to compromise standards. Irrespective of this perception, respondent still acknowledged the fact that things had improved significantly beyond where they were. In his words:

> *Commitment of IOCs has improved; it has come a long way from how it used to be. In the past, multimillion dollar projects were abandoned, you also see schools, buildings and hospitals that were not put to use after completion.*

CHN1, SHL1 and SHL2 were united in their assertion that they followed international standards in all their activities in Nigeria. Evidence from the study suggested that IOCs may not have exaggerated the facts. The most compelling commitment of IOCs seemed to be to meet the needs of their host communities. They referred to meeting such needs

as the highest form of best practice. CHN1 stated that best practice was determined by circumstances and could vary from community to community. For the IOCs, the perception was that their current approach was serving its purpose effectively given the extent it had addressed the needs of host communities. However, they still acknowledged that there were still areas of improvement.

NPG2 noted some levels of intervention in CSR activities of IOCs that ensured things were in the right perspective through the National Petroleum Investment Management Services (NAPIMS). According to him NAPIMS was involved in projects in excess of N10 Million. He expressed that such projects were extensively discussed with the body before execution. This approach was contended to be a kind of alliance that gave some power to NAPIMS over these CSR projects. It is the responsibility of this department to approve certain CSR projects. Given this proclaimed involvement, it could be implied that there was some form of regulation for CSR projects of IOCs at certain level. However the government respondents were unequivocal in confirming that this was not regulation.

SME1 viewed CSR from a business case perspective and was not particularly impressed with the conduct of a particular IOC. The following are extracts from his response:

> *A company like Shell has no option than to engage the community given it global negative publicity. Therefore I am not surprised that they are digging borehole in the villages and bribing elders of the land*

Generally, the NNPC team monitors most of the activities and it partners with IOCs in community development. They team expressed improved stakeholder relations but suggested more transparency on the part of IOCs. NPG1 was specific about annual spending of IOCs on community development. He noted that most of such funds were carried forward from year to year making it more challenging to determine the real situation. A breakdown of how such earmarks were utilized in community development projects would have provided a more objective assessment he concluded. Interestingly all participants demonstrated reasonable level of acceptance on the CSR activities of a number IOCs in NDR.

4.8.3.3   Interview Question 3: Stakeholder Engagement

This particular question was designed to discover participants' assessment of IOCs' engagement of stakeholders within the NDR. The question initially explored participants understanding of stakeholder. Respondents were also asked to identify the major stakeholders in the Nigerian oil sector. Majority of the participants defined stakeholder with particular reference to IOCs by stating that stakeholders were those affected by the operational activities of IOCs and those that could affect their oil E&P.

More than 80% of participants from different stakeholder groups demonstrated adequate understanding of stakeholder and associated issues. During the interview, answers were generally similar on this concept. Excerpts from NPG1's response are as follows:

> *Stakeholder in any concern is someone with direct or indirect relationship with an organization. They are delineated as primary and secondary, subsequently identifying the important ones. The most important stakeholder in this context should be host community.*

Irrespective of the above opinion, respondent was however not convinced IOCs regarded host communities as preferred stakeholder reasoning that they had no option than to accept the obvious (i.e. putting up with them as long as oil E&P lasted in that community). He cited a number of instances that supported this position. This was a reminiscent of one of such instances:

> *In the past, the attitude was that I don't have a choice so I must engage them. If they had opportunity, they won't deal with them. Without mentioning name, I know a particular IOC that airlifts staff in and out every day from an operation site in order to avoid contact with members of the host community.*

Above expression was suggestive of an unhealthy approach for any IOC to interact with host communities where business was conducted. For a more sustainable approach, he advocated that IOCs should view host communities as partners in progress with the realisation that they could make it difficult for business. Respondent further stated that it would have been more productive for IOCs to accept the fact that they were stuck with these host communities for a long time. Therefore, respondent perceived that it was a pragmatic approach for IOCs to interact with host communities in order to be

proactive about any issues that may arise in the cause of carrying out their activities. He elaborated that if IOCs managed relations with host communities in a more effective manner, arguing that members of host communities could be the ones to protect oil infrastructure instead of the other way round. This position was quite intriguing as there was a lot of sense in the proposition.

SHL2 in his response did not hesitate to admit that host communities were their most important stakeholders. His position suggested that the organization understood the merits of conducting business in a friendly environment. Participant's response was evidence that the IOC in question was making significant investment in both money and time to engage host communities in a sustainable perspective. Regarding the influence of stakeholders on CSR practices CHN1 affirmed that stakeholders affected the nature of their CSR practices by suggesting the following:

> *Part of our responsibility will start from identifying the exact needs of host communities, in other words you need to engage them. That is why our community development engagement policy is so strong that we need to engage our stakeholders from time to time so that you identify their needs first and foremost.*

The above extract was reminiscent of an acknowledgement that business was better-off when stakeholders were actively engaged. This response revealed that significant attention had been given to host communities by IOCs. Respondent's perception was a confirmation that stakeholder engagement had become a dynamic process, something that could not be stopped but should be improved constantly. This particular position was not significantly different from that of other stakeholders on the subject.

CHN2 describes stakeholders in a very simplified form thus:

> *A stakeholder is somebody or an organization that has interest in what you are doing.*

Participant suggested by the above opinion that anybody who was interested in what went on in the oil and gas industry would be considered a stakeholder. This did not reflect the reality within other participants from his group and other stakeholder groups. The researcher contended that this respondent's perception of the subject was

ambiguous and lacked the real content of what a stakeholder should be. However further discussion during the interview confirmed that participant had intellectual understanding of the concept. In stating who the stakeholders were, he listed host communities and government as major stakeholders in their oil E&P activities. Environmentalist and NGOs were also included in the list of stakeholders. In views of SHL2:

> *The oil & gas business is not done just haphazardly. It is a structured business; before you kick off any activity, you need to find out who the stakeholders will be, so you identify stakeholders and do stakeholder mapping. That's what we do and we do it in every activity.*

The above statement gave credence to the fact that this IOC had a clear path to identifying its stakeholders. Respondent inferred that stakeholder identification included determining the influence such stakeholders had in the business. He contended that such awareness assisted the organisation in addressing the needs of these stakeholders. The reference to stakeholder mapping was indicative of an organization that was conversant with the technicalities of the subject. One interesting point made by this participant was that any organization that failed to pay considerable attention to stakeholders was most likely to experience difficulties. Therefore it could be argued that participant was expressing a reality that formed part of the strategies deployed by IOCs. The researcher was informed by this participant's position that the organization recognized the impact host communities could have in the operational activities of IOCs and was determined to overcome challenges that may be associated with peaceful coexistence between both parties.

There was an understanding that host communities had tremendous influence in the way IOCs conducted CSR. SHL1 underscored this fact and elaborated:

> *Sure they certainly do. There is no way your stakeholders will not influence you and you also influence them, it's a mutual thing.*

This expression emphasizes the significant roles stakeholders played in shaping CSR strategies of IOCs. By suggesting that stakeholders influenced CSR strategies of IOCs, it was admittance that they could not be ignored in the process of oil E&P. On the contrary, one subject matter expert was less positive about this and thought that IOC engagement with host communities was still not sufficient to bring about the desired

harmony and development. In identifying stakeholders, respondent was of the view that stakeholders were obvious from the outset of oil E&P activity therefore; IOCs did not need extra effort to identify them. Conversely, he acknowledged that IOCs applied stakeholder mapping to identify the critical stakeholders and reasoned that it was an effective strategy on the part of these IOCs. Irrespective of the fact that respondent was sceptical about the extent of this engagement but had to admit that the situation had improved from what it used to be in the past. In assessing the relationship between IOCs and major stakeholders, all participants demonstrated the strongest indication of improved relations between IOCs and host communities. They all described it as cordial and evolving.

On the issue of 'preferred stakeholders', the word *preferred* was not used instead *priority* was applied but this was perceived as semantics as the concept was similar. Some participants reasoned that the more troublesome stakeholders obviously attracted more attention; considering that business undertaken was for profit, IOCs would avoid everything that could disrupt their peaceful operations. Therefore such group could be classed as *priority.* CHN1 disputed the idea that more attention was paid to violent stakeholders by noting that there was a scheme that compensated peaceful communities. This was suggested in his comments:

> *Just recently, there was an award for peaceful communities and every year this happens. Communities that are peaceful receive awards and things are done for them. We won't want to neglect any community but then you should also know that there are people who are vocal and when things are done for them, it may seem as if things are not being done for others who have not been vocal.*

The view of this particular respondent did not resonate among most participants. It could be inferred that respondent was painting a picture of transparency in reacting to demands and expectations of different groups within host communities. However in trying to attribute this perception to ability of a group to speak up about certain CSR initiatives of IOCs was simply arguing from a position of weakness. There could not have been any need to compensate peaceful communities if it was not an issue.

Remarkably 90% of participants expressed a good level of satisfaction over the current state of relationship amongst stakeholders. However HCL1 and HCL3 had some

concerns and envisaged danger if the current leadership of RDCs within the GMOU was altered by suggesting that:

> *If nothing is done, we are going back to the dark days, because if you go to the creeks they already boiling. You don't have to change a winning team after all Joe Biden his been in the US senate all his life*

The respondent was referring to an impending change in the management of RDCs. The expression was an evidence of discontent among the leaders of RDCs and did not sound like a good development for both parties. Participant was suggesting continuity in the management of RDCs and it was not clear if this expression was self-interested. The opinion of this leader was reminiscent of the fact that the management of RDCs needed refining and fine tuning to maintain equilibrium. It was instructive to note how the leaders of these RDCs had become so influential in host communities that they could mobilize for or against IOCs within a very short period of time. Therefore, any sarcasm expressed by such group should be taken very seriously by IOCs. However it could not be ruled out that insistence on longer tenure for RDC leadership by members may not be unconnected with self-aggrandizement. This fact was hardly established during the exercise.

The responses by various participants on this question again suggested that NNPC was also a major player in the CSR initiatives of IOCs. However it was discovered that they did not get as much publicity as IOCs in most of the initiatives they were involved. Most of NNPC's CSR commitments were handled by the National Petroleum Investment Management Services (NAPIMS). NAPIMS acts as NNPC's Corporate Service Unit. A government participant narrated the level of NAPIM's commitment to ensuring that CSR initiatives of IOCs' were streamlined. He stated that the organisation had established a 5 years' CSR plan for major IOCs that operated in the country claiming that this had helped to avoid duplication of projects. Interestingly, duplication of projects was highlighted as one of the challenges of community development efforts of IOCs. This respondent's expression regarding the matter did not reflect a popular view among other participants on the issue. Evidence from other participants suggested that duplication of projects was actually a challenge. Indeed some state governments saw this as something that should be addressed given that it was also affecting their own community development initiatives. It could be deduced that there was no common

position on this particular issue as the aforementioned strategy to address duplication may still be at its theoretical stage.

Regarding stakeholder engagement, there was no evidence to suggest that the government engaged with host communities directly however; they had different ways of communicating with them. Stakeholder engagement appeared central to ensuring peaceful operating environment for IOCs. This position was held by significant number of stakeholders interviewed. There was proof from the interviews that suggested an improved stakeholder engagement especially between IOCs and host communities. However it was also discovered that some IOCs were not engaging stakeholders at an acceptable level. Paradoxically there was no focus on the expectations of business from host communities. Generally, the approach to stakeholders here appeared unbalanced favouring mostly host communities. This may be as a result of IOCs' commitment to secure uninterrupted oil E&P activities. Therefore, it could be argued that the remote beneficiary of all these were IOCs.

Overall, The GMOU was considered as the catalyst for the significant level of engagement between IOCs and host communities that was currently experienced. The findings revealed a high level of understanding of this subject by respondents and there was no identifiable gap in their perception. This question exposed the raw impressions of stakeholders on the CSR practices of IOCs. Majority of participants gave a positive assessment of the CSR practices of IOCs in NDR. At the end the researcher was convinced that stakeholder issues were taken seriously by IOCs.

4.8.3.4 Interview Question 4: Infrastructure Development

Question 4 asked what roles participants thought IOCs played in infrastructure development in NDR. The aim of the question was to gain insight into respondents' perception of the roles that IOCs have played in infrastructure development within their host communities in NDR. This question was also to determine the developmental priorities of host communities as well as IOCs. Most participants were of the opinion that infrastructure had remained a problem in the region. Respondents from IOCs argued substantially that the NDR terrain had made it difficult to put in place certain kinds of infrastructure. The entire region was riverine and usually not cost-effective to construct any infrastructure.

Participants' definition of infrastructure encompassed roads, water, power, hospitals and schools. Respondents from IOCs demonstrated a clearer understanding of the infrastructure requirements of the region. CHN1 and CHN2 viewed infrastructure in its most basic form as roads, water, power, hospitals, schools etc. His expression was an evidence of high level of commitment on the part of the IOC to the provision of infrastructure for host communities. In the opinion of CHN1:

> *I can confidently tell you that this company has done a lot, not because I work here but I am saying things that are real. If you compare what this company has done in provision of basic infrastructure to what even the government has done, you will see that this company has done wonders.*

Given the above expression, respondent was simply suggesting that the organisation had a high level of commitment to provide infrastructure for host communities. Remarkably, he inferred that the organisation was providing more infrastructure than the government in these communities. Paradoxically the government had the traditional responsibility of providing infrastructure. Arguably, there was evidence from the study to confirm that some IOCs had put more infrastructure than government in host communities. Respondent implored other IOCs to put similar effort in order to better address the infrastructural needs of host communities. As population increased, facilities would be under severe pressure and if not replaced or maintained would collapse he summarized.

In demonstrating the extent of IOCs' commitment to their infrastructural needs, a HCL1's response was to credit an IOC for the construction of four town halls in his community. It sounded rather odd to see respondent's first reference to infrastructure as town hall. Unfortunately, the leader may have been wittingly or unwittingly expressing the importance they attached to the town halls. Respondent's demeanour suggested a sense of satisfaction while speaking about IOC's effort in providing basic infrastructure for the community. He elaborated that the GMOU had been able address the infrastructural needs of his community. Electricity, power, roads and health centres were among infrastructures provided through this scheme. Participant confirmed that there were many pieces of evidence to support infrastructural changes in the right direction. This acclamation was a vindication for the IOC considering that it was coming from the head of one of the most strategic communities. There was a prevailing atmosphere of satisfaction among participants that infrastructural needs of host

communities were a priority for IOCs. It was confirmatory from the interview that the GMOU scheme had had effective positive changes in terms of infrastructure provision.

Regarding the determination of infrastructural needs of host communities, SHL1 claimed they based that on needs and with the new arrangement of GMOU, things became a lot more straightforward. He explained that the function of infrastructural development lied with RDCs therefore; the IOC had no direct input in such developmental projects. SME2 underscored this position by concurring that IOCs were the face of government in NDR. He expressed that the role of IOCs in infrastructure development in NDR was quite commendable. The need for improved infrastructure in NDR was a widely held consensus by all respondents. A significant number of participants acknowledged the economic impact an improved infrastructural network had on host communities. In this regard, HCL3 reasoned that it was only infrastructure that could connect the region to the rest of the country and the entire world. His body language during the encounter with the researcher was an indication of satisfaction at the level of commitment of IOCs to the development of infrastructure in the region with the GMOU.

More than 80% of respondents were unequivocal in their perception of greater host community involvement in developmental projects. The participants from IOCs were united in noting that development decisions had been shifted to members of host communities under the guidance of RDCs (RDCs are members of host communities charged with the responsibility of guiding their communities on developmental projects from brief through completion) and professional NGOs. The RDCs decided what projects to be executed and funds subsequently provided by IOCs and their partners.

In terms of collaboration, it was only CHN1 that noted a collaborative effort by his organization and another IOC for a project in the riverine town of Bonny. Other than that, IOCs did their things separately in host communities. Participants contended that duplication could occur in some communities. However they did not see it as a major concern. Each IOC wanted individual recognition for their effort. On a different note, participants from the government were optimistic about their joint venture initiatives with IOCs but reasoned that efforts could still be maximized. Conversely, SME1 did not think IOCs were doing enough and blamed it on the government for a lack of enforceable regulation to control the excesses of IOCs.

Majority of participants noted that all stakeholders were feeling the impact of (GMOU) initiative. However they did not completely rule out abuse in some cases. Participants from host communities did not understand infrastructure in a sustainable perspective. They listed town halls as part of the infrastructure credited to IOC presence and had conviction that the GMOU was being used to provide infrastructure. Among other community development attributed to GMOU included short connecting link roads, drainages, water projects, and health centre.

CHN1 reported a novel initiative in infrastructure provision by his organization. The IOC invented what is called *River Boat Clinic* that serves more than 33 communities in NDR. He opined that these communities would ordinarily not have had access to any other form of health facility. This mobile clinic he claimed has had commendable impact on the riverine communities who would have had to travel approximately 4 hours to the nearest health facility. The participant informed that the government provided the health personnel while the IOC had to put the structure in place. An estimated 34,000 patients benefited from the scheme on a monthly basis.

HCL1 and HCL2 also gave a positive assessment of IOCs' commitment to infrastructure development in host communities by listing a number of projects that had been as a result of IOC presence. HCL1 elaborated on IOC commitment as follows:

> *We are sending water to almost every doorstep in the community especially Rumubiakani city where you sat today. They (IOCs) have provided even solar water boreholes to areas in our communities where we cannot access normal water.*

Respondent also attributed the health care scheme in the community to the effort of the IOCs by elaborating more on this initiative. The initiative he said came with an insurance scheme in which IOCs contributed half of the cover amount. The community leader stated:

> *Though the money we get from the IOC, we have been able to do a 50% subsidy for members of the community. There is an estimated 4000 people enrolled in this insurance scheme. The government wants to use this as model to be replicated in other areas in the state*

The leader was confirming the level of involvement of the IOC in the overall development of the community. The gesture portrayed an organisation that contended

that it was relevant to maintain a healthy host community to ensure they met their aspirations and needs.

In terms of infrastructure provision, NPG1 stated that it was important to encourage those charged with the responsibility of providing infrastructure to provide them. Respondent was making reference to the role of local government and the need to facilitate infrastructural development through them. To institutionalize this approach, the organization introduced an incentive where they matched every amount spent by the local government on any infrastructure project. They also provided supervision and technical expertise to support building local manpower. Respondent was convinced that this could infuse more sense of responsibilities and local skills could be developed simultaneously giving that local people can develop relevant skills working under experts.

On the relevance of infrastructure in the development of host communities, CHN1 had an entirely different perception. He elaborated on the philosophy of his organization regarding infrastructure provisions in host community. The participant stated that his organization applied *interdependency* within host communities. This meant that whatever amenity that existed in their facility was extended to members of the community. For example if the facility generated power, such was extended to the host communities. This also included other basic infrastructure that could be available within such facility. Respondent reasoned that this would bring them closer to the communities as they shared in the success of the organization. There was no mention of any initiative of this nature by any other participant. Therefore this was deduced to be exclusive to that particular IOC. Participants' responses on a general note presented a renewed commitment by IOCs to tend to the infrastructural needs of host communities.

4.8.3.5 Interview Question 5: Capacity Development

Question 5 asked what roles IOCs are playing in terms of capacity development in host communities. The intention of the question was to gain insight into participants' perception of capacity development and the contributions of IOCs toward this. The question started by asking participants about their understanding of capacity

development. Most participants had limited understanding of this particular question. They thought that it was essentially awarding scholarships to indigenes of host communities. However participants from IOCs had better insight on this particular subject based on their articulation. All participants concurred that capacity development was very relevant to the development of the region.

CHN1 listed a number of initiatives that had been guided by capacity development. Such initiatives were aimed at empowering host community members to be self-reliant. IOC participants were united in expressing their commitment to building capacity within local communities. He informed of his organization's effort in developing and building capacity within the host communities by stating that they had in the last four years trained welders in South Africa. The training was in essence for the beneficiaries to acquire oil and gas welding skills that would position them for jobs in the oil sector as well as other sectors. Altogether, 178 members of host communities benefited from this scheme. These trained welders were allowed to work in any place of their choice. Participant confirmed that all the trained welders had found work not only in his organization but other organization because no caveats were attached to the training.

SHL1 was more interested in building capacity through training and scholarship programs, explaining

> *We train selected children from cradle to university, providing everything needed for successful completion of education. These children are selected from mostly less privileged homes.*

He also explained the IOC's involvement in training women and youth in small business ventures and micro-credit concerns. The efficacy of these initiatives will be discussed in the next chapter. There was a consensus IOCs were now committed to developing the youth and other members of host communities by engaging them proactively.

Similarly CHN1 gave a vivid account of his organization's effort towards empowering people through education within their host communities; noting that his organization gave out several scholarship grants at all levels within host communities. These scholarships were mostly meant for people pursuing professional courses. To underscore the organisation's commitment to this issue, 24 science laboratories were

built for secondary schools to encourage young people to take to science and technology learning. The participant also elaborated on the organisation's effort to providing quality healthcare services in host communities. They had built 1 chest clinic out of an anticipated 6 and intended to complete the remaining 5 shortly. Host community members appeared to be appreciative of these gestures given that there was no obvious criticism of IOCs in this regard.

SHL1 and SHL2 confirmed a new government initiative that aimed at incorporating host community members in the delivery of oil and gas. It did this by forming what is known as the Local Content Development Board. The board advocates that IOCs integrate local people in terms of employment, contracting and other aspects of oil and gas delivery process. Respondents perceived this was a noble idea as they had started implementing that in their processes. Given the fact that this was relatively new, participants from government could not provide an objective assessment of the new initiative therefore, and its impact and effectiveness were not ascertained at that point. Regarding skills gap, NPG1 confirmed that there had never been any audit regarding this issue in the NDR contending that such audit could identify particular skills that were in short supply. He expressed that after such audit, initiatives could then be tailored towards addressing identified skills shortage. Respondent was of the view that the popular approach had been to develop skills that were IOC specific. He suggested that skills be developed in diverse areas in order for beneficiaries to fit into the larger society arguing that this could lead to lop-sidedness if ignored. Participant summarized by stating that a more comprehensive approach was required. This position was the view of most stakeholders with the exception of IOC participants.

Irrespective of stakeholder grouping, capacity development was viewed as a major priority for host communities. This opinion was underscored by a host community leader by stating that the youth needed more training to meet the challenges ahead. All respondents in this category had clear understanding of what capacity development implied and its relevance in their communities. They also appeared conversant with some components of capacity development. For example a community leader noted a number of programs that had been packaged for host community members with the collaboration of IOCs that are aimed at building capacity within the communities. The programs included scholarship and micro-credit scheme. Respondents did not display

contentment at the level of success achieved on the micro-credit scheme and attributed that to some beneficiaries not fulfilling their own side of the contract. His expression suggested that a significant number of indigenes that benefited from the scheme defaulted and that had affected the overall idea of economic empowerment. The scenario presented an attitude of dependency where some host community members saw everything from IOC as compensation for drilling oil in their ancestral land and based on that, there was no limit to what they could derive from IOCs.

According to HCL1, there was also skills acquisition scheme in place. Evidence from the interview supported a lacklustre approach of intended beneficiaries towards this scheme. This loose attitude led to heated debate among members as most of them were unequivocal in condemning this misconduct. Irrespective of some of these exceptions, the community leaders perceived the collaboration with IOCs in this regard as being effective. However they did not demonstrate the same kind of enthusiasm when it came to job opportunities in IOCs. One of them simply expressed his discontent in this extract:

> *We disagree sometimes to agree even though not totally. But like I said a lot has not been done, as the partnership cannot be complete until we begin to inject graduates into the system. It is a major problem for us, it is the factor, it is the problem and so far not good.*

The above appeared to be an interesting argument considering the fact that it came from one of the elites in this particular host community. The expectation was that such person was in the position to tackle this challenge by orientating the young people on the most probable areas of employment in an IOC. Therefore the leader should have channelled more effort in promoting science and technology education in the region. On the job issue the narrative was more of sentiments than objectivity and with such approach; it would be difficult to sustainably address this challenge. In all these, there was no mentioning of a qualified indigene that went through the employment process and was marginalized. This does not preclude the fact that based on the peculiarities of the region; there could be an arrangement to reserve certain quota for indigenes. However IOCs insisted that the employment process was clear and fair but admitted that such approach could be considered in the future.

4.8.3.6   Interview Question 6: Environment

Question 6 asked about some of the environmental challenges in NDR. The question sought to establish participants' perception of the impact of oil E&P on the NDR environment. This particular question had two sides to it. All participants were strong on their perception that oil E&P has had some negative impact on the natural habitat of the NDR.   They all noted that there was a lot of evidence in host communities to support this widely held position by stakeholders. The government representatives reacted differently, however they indicated that the IOCs were doing a better job to mitigate the impact of oil E&P on the environment. Participants from this category suggested that host community members should be encouraged to participate in the corporate activities of the IOCs to protect the environment.

When CHN1's perception about this subject was sought, he sounded convincing about the achievements of his organisation in this regard. The company had a number of remedial measures to restore the environments where oil E&P were carried out. Respondent's expression suggested a high level of commitment towards a cleaner environment. The expression below epitomizes his contention:

> *One of our major focuses is how to conduct business in an ethical manner and I can assure you that our company has very good record of how to keep and sustain our environment. Like I said restoring them to the normal nature where we met those areas and outside of that we encourage sustainable projects.*

Participant's elaboration was gravitated towards the idea that the organisation was actively engaged in finding solution to environmental damage resulting from oil E&P. In an effort to demonstrate the organisation's commitment to environmental sustainability, respondent described a couple of sustainable projects aimed at protecting and restoring the ecosystem even beyond their areas of operation. There was the conservation fund centre being run by this IOC. This particular initiative was established to retain the natural flora with the intent of replicating the way it would have been in the last 50 years in its natural form. In his words:

> *We have sustained the centre for 50 years and we are trying to replicate what we have here in Warri Delta State, which we started last year, and*

> *subsequently we will let the whole public know very shortly just to*
> *replicate what we have here.*

Remarkably, participants from different stakeholder groups had good understanding of environmental challenges in the region. The surprising aspect was that they were not particularly apportioning blames to any stakeholder group rather the focus was on how to improve the existing environmental conditions in NDR. Opinions on this subject enabled the researcher appreciate the extent to which stakeholders are concerned about the environment. Evidence from the study suggested that this was a priority for IOCs in particular. To underscore this fact, HCL1 expressed that:

> *The IOCs have lived up to it at least in the last five years. I don't know*
> *what will happen in the future but for now, these entitlements I have*
> *enjoyed, you know and it is my candid opinion to say so.*

These remarks corroborated the position claimed by IOCs that they were committed to restoring the environment as close as possible to how it was before oil E&P. An IOC participant was specific about restoration of the environment in the form of reserves but was not forthcoming on how they handled environmental damage in host communities. It would have been a more balanced response had respondent elaborated on remediation efforts of his organisation.

Regarding environmental standards, respondent reacted swiftly by stating that all their processes benchmarked international standards set by the multinational and other world regulatory bodies in every respect of their operation. This respondent was suggesting that the emphasis the organization placed on adopting world class standards in their activities. There was no evidence to the contrary on what participant elaborated. The facial expression of respondent was a reminder of IOC's concern and commitment towards environmental wellbeing of host communities. A government participant gave credence to this expression by acknowledging that IOCs had really paid considerable attention to the environment. He attributed the development to relentless efforts of environmentalist who had been carrying out oversight functions on these IOCs. However, respondents from IOCs rejected this claim by stating that they were under no pressure to address environmental concerns but that such activities formed part of their overall strategy of being responsible for their activities.

The other challenging aspect of environmental issue was sabotage. SHL1 narrated a number of actions by some youths within host communities that had affected the environment. He displayed some photo images of oil pipelines that had been vandalized by some local people. These individuals he contended have demonstrated a lot of ingenuity in trying to sabotage the E&P activities of IOCs. However some commentators had attributed spills and leaks to degraded pipelines. Respondent from IOC tried to explain otherwise using pictorial evidence. He confirmed the above view in the following:

> *This is a pipeline, you see this place they have removed the coating of the pipeline. The black one is the coating. This is the real raw steel and you can see a cut inflicted by someone, is that corrosion? It's a cut inflicted by someone with a hacksaw or something. That's why we scream sabotage and the world thinks that this company doesn't know what it's talking about or lying to hide things. You can see that oil is gushing. If at the time of cutting this there was a spark, there would have been a big fire and you say an IOC's pipeline has exploded and the world will be blaming the company.*

Participant established the fact that most oil spills were actually caused by unwholesome activities of some members of host communities. This position was not particularly taken by a subject matter expert who thought that necessary repairs were not always carried out by IOCs on oil infrastructure and attributed most of the spills to aging pipelines. Irrespective of this contrary view, he did not entirely rule out that some activities of local people may have contributed to the situation.

When a NPG1 was asked to comment on environmental issues, he noted that there were bodies charged with regulating environmental issues with particular reference to the Ministry of Environment. Respondent noted that the problem was not the lack of environmental regulation but that the problem was mostly enforcement. However he contended that government had the responsibility to strengthen and enforce regulation. On the host communities' attitude towards the environment, participant did not elaborate on any protective measure against environment hazards. He argued that host communities lacked the wherewithal to embark on such activities. However participant reasoned that they could protect the facilities from being vandalized. Therefore his

organization had made significant effort to sensitize host communities on the impact of oil spills. His opinion was summarized:

> *Oil spillages affect everyone in the community. Therefore it is in the best interest of all to discourage activities that could lead to them.*

Generally, participants felt that IOCs and government had greater responsibility in this area. There was call for host communities to act as custodians of oil facilities in their neighbourhood. This particular approach had not yet been properly explored by both government and IOCs. The government on its part has been combative and there was no evidence that suggested they were approach the issue in this manner. The claim by government participant was adjudged to be at its theoretical stage.

4.8.3.7   Interview Question 7: CSR Assessment

The purpose of question 7 was to establish participants' assessment method for the CSR practices of IOCs within host communities. Most respondents viewed the question in terms of projects that could be attributed to CD initiatives of IOCs. A community leader for example had a different opinion to this assessment leaving the interviewer a little confused. Response to this question revealed that participants did not have any clear assessment method for the contributions of IOCs in host communities.

CHN1 had a better understanding than some others based on his narration of what obtained in the organization. Respondent stated that his organization was particular about the adoption of universal practices. He elaborated that their activities and practices were always open to 3rd party assessment. There was no popular position on this particular question and the researcher reasoned that there could have been gap in understanding. HCL1's understanding of CSR assessment was the GMOU. His opinion was reminiscent in this expression:

> *The GMOU has a fixed amount of money that comes to us, so we can only do with what we have or what we seem to have negotiated; we cannot go beyond that, so the relationship is tied by MOUs and agreements and they don't step out of their way to do this.*

This respondent was stressing the need for IOCs to exhibit flexibility in their dealings with host communities. Basically his assessment was based on IOCs meeting all their demands. GMOU was the only unit of assessment for CSR practices of IOCs within the community. Employment of graduates from host communities also resonated. This participant stated that employing young graduates from host communities was also a way of assessing the commitment of IOCs to the needs of host community members. Respondent expressed disappointment that IOCs had not been forthcoming in employing indigenes. HCL3 noted that employment opportunities extended to host communities were the low level ones and reasoned that such employees had no policy input in IOCs. He opined that offering skilled positions to host community members could encourage young people to study harder in fields relevant to the oil and gas sector. Most participants acknowledged that assessing the CSR practices of IOCs was a complex procedure and that they could not do much in that regard. However, this community leader was more open to the idea and elaborated in his words:

> *You can't do much in assessment; you will assess as per what it is, so I am only saying the capacity is only built but slowly because when the corridors have 'a measured parameter' it does not give room for any 'ballooning' i.e. you don't go out of the sphere in order to get certain things done. However, certain things can be done right if there is flexibility. But policy and positions have also taken away some of the things that could make you do a better judgment.*

This community leader was insinuating a subjective approach to IOC employment policies to accommodate more staff from host communities. The impression he made on researcher from body language showed dissatisfaction in the current state of things in this area. For whatever reasons, there were strong opinions from community participants on this question. IOC participants reacted differently by stating that they had strict guidelines regarding the employment of skilled manpower. Subject matter experts seemed to be on the side of members of host communities on this particular subject. They presented a near negative assessment of IOCs' commitment to addressing this fundamental need of host communities. The prevailing opinion was that IOCs are now more responsive to host community needs and most of these needs were being addressed by GMOU. It could be concluded that the GMOU scheme's impact on community development was impressive and if sustained could lead to long term

development in the region. Therefore the onus is on IOCs and other stakeholder to look at the perceived lapses in this framework and address them appropriately.

4.8.3.8   Interview Question 8: Regulation

Question 8 sought to extract participants' understanding of any regulations guiding CSR in NDR. The question was specifically asked to find out if respondents were aware of regulations guiding CSR activities of IOCs in NDR. Majority of participants confirmed there was no known existing regulation for CSR in Nigeria. However, there was differing opinion from respondents in different stakeholder groups.

The reaction by participants to this interview question did not offer researcher the expected insight. Therefore he contended that the question may not have been properly understood or some respondents completely lacked the ability to articulate clear response. Irrespective of this circumstance, some respondents demonstrated significant awareness on the subject. In his response, a subject matter expert noted the existence of regulations that guided some aspects of oil E&P in Nigeria but stated that none was particular about CSR. For example he cited some regulations regarding the environment, health and safety in the oil industry. This clarity in understanding may not be unconnected with the fact that he had done related things in the past. He elaborated that such regulations required oil companies to remedy environments that were damaged in the process of their drilling activities.

In this regard, CHN1 and CHN2 made references to a number of initiatives by their organization aimed at restoring environments as much as feasible to their natural state. According to them the organization had established such initiative in the Lagos area and is at the verge of completing a second one in Warri a major oil producing town. This position contradicted the opinion expressed by some groups that IOCs were not committed to mitigating against environmental effects of their oil E&P activities. Remarkably, it was only this participant that articulated the efforts of IOCs to address environmental challenges in host communities. However this did not imply that other IOCs were not conscious of the impact of their drilling activities on the environment. The difference was that they did not express any strategy of their own.

NPG1 confirmed the existence of a number of regulations guiding oil E&P in Nigeria. His opinion was that such regulations were not enforced and blamed the relevant parties for the lacklustre attitude towards that. Respondent referenced the new Petroleum Industries Bill (PIB) that was yet to be passed into law as part of the efforts of government to hold IOCs accountable for their actions. An IOC participant confirmed that his organization had made presentation regarding this bill as part of their contribution to transparency and accountability in the industry. His expression on this showed genuine commitment towards the process. Details of this bill were yet to be made public as a result of legislative bureaucracy.

The researcher was able to identify factors hampering the effectiveness of regulation in this industry based on perceptions of concerned stakeholders. The response suggested that regulations were in existence but the extent to which IOCs adopted them remained vague. Conversely participant from IOCs insisted that they had always operated within the regulatory framework provided by the government. CHN1 was emphatic that they operated on international standards implying that the organisation adopted the higher or the two standards irrespective of the country. He doubted the authenticity of such claims given his organization's pedigree in the international scene. Interesting there was a sense of commitment and a probable change in attitude towards the issue. This impression was mostly demonstrated by participants from IOC stakeholder group.

HCL1 confirmed that he was away that some regulations existed but could not state what the details were. His response suggested that regulation was not much of a concern for them. Respondent took the historical lane of oil E&P in the host communities and expressed regrets that their fathers did not bargain effectively before allowing the IOCs to construct their pipelines. He reasoned that they content of the pipelines were never disclosed to members of the host communities during negotiation. Participant similarly defended the activities of the host communities and alluded that in the process of trying to find out the contents of the pipeline, vandalism occurred. Subsequently, the contents of the pipeline (crude oil) became a major issue for everyone within the region and beyond. Participant expressed his opinion thus:

> *Some of us grew up wanting to know what was in the pipeline and in trying to know what was in the pipeline; there was vandalism, restiveness and at the end of the day the content of the pipeline became*

> *an issue. I think both the regulatory part and the moral part have come together to give the picture you are seeing*

The above view regarding vandalism by this participant sounded apocryphal. The researcher likened the above unsubstantiated claim to folklores that had been part of African traditional societies. The expression appeared unusual given the level of exposure of respondent. There was no evidence that suggested host communities were actually oblivious of the contents of such pipelines. It was contended that respondent was avoiding blame in that expression. Conversely, there were overwhelming instances confirming that some host community members tampered with pipelines for a variety of reasons. For example a government participant attributed a daily loss of 150000 barrels of oil to vandalism. This proclamation underscored the position of certain respondents that oil spillages were a function of vandalized pipelines by certain host community members. A government participant did not seem to have any approach that could address this concern. Generally, it was difficult to determine which stakeholder that should take blame for this perennial incident given that there was no access to any technical report in this regard. Community leaders did not present an objective argument in this regard by taking a polarized position. It could be deduced that the response was not reflective of reality. Paradoxically, most members of the host communities have lived with this perception.

On the issue of regulating CSR practices, NPG1 expressed the need for such regulation to be imposed on IOCs given the norm that companies usually took advantage of perceived lapses in the system. Respondent confirmed there were no regulations guiding CSR activities of IOCs in the country. He stated that they had advocated for the regulation of CSR in the past but the only thing close to that was the 3% mandatory contribution to NDDC by major IOCs. Respondent had a strong position on regulating CSR for reference purposes expressing that a country like Nigeria needed to put such in place. He premised this on the perceived lack of transparency in community development budgets of some IOCs claiming that substantial sums were being carried over on their budget. Respondent also reasoned that IOCs exaggerated their community development initiatives. Furthermore he elaborated that CSR in developed nations were quite different from developing nations such as Nigeria. In his opinion, IOCs in the

Western World did not need to be regulated as the checks and balances were clearly defined. In addition the requirements of the two societies were entirely different. For example he stated that companies did not need to build roads or schools in the West World because the government understood that as its core responsibility whereas things were a little more complicated in the developing world.

IOC participants were united in expressing that their CSR initiatives were not based on any regulatory framework. Participants noted that their CSR initiatives were premised on the fact that by working in a community, they had become part of it. With a pause, CHN2 stated that his organization saw CSR as an essential element of their business. He expressed that the organization could not have engaged in CSR for marketing or publicity purposes given that the federal government had the responsibility of selling their products. Participant confirmed that such activities were done based on the fact that the organisation regarded itself as equal partners in the community. In his own words:

> *If you want to be in the community, then you have to sustain that community. It's something you have to sustain so we see it as part of our business because we realized we couldn't operate in isolation.*

The researcher saw the need some flexible form of regulation based on the perceptions of participant from different stakeholder groups. Indeed such need was reinforced by subject matter experts and representatives of government. However, there was no established consensus on the need to regulate CSR. The Nigerian society is unique that regulating CSR could lead to restrictions and may not offer the required flexibility. However regulation can force some IOCs that did not take CSR seriously to reconsider their position.

4.8.3.9   Interview Question 9: CSR Framework

Question 9 was asked to gain participants knowledge of any framework for the CSR activities of IOCs within NDR. The intention was to gain insight on the platform used for CSR activities in the NDR. Majority of participants did not identify any particular framework for CSR activities of IOCs in NDR. Initiatives appeared to be arbitrarily carried out probably based on exigencies. None of the participants were able to

articulate any standard format on which their CSR followed. A number of participants did not demonstrate good understanding of framework in relation to CSR.

SHL1 acknowledged the existence of a CSR framework in his organization but fell short of providing specifics i.e. the basis for such framework. He elaborated that the framework was embedded in their well thought programs and policies; these policies sometimes took several years to develop. Participant expressed that the organization's global status made it imperative that it operated within a standard framework however, frameworks were localized to suit particular business units (the office in Nigeria was regarded as a business unit). According to him the framework applied in Nigeria was a subset of the global framework. Respondent further noted that these frameworks were not static as they were constantly updated to fit into both stakeholder and business needs. The most commonly referenced initiative that appeared like a framework was the Global Memorandum of Understanding (GMOU). Significant number of respondents based there argument on the subject in this respect.

Participants from IOCs had very positive assessment of this framework. They claimed it was more participatory than anything they ever have had. According to them, the GMOU allowed members of host communities to take ownership of community development projects. The fundamental note for this framework was to create a participatory role for members of host communities. Participants stated that those host community members were empowered to take charge of infrastructural development projects. However, IOCs and their partners provided funding and some level of technical expertise.

The opinion of community leaders on this subject did not demonstrate significant understanding. However, their first reaction to the subject like most other groups was GMOU. The expressions suggested that GMOU was currently the clearest form that CSR activities of IOCs are being experienced in these communities. CHN1 was more articulate in his response to the subject by attributing it to the policies and procedures that guided their actions. Respondent claimed that stakeholders were aware of the existing framework that was being operated. However the reaction from some participants did not reflect distinct knowledge of a particular framework. This position

was perceived as an indication of communication gap between the IOCs and stakeholders especially host communities. The implication could be that the message from IOCs to host communities in this regard was not well received therefore; IOCs may not have communicated as effectively as they claimed. Notwithstanding all these, there was no evidence from the study to suggest the existence of a framework prior to GMOU.

Irrespective of the fact that this framework appeared popular amongst the stakeholder groups, the subject matter experts were not conversant with it and did not have much to contribute in this area. However they acknowledged that the initiative sounded laudable and should be further explored to harness its potentials. Generally, every respondent made reference to the GMOU in their response to the subject. Given these opinions, it was imperative that GMOU was the only known framework for CSR in NDR. It could be concluded that the GMOU had become the new face of CSR in host communities and this was development in the right direction given the orchestrated need to localise the concept in NDR.

4.8.3.10   Interview Question 10: Resource Management

Question 10 asked participants what they understood by resource management. The purpose of the question was to get specific answers about participants' perception of resource management. There was an understanding gap for this particular question for most of the participants. Most participants seemed not to understand any roles they could play in managing the country's petrodollars. Participants from IOCs opined that the issue was too complex and political for them to get involved. The consensus from the group was that it was government's prerogative to manage the petrodollars and develop the nation. However, they expressed that they could play some roles in terms of due process but the scope will be highly limited. In an absolute display of lack of understanding, a participant from IOC used his company's health initiatives to respond to this question. The response appeared totally out of context. Another participant elaborated that this was purely a Nigerian affair, besides that Nigeria had intellectuals who could contribute meaningfully in this regard. Participants were unequivocal in noting that this aspect was beyond what they could do therefore was outside their scope.

NPG1 and NPG2 were reluctant to engage in any conversation that involved resource management. NPG1 reasoned that policy makers handled such issues opining that decisions on resource management were held at the highest level. However he did not rule out the fact that the government can leverage on the expertise of IOCs. One particular IOC respondent expressed reservation on the mater but instead elaborated on the organization's commitment to the achievement of millennium development goals (MDG) especially where the nation was lagging behind. He listed maternal mortality, infant mortality and HIV/STD among such goals. Respondent noted that the organization had made significant input to the government on areas they were consulted. Beyond that, respondent contended that their major contributions were to pay taxes and royalties to the government. The following was extrapolated:

> *Where we own up to our own responsibilities we pay our taxes. We do all these things, we provide employment for people in the country, and we run our business ethically. We make sure we operate within government rules and regulations, making sure that we play our own obligatory roles in every ramification and then encourage government and other stakeholders to do so*

The above expression suggested a position that resource management was the prerogative of the government. However IOCs appeared open to involvement if their expertise was sought. Given the circumstances, it was contended that such involvement could infuse the required expertise and foster accountability and transparency in the system. Understandably, there was always a limit to the extent of IOC involvement in state matters and participants would rather be left out of this.

It was apparent during the study that IOCs and other stakeholders did not perceive resource management as a major concern. An IOC respondent stated the organization paid the right taxes and that doing so was not an invitation to dictate for the government on how to manage revenues from oil & gas industry. On a different note, SHL1 claimed that they had contributed in building capacity towards resource management. Despite this gesture, respondent opined that this responsibility solely rested with

government. The researcher contended that the level of transparency in IOCs could be replicated in other sectors especially the government and its departments.

HCL3 did not seem to have significant understanding of the issue. The interview was a reminder that the major concern for the community leaders was to attract development to their communities to improve the lives of the people. To community leaders, resource sharing was more important to them than resource management. They reasoned that members did not have the technical knowhow on such issues. The focus was more on the sharing of the petrodollars that came to them and their communities; beyond that, nothing else mattered to them. In a related development, one of them claimed that government was getting sufficient revenue but doubted if such revenue was prudently managed. However he concurred that the issue did not form part of the communities' priorities. The implied argument that IOCs and other stakeholders were not responsible for resource management put the bulk at the government. Evidently most of the differences between the government and communities were cantered on resource control. Therefore it was not unreasonable for most stakeholders to distance themselves from the issue. This issue was perceived as sensitive making further probe unproductive.

4.8.3.11   Interview Question 11: CSR Audit

Question 11 seeks to understand from the perspective of participants in different stakeholder groups on CSR audit. Through this question, the researcher was able the gauge the understanding of the various stakeholder groups on CSR audit. The interview revealed that only participants from IOCs and NNPC understood the true meaning of CSR audit. However the subject-matter experts had some ideas on this subject but did not have a deep understanding of the matter.

CHN1 gave a narration of a feedback system where all stakeholders (especially host community members) were communicated about their activities within the host community. These meetings were usually held quarterly to discuss developmental progress in the host communities. In such meetings participants were often encouraged to express their views in raw form. IOCs are able to determine the most pressing concerns of such host communities and agree with them on how to resolve them. This

position did not sound like an audit process therefore; the researcher was not convinced respondent had significant understanding of the subject.

Regarding CSR audit, NPG2 confirmed there was no standardized process for auditing CSR activities of IOCs in the organization. However, he noted that there was an existing internal process that does what he called Value for Money Audit. The process ensured that all their contributions to joint ventures were prudently utilized. Respondent reasoned that IOCs would have an internal system that undertook similar functions.

IOC participants presented a situation that implied they paid considerable attention to this matter given that it was part of their transparency efforts. CHN2 noted that CSR was now part of the organization's reporting standard and that they were also using a number of forums to communicate their CSR activities for third party appraisal. Some participants in this group also noted the involvement of third parties that acted as consultants. The researcher did not view the use of consultants as the most objective approach and reasoned that comments of such consultants were usually subjective. Put simply, consultants were more concerned about retaining their contracts than going contrary to the dictates of IOCs. However the entire idea of employing consultants was to present dispassionate view on the CSR practices of IOCs. The extent to which this was accomplished remained contestable.

Subject matter experts contended that most audits of CSR practices of IOCs lacked the required transparency and independence to produce a balanced report. They expressed optimism that there was the tendency of improvement given the international pressure on such requirements. Generally, IOCs perceived this as very important to their oil E&P activities.

In the exact words CHN1:

> We operate open policy everywhere such that 3rd parties, governments are the ones we rely on to give us awards we have won globally, locally and everywhere attest to what we have been able to achieve

This participant did not describe any established external audit procedure for assessing their CSR activities. They organization relied on an internal audit procedure and the awards given to them by some bodies as a measure of the effectiveness of their CSR initiatives.

The subject matter experts had a different perception on this and displayed scepticism towards the claims by IOCs. They had the impression that IOCs manage these activities for publicity purposes. SME1 doubted the integrity of those awards and the organizations that awarded them. He further expressed that most external auditors are obligated by the IOCs and most of them realized that unfavourable reports may lead to loss of contract. He further opined that external auditors were more interested in their fees than what is audited. However there was a consensus by all participants that IOCs were improving in terms of transparency and dedication to the development of their host communities. The interview suggested that there was internal CSR audit process in most of the IOCS. This did not preclude the fact that some engaged the services of consultants. There was a consensus that an audit process should be independent in order to demonstrate objectivity and commitment.

4.8.3.12   Interview Question 12: Cooperation

This questions was primarily designed to hear from stakeholders what ways the thought were most appropriate to ensure sustainable peace in NDR to boost oil E&P. It was to explore participants understanding of the various issues that had hampered oil E&P in the NDR and their thought on the best ways of addressing the challenge.

In terms of stability in NDR, NPG1 perceived the issue as complex and that it required complex approach. However he opined that sincerity was very important in the relationship between IOCs and host communities arguing that such could be achieved by absolute display of openness by IOCs. This expression was reminiscent of one respondent's opinion:

> *There is no one solution but part of it is continuous dialogue and free flow of information. People are suspicious when they don't have information. If you don't have anything to hide why be secretive.*

Respondent was suggesting a transparent policy on the part of IOCs to woo host community members. He underscored the need for IOCs to establish trust with IOCs

contending that a lack of trust could lead to violent reactions. However he was less optimistic on this feasibility of this approach. Respondent advocated for the involvement of all stakeholders in order to achieve this object and referenced Richard Branson's management attitude to substantiate his position. In his opinion, IOCs should treat members of host community the same way they treated their employees. However this could be very challenging for IOCs to achieve given the complex nature of NDR. Irrespective of all these, participant expressed optimism that IOCs and host communities could work better together.

All participants from IOCs were united in acknowledging the significance of conducting business in a peaceful and friendly environment. CHN1 simply put it:

> *What we usually do is that we can only do business in a peaceful atmosphere so we proactively engage all stakeholders; we don't wait until there is any problem and they come asking us through having regular meetings, engaging them regularly so that all parties will anticipate what will likely pose problems and proactively resolve them and that's why a lot of people wonder why we don't have the kind of problems other IOCs have.*

The above expression was reflective of an organisation that was committed to engaging stakeholders to establish a peaceful coexistence. Respondent suggested the proactive position of the organisation in handling issues with stakeholders especially host communities. Evidence from the interview suggested that this position was not exaggerated.

In the views of HCL1, peace was a major issue that should not be ignored as the challenge appeared overwhelming. They attributed the relative peace in the creeks to the current arrangement (GMOU). HCL1:

> *GMOU has addressed issues temporarily for today but like I said there is much more that can be achieved through it.*

There was a sense of urgency in this community leader's voice regarding regime change in RDC management. He was still insisting that for peace to continue in there region, there was no need to change the existing management in RDCs. In the interest of all, healthy cooperation was perceived as panacea to most of the friction between the different stakeholder groups. The opinion to maintain peace and harmony in the region

was widely expressed. Interview transcripts have been attached separately as appendix J.

4.9   Emergent Themes

The major themes discovered in the study were those of infrastructure, capacity development, employment, healthcare, and education.

4.9.1   Theme 1: Infrastructure

The central issue here was a need for the IOCs to provide basic infrastructure such as roads, bridges, quays, hospitals, schools, electricity etc. Participants found this very key to economic development of the region. Answers related to this issue were bothered around the quality of life for host communities, inherent problems in the region and how these are being addressed by government and IOCs. The perceptions on this topic were along stakeholder lines. Each stakeholder group was coherent in their response to this issue. Their positions were more on justification rather than addressing the issue. 7 out of the 11 participants concurred that infrastructure was a major setback to economic development in the region. However, all the participants were unequivocal in the transformational effects of infrastructure development.

4.9.2   Theme 2: Capacity Development

Capacity development emerged as a central theme in participants' perception of the ways to reduce poverty and dependency syndrome in order to achieve sustainability and self-reliance in the region. 5 participants considered the lack of employment of NDR indigenes into management positions in IOCs as major limitation for them. Conversely some were of the opinion that the young people are not maximizing training opportunities presented by IOCs.

4.9.3   Theme 3: Employment

The core of argument on this theme is the need to incorporate indigenes in top management positions in IOCs. Two stakeholder groups orchestrated this view. 5 out

of 11 participants considered this a significant problem overwhelming the region. There was a consensus that addressing this concern could transform lives in the region. 8 participants agreed that IOCs could play a major role in this regard. However, they were unequivocal that government should be at the forefront of any initiative to balance this.

4.9.4 Theme 4: Education

Education and training were underscored in the interview. 3 of the participants illustrated the impact mass education could have on the lives of the people of NDR. However, there was no consensus on who should be held accountable. Participants from a couple of stakeholder groups suggested that education should be a joint initiative between all the stakeholders. They were unequivocal in stating the urgency of this theme in NDR.

4.9.5 Theme 5: Healthcare

In response to this theme, 3 of the participants from host communities and 2 from IOCs indicated that this was being taken seriously by IOCs through a number of initiatives. The perception was that IOCs are meaningfully engaging host communities in providing quality healthcare. The partnership is aimed at reaching out to host communities with difficult terrain in the NDR. Some of these communities are not easily accessible and had to be reached through the waters. To underscore this, the exact words of two participants regarding this have been incorporated.

4.10 Convergence

Research question 1 sought to discover similarities among stakeholders' perceptions on the CSR practices of IOCs in the NDR. Responses to interview question 1 and 2 indicated that 70% of participants understood the meaning of CSR. 80% of participants have favorable disposition to the extant CSR practices of IOCs in host communities. Participants gave similar definitions for CSR; however, some of them had better understanding of the concept especially those from IOCs and the NNPC. This may not be unrelated to their current roles. Participants mentioned a number of practical

applications of CSR in the region such as infrastructure, capacity development, education and social welfare. Four participants suggested that the CSR activities of IOCs could be used in making the region a model for infrastructure development and youth empowerment.

There was consensus among IOC participants on the need to use their CSR strategies transform lives in the NDR. This was evident in the paradigm shift in the strategies of both Shell and Chevron (the most prominent IOCs in the region) to empower host communities to take ownership of community development through GMOU (SPDC, 2012). The evolutionary trend of Shell's CSR strategies is indicative of an effort to localize best practice. Shell's strategy underscored partnership with host communities arranged in clusters for the purposes of development. Chevron on its part also uses the GMOU to address development needs in their host communities in order to ensure uninterrupted operations (Amnesty International, 2005). The current flagship program known as River Boat Clinic by Chevron was designed to assist host communities in difficult terrain to have access to the most basic healthcare facility.

The above claim was validated by a report from *Centre for Health Market Innovations, which* confirmed that Chevron Nigeria Limited (CNL) in conjunction with the NNPC and the government of Delta launched a River Boat Clinic (RBC). The report stated that the boat clinic takes healthcare to the doorsteps of host communities along the creeks and tributaries of Escravos and Benin Rivers. This position is consistent with the expressions of CHL1 and CHL2 on their organization's healthcare initiative.

Research question 2 sought to discover participants' perception on the ways of assessing the CSR activities of IOCs in the NDR. Participants' responses indicated that the measure for CSR commitment of IOCs is demonstrated in the physical structures and social welfare initiatives that can be traced to them in host communities. The majority of participants (70%) were of the impression that IOCs have taken over the role of government in host communities in the NDR. There was mixed reactions on the motivations for taking such responsibilities in the NDR. Responses showed that IOCs are now more committed to improving lives in the NDR as opposed to what transpired in the past. For example, HCL1 expressed the following:

> *Because of Shell operations, we have over 80 Shell contractors from the community who do various jobs from catering services to cleaning*

services, janitorial services, maintenance and even sometimes consultancy services and management services. So those are some of the things that the partnership has brought. I remember delivering a speech sometimes ago and I said we never had it before. Five years ago wasn't like this, but we pray that the evil angels around the world do not kill the program.

HCL2 confirmed this optimism in the following expression:

Before now, things were imposed on us but the position now is that we are being consulted to participate in community development projects. The RDC, which I am a member, is responsible for designing, developing and implementing community development projects. This does not mean there are no glitches but we are managing them in our own way. To say the least we have a more sense of recognition compared to the past.

SME2 suggested the following:

Though the IOCs appear to have a more human approach in dealing with host communities these days; however, they need to have long term goals such as capacity development and building sustainability into the existing approach. It is not enough to build classroom blocks; they should liaise more with the government in encouraging professionals to take teaching positions in some of these difficult areas. On the balance, things are changing for the better.

Research question 3 (R₃) explored participants' perception of CSR best practice. Responses to relevant interview questions suggested that more than 70% of participants did not demonstrate good grasp of CSR best practice. However, participants from IOC and Subject Matter Expert stakeholder groups suggested different forms of what they considered best practice in terms of the CSR activities of the IOCs in NDR. Consensus existed among IOC participants on what CSR best practice implied in their host communities. Regarding CSR best practice, SHL1 had these to say:

If you come to community development practice, there was a time community assistance was in vogue, and then we moved from community assistance to community development and now we are talking of participatory and development, where we have also brought in

something like the GMOU that we signed with communities. It's best practice because with that strategy, with that model communities are put in the driving seat of development. They plan their own development, they implement, they also monitor. They only things we do are to give them technical backup and moral support and financial also so that is best practice. We have seen it in many other areas like the community health insurance that I mentioned earlier; it's a best practice to developing health services in communities. It goes on and on... so *these are best practices in different sectors depending on what we do.*

Common ground existed among IOC and Subject Matter Expert participants on the need to localize best practice; however, there was no consensus on the pattern it should follow. The following responses illustrate support for the above position.

SME2: You see we do not expect the CSR practice of Shell in the UK to be the same as NDR. These are two polarized regions in terms of needs. Here the most basic needs are to have access to good road, electricity, schools and other basic amenities. Whereas the case is entirely different in developed worlds if am not mistaken. From my investigative journalism, best practice should be a function of local needs; therefore there should be no universal creed for it.

NPC2 confirmed the need to localize CSR as a form of best practice.

Yes I think it does to a large extent now, if you look at what happened here side by side what transpired in other parts of the world, you will agree with me or you go to those communities, most of the physical development projects that you will see are actually carried out by the IOCs. Go to most of these host communities, government expenses are minimal and you will also agree with me that these people are there to do business.

NPC1 weighed into the conversation from a conventional perspective:
For me best practice is benchmarking whatever CSR initiatives you know a company is carrying out against what obtains elsewhere internationally. There are international best practices in every sphere of

professional endeavor and these are benchmarks. There are indicators for measurement you know and whatever you are doing you should be able to apply those indices that are internationally recognized to your initiatives and benchmark them.

The above expression appeared inconsistent with the position held by most other participants on best practice. SHL1 summarized best practice using this example:

If you have a tsunami in a host community, best practice at that point will be to cater to the immediate needs of victims such as providing food and shelter.

Participants generally regarded provision of basic needs such as infrastructure, healthcare, education, and employment and capacity development as preferred forms of best practice. There was no agreement on whom to take the forefront between the government and IOCs.

Research question 4 (R_4) sought to address the framework adopted by IOCs in carrying out their CSR initiatives. Responses to interview questions 3, 4 and 5 captured the perceptions of stakeholders on CSR framework for IOCs in NDR. Participants viewed the current GMOU as a framework within which the CSR activities of IOCs are structured in the NDR. Common ground existed among participants on the effectiveness of the GMOU as a framework; however this was not without descent from a couple of participants. Responses suggested that the GMOU is structured to address all the development needs of host communities. The entire program is coordinated by representatives of a cluster of host communities known as RDC whereas IOCs and the government provide funding for the projects. IOCs also provide technical assistance through specialist NGOs. In the words of SHL1:

The GMOU is a memorandum we sign with a cluster of host communities, each having direct dealing with us. We now say you are all in the same plan, you are all in the same local government area (LGA); you are in the same area of operation. All of you come together and form a cluster development board. That cluster development board will be your development managers that will deal with us, and then we inject ourselves into those cluster development boards as members of the company. The government will have members in the cluster development boards together with them we sit down and ask external NGOs with

development experience to come and guide the communities and prioritize their development needs. With that they can come together with a cluster development plan, which the board will review and approve.

4.11 Triangulation

Participants' responses were triangulated with interview notes (taken contemporaneously), government and corporate publications (Creswell, 2002). Accounts of pipeline vandalism and government response were triangulated with corporate documents and newspaper reports. Some publications suggest that the government has not been forthcoming on recommendations to curb the increasing vandalism on oil pipelines. A recent publication by Thisday Newspaper "How FG Ignored Pipeline Surveillance" (Nov, 2013), indicated that a couple of reports aimed at addressing this issue has not been considered by the government for appropriate actions. The publication noted that a combined report by oilfield service giant, Schlumberger and the Nuhu Ribadu led committee had in 2010 and 2012 respectively made comprehensive recommendations to the Ministry of Petroleum Resources and NNPC on approaches to adopt in the protection and surveillance of oil pipelines in Nigeria. The Schlumberger report suggested the use of metering at oil well head, flow stations and export terminals. Indeed the Ribadu-led committee underscored the benefits of the Schlumberger report, which is viewed as a major stakeholder in oil fields. However, the federal government seems to have ignored all the recommendations. Arguably, this tactic feeds into the position of critics that the government is complicit in illegal bunkering activities.

The above view was shared by SHL1 while he was expressing the level of vandalism. He stated the following:

> *What you are seeing here was the rudimentary stage of this business; now they have mobile refineries, mini refineries with good technology over and above this one they call **KPOFIRE**. They call it kpofire refinery. This one has been overtaken by the very ingenious refineries now. Like with the kind of things you see in Colombia where drug Lords have their own government. We are not talking about small people. Somebody was mentioning today that these people have so much money,*

they are so ingenious that the minute they have an army this country is in big trouble because they will do everything they can to protect their business and no one knows the extent of infiltration they have done.

While confirming the above positions but without exonerating the IOCs, a report by the London based Chatham House (Nigeria's Criminal Crude: International Options to Combat the Export of Stolen Oil, 2013), stated that crude oil theft would increase at unprecedented levels as the 2015 general election draws nearer. The report blamed a cartel comprising of top politicians, military, and IOCs for this economic sabotage. However another report highlighted how the Country Chair of Shell Companies Mutiu Sunmonu while agreeing with the high level of oil theft absolves his organization of any blames. In his own words:

We're dealing with a social tragedy, an environmental crisis and a sad waste of resources. We find it difficult to safely operate our pipelines without having to shut them frequently or prevent leaks from illegal connections impacting the environment. Ironically, it appears the crude thieves use repair windows to prepare and quickly launch fresh illegal connections when we restart production. While SPDC continues to play its part in combating crude oil theft by amongst other things, increasing surveillance of pipelines and organizing daily helicopter over-flights of pipeline routes, the experience of the past few months requires more concerted efforts by all stakeholders, including Government and communities, to address what is turning out to be a dangerous development in the Niger Delta

Accounts of best practice were triangulated with public documents. Some corporate documents showed that IOCs might not be operating within the same set of rules or standards. Steiner (2010) in his report *"Shell Practices in Nigeria Compared with International Standards to Prevent and Control Pipeline Oil Spills and the Deepwater Horizon Oil Spill"* concluded in a report that Shell Nigeria continues to operate well below internationally recognized standards to prevent and control oil pipeline spills. He further stated that the organization has not employed the best available technology and practices that it uses elsewhere in the world in the NDR. The author cites the Gulf of Mexico oil spill (due to BP Deepwater Horizon disaster in April – July, 2010) which received funding and government attention, noting that such environmental damage in

NDR is left largely unattended. Clearly this constitutes another double standard, and far greater attention needs to be paid to the chronic long-term damage from oil and gas operations in the NDR. In his own words:

> *The difference between the response in the US to the oil spill in the Gulf of Mexico and that of Niger Delta couldn't be more clear: in the Gulf, the oil outflow has been stopped, but substantial oil outflow continues each and every day into the Niger Delta. In the Gulf economic losses are being compensated by BP $10 billion (USD) claims fund, but economic losses in Nigeria have received little compensation. While the Gulf continues to be cleaned up, most spills in the Delta are left unattended.*

The above is a practical example of double standards. However there was a consensus by IOC participants that they operate within a single international standard. The extract from CHL1 confirms the position of some IOCs on double standards. His response to this issue was:

> *No no no even including any process in our internal process, we have the same globally. Chevron has everything we do standardized: even the way everybody is managed, to internal process; anything that we do is a global concern. That's how Chevron operates such that tomorrow I may be asked to go and work in Sacramento in the USA, I wouldn't need to go for any special training. I will just be fixed because we practice the same standards all over the world in everything we do internally and externally.*

Critics continue to argue that the above is not the case in Nigeria. There are documentaries to support that IOCs may be misrepresenting the facts in some cases.

To ensure that IOCs in NDR are held accountable for double standards, the Amnesty International and Friends of the Earth Netherlands (2011) filed a complaint against Shell at the Dutch and UK National contact points dealing with the OECD Guidelines. They claimed that Shell's misleading and incomplete reporting about oil spills in Niger Delta constitute a breach of the OECD, specifically Section III (Disclosure) and VII (Consumer Interest) as well as Section V (Environment). The complaint stated that the oil spill investigation system on which Shell based its data was totally lacking in independence.

Accounts on how IOCs are helping in transparency and management of oil revenues in Nigeria were triangulated with public reports. Some of the reports found IOCs wanting in terms of abating corruption in the oil industry. One report confirmed that IOCs are playing significant roles in fuelling corruption. Numerous examples can be found in how companies seek to maintain their LTO through short-term cash payments, giving in to monetary demands following facility closures, exorbitant homage payment, and use of ghost workers, surveillance contract implementation, contracting procedures, employment processes, and kickback schemes in community development projects.

For example, a report for the Friends of the Earth Netherlands (2011) indicted Shell of corrupt practices in Nigeria. The report confirmed that Shell paid a total of USD58 million to both the US and Nigerian Authorities to head off the threat of legal action for corruption. They report went further to list earlier instances of corrupt charges against Shell and its companies. In 2004, SNEPCO (a wholly owned subsidiary of Shell) paid an estimated USD2 million between 2004-2006 to its subcontractors with the knowledge that some or all of the money would be paid as bribes to Nigerian Customs Officials to import equipment into Nigeria in relation to the offshore Bonga project. SNEPCO and the US based Shell International Exploration and Production Inc. employees were aware that as a result of the payment of the bribes, official Nigeria duties, taxes and penalties were not paid when the items were imported.

IOC participants did not adequately address specific questions asked regarding this issue. They were firm on their adherence to the doctrine of transparency in all their activities anywhere including Nigeria.

4.12   Conceptual Framework

The work of Eweje (2006) on oil and mining communities in some countries in sub-Saharan Africa (SSA) forms one of the bases for the study conducted. He expressed that oil host communities experience some adverse environments, social, economic and political effects as a result of oil E & P and mining activities. As a consequence, host communities constantly expect compensation of different kinds from responsible firms. The current study demonstrated that host communities in the NDR face several social, economic and environmental challenges (Pavey, Muth, Ostermeier, & Steiner-Davis,

2007). However it would be balanced to state that IOCs are becoming both proactive and innovative in the way they address most of these concerns.

In the past, host communities have been ignored by IOCs and the government in their CSR strategy leading to violent situations in the NDR (Ikelegbe, 2006; Ogonor, 2003; Omeje, 2006). According to Krishna (2007), the NDR remains one of the World's most deprived their oil wealth notwithstanding. A dig into history suggests that when traditional societies encounter industrialization, the entire landscape is dislocated. Indeed, such activities create gaps that affect capacity development and self-actualization (Report of Niger Delta Youths Stakeholders' Workshop, 2004). The NDR is a classic example of such societies that have been affected by industrialization (Oil E&P).

The study conducted linked underdevelopment in the NDR to the lack of basic infrastructure, education, access to good roads and a number of other social welfare provisions (Olusakin, 2006). Further reflection on emergent themes revealed patterns consistent with a society in need of basic needs that transform life. It also suggested that dependency was still an issue within these communities. The study revealed patterns espoused in stakeholder theory on the need to identify and manage stakeholders according perceived impact on business operations. Therefore, the study enhances understanding about a resource-rich region and inherent challenges as result of business activities taking place within its domain. In the study, the four faces of CSR advocated by Carroll (1979) were evident in the way IOCs carved their CSR strategies as evidenced in the GMOU.

4.13 Summary

The overarching aim of the phenomenological qualitative study conducted was to explore the perceptions of participants from the four stakeholder groups on the impact of the CSR activities of IOCs on infrastructure and capacity development, and social welfare provision in the NDR. The chapter presented detailed analysis of interviews from a purposive sample of 11 participants from the selected stakeholder groups in the Nigerian oil sector. Chapter 4 provided explanation for the data collection process and

techniques used in identifying common themes and the methods adopted to prepare and analyze interviews. Five broad themes emerged from the interview:

1. Infrastructure,
2. Capacity Development,
3. Employment,
4. Education,
5. Healthcare

Responses to the questions about the lack of good roads, electricity, piped borne water and other infrastructure were linked to underdevelopment and prevalent poverty in the region. Different elements were also linked to the low quality of life in most communities in the region. The need to provide basic amenities that transform lives and place the region on the path of sustainability resonated. Participants perceived infrastructure and capacity development as panacea for economic empowerment and self-reliance in the region. Therefore economic empowerment was viewed as a function of these two broad themes. Participants also perceived employment as a way of integrating locals into the mainstream of affairs in IOCs, contending that it would provide a good sense of belonging.

The interviews suggested willingness on all the stakeholders to work productively for the overall development of the region. Their responses indicated that they wanted to work at two main levels: (1) partnership, and (2) decision-making process. The first level would require the engagement of all stakeholders as equal partners in the development of the region. Whereas the second level involves actively partaking in the decision making process on issues that affect the development of the region in order to promote harmony. However, participants expressed discontent on the approach of both the state and local governments to the development of the region.

Following these narratives; the next chapter presented the conclusion of the study conducted by discussing the main themes from the data analysis. It also recommended areas for future research. Chapter 5 offered an overview of the entire research method, design, and subsequently the research findings. The limitations of the study, its ethical considerations and significances were also reviewed. Implications of the study were described and inferences drawn.

4.14   Influence on Perceptions

The interviews indicated similarities in the factors that guided participants' perceptions. Similarities in these factors were however observed along stakeholder lines. The main factors that influenced perceptions were identified as loyalty to base, allegiance to organisation, policies, media and stereotypes. Generally, the harsh realities of the living conditions of the people of NDR was a major factor for most of the stakeholders especially host communities and Subject Matter Experts.

Chapter 5: Findings and Discussion

CSR in the NDR presents both opportunities and challenges for IOC. A critical challenge for IOCs lies in balancing the business objectives with host community expectations given that they are the face of government in the region. The overarching intent of the phenomenological study conducted was to explore stakeholders' perception on the impact of the CSR activities of IOCs on infrastructure and capacity development, and social welfare provision in the NDR. Arguably, the NDR faces many challenges including infrastructure, healthcare system, capacity development, economic and other social problems. As such, the findings of the study can assist IOCs to form strategic and productive alliances with critical stakeholders in order to achieve sustainable development and reduce crime and violence.

5.1 Problem Statement

Perceived stakeholder exclusion in the mainstream of affairs of IOCs has emerged as a central issue in the NDR. Available statistics suggest that oil contributes 80% of national revenues in Nigeria; however, the quality of life in the region remains lower than that of other regions in Southern Nigeria (Watts & Kashi, 2008; Krishna, 2007; Frynas, 2006; Omeje, 2005, 2006). Lack of infrastructure, violence, and kidnapping of expatriates and IOC employees has characterized the region. The crux of the matter has been a perception by indigenes that they are ill-served and neglected irrespective of the oil in their land (Watt & Kashi, 2008; Eweje, 2001). These violent activities have disrupted oil E&P in the region leading to revenue loss for both IOCs and the federal government (Frynas, 2008; Ite, 2004). This narrative has forced both the government and IOCs acknowledge the need for host communities to be proactively integrated in the CSR strategies of IOCs. The intention of the conducted study was to enhance understanding about the perceived roles of IOCs in the development of the NDR through their CSR strategies.

5.2 Purpose Statement

The purpose of the qualitative phenomenological study conducted was to explore the perceptions of the participants from the 4 stakeholder groups about the impact of the CSR activities of IOCs on infrastructure and capacity development in the region. A

purposive sample of 11 stakeholders was selected from a group of 4 to participate in the study. The first objective of the study was to explore the CSR concept from a broader perspective. The second objective was to examine the CSR practices of IOCs within the NDR and other developing countries. The third objective assessed the understanding of CSR best practice within the stakeholder groups and subject matter experts in the NDR. Finally, the fourth object was to provide a framework for the CSR practices of IOCs in the NDR. A phenomenological design was used to undertake and analyze interviews with research participants. According to Neuman (2003), phenomenological design is an instrument that facilitates the understanding of the behavior and lifestyle of a group from a lived experience perspective.

5.3   Research Questions

Four research questions guided the study. The following research questions were used to determine the level of involvement of IOCs in the development of NDR through their CSR activities:

1. What are the current CSR practices of IOCs in NDR and the rationale behind them?
2. What are ways of assessing CSR activities of IOCs in the NDR?
3. What is the stakeholder's perception of CSR best practice?
4. What framework do IOCs use in their CSR activities in the NDR?

5.4   Research Method

A qualitative phenomenological research method was adopted to explore the impact of the CSR practices of IOCs on infrastructure and capacity development from a stakeholder's perspective. The protocol for the study remained consistent with the positivist position that scientific enquiries follow systematic and rigorous procedures (Creswell & Miller, 2000). The procedure incorporated constructionist methods that allowed the interview discussion to emanate as the study progressed. Data was collected through semi-structured questions and subsequently interviews were analyzed to identify themes. Generally, data analysis was flexible and personal reflection was included. Grounded theory was integrated in the design in order to conceptualize patterns revealed by the data.

5.5   Emergent Themes

The significance of theme identification in qualitative research is underscored in the work of Ryan & Bernard (2005), in which they consider theme identification as the core of qualitative research. In this regard, themes refer to constructs which researchers identify before, during, and after data collection. Such themes usually come from literature, the subject matter, local common-sense constructs, researcher's values, and theoretical underpinnings (Bulmer, 1979; Strauss, 1987, Maxwell, 1996). Similarly, Shapiro & Markoff (1997) note researchers who hold tightly to qualitative tradition usually induce themes from texts and they referred to such approach as latent coding. Following the above understanding, themes in the study emanated from the characteristics of the subject matter, literature and researcher's values. Researcher's values are based on his understanding of the socioeconomic dynamics of the NDR.

5.5.1   Theme Dominance

Theme dominance refers to how people frequently talk about a given idea or subject during an interview process. Therefore, the more a concept occurs in an interview, the more likely it is a theme. However, it is in the researcher's position to determine how many repetitions that can make a theme (Russell, 2000). In the conducted study, it was observed that some themes resonated more along stakeholder lines. For example, host community participants showed greater concern for the employment of indigenes at senior positions in IOCs. The displeasure of not being adequately represented at management levels in IOCs was orchestrated throughout the interview sessions and town hall meeting. The reasoning was that with their own people at the top in IOCs, they will be able to get all that is due to them. Conversely; education, healthcare, and infrastructure dominated the views of IOC participants for a sustainable NDR. The participants in this stakeholder group contended that addressing these themes would empower people of the region both socially and economically. Given these narratives, it could be deduced that the dominance of a particular theme depends on the stakeholder group.

Five broad themes emerged from the data analysis: (1) Infrastructure, (2) Capacity Development, (3) Employment, (4) Education, and (5) Healthcare.   A thematic

description of the six major themes and sub-themes are summarized in the preceding sections.

5.5.2   Theme 1:   Infrastructure

Infrastructure is unequivocally perceived as a major challenge in the region. Therefore most of the activities of IOCs are designed to address infrastructural and social needs of host communities. In this regard, participants link the importance of infrastructure to the flow of economic activities between the region and other parts of the country. This position is similar to the one expressed in OECD (2006) report which asserts the difficulty in achieving meaningful economic growth without appropriate infrastructure. Invariably, there is a consensus in this regard on the positive impact of infrastructure on the society. It is pertinent to note that this is not the first time a study of the NDR would highlight the state of infrastructure in the region and other LDCs. For example Eweje (2009) did a related study and discovered that infrastructure ranks very highly in the expectations of members of oil and mining communities. Similarly, Frynas (2010) noted the poor state of existing infrastructure in the region in a separate study. The NDR is unique as a result of its unusual topographical challenges. Therefore infrastructural projects appear to be more cost intensive here than most other places in Nigeria.

The findings of this study differ from previous works example Eweje (2007) and Frynas (2007) that IOCs are faced with the challenge of identifying and prioritizing the needs of host communities. Findings reported in the thesis emphasized that IOCs have overcome this challenge and indeed greater understanding exists now between IOCs and host communities than in the past. The study also reveals that infrastructure forms a major part of community development initiatives of IOCs and other stakeholders. Such infrastructural schemes include building of schools, roads, hospitals, bridges and power generation plants. With the emergent GMOU framework, infrastructure development is now strategically coordinated in NDR. Interestingly the framework allows community leaders to determine infrastructure needs of their communities with the assistance of professional NGOs provided by IOCs. On the issue of abuse of process, participants contend that the checks and balances in place will reduce it to minimal level. However they did not entirely dismiss its occurrence. The position is that GMOU has been transformational and most host communities are experiencing its effectiveness.

Arguably this has reemphasized the need for a working relationship between IOCs and host communities.

To underscore the efficacy of GMOU, testimonials from different community leaders have been incorporated thus:

> *When the GMOU started on October 5, 2005, one of the significant changes that have occurred so far is improved relationship and a better understanding of each other. The GMOU is building a bridge based on trust and commitment on the part of the main stakeholders. CNL has never been committed to community affairs as it is doing right now. The company has been faithful in meeting their own part of the agreement (Edmund Doyah-Tiemo, Chairman Egbema Gbaramatu Central Development Committee).*

The above extract is an acknowledgement that the new approach is working to the advantage of this host community. It goes to say that the level of satisfaction with some of the CSR initiatives of IOCs is on the rise in a number of host communities. It is also important to note that this proclamation may not be generalizable as a number of host communities still have their concerns not fully addressed.

In a similar development, Mofe Pirah, Chairman Itshekiri RDC had this to say about an IOC:

> *There are three things Chevron has done that nobody from Delta State can contest. From 2005-2008, we have had N1.3 billion contributions from chevron, which we have used to execute projects. These projects include skills acquisition, construction of training complex in Warri and a town hall in Jakpa. We are building two-bedroom units in over 23 Itshekiri communities.*

This particular testimonial is concerning as IOCs may be unwittingly eroding the individual responsibility that encourages sustainability. Ironically most beneficiaries do not share this view as they still insist that IOCs should always compensate them. In most rural communities in Nigeria, developmental projects are funded through communal effort with little or no assistance from the local or state government. The NDR is exceptional in this regard as most of the projects in the region are sponsored by

IOCs and the NNPC through joint ventures. It remains to be seen whether this efforts have enabled the indigenes to realize their full potentials.

Evidence from the study suggests significant improvement in terms of social welfare and infrastructure development in NDR on what has been reported by researchers such as Frynas (2010) and Eweje (2009). The shift is largely attributed to a more effective community engagement approach being adopted by some IOCs in NDR. According to Frynas (2010) an unsuitable quay was constructed for one of the riverine communities in NDR. With the new GMOU approach, it will be rare for such a situation to occur based on the fact that RDCs are now in charge of community development projects from brief to handover. This approach has assisted in providing the much-needed basic infrastructure to a significant number of the population. It is pertinent to note that the NDR is no different than other regions in Nigeria and other Sub-Saharan African countries in terms of infrastructure. However what makes the difference is their reliance on IOCs for provision, a privilege other regions in the country do not enjoy.

The responses of participants underscored the relevance of infrastructure in the economic and social development of the region. Finding support the position of OECD that sub-Saharan Africa lacks the basic infrastructure that brings about long-term development. The report notes that globally, more than 1.2 billion people do not have access to roads and safe drinking water; 2.3-billion lack reliable source of energy and, 2.4 billion lack sanitation facilities. An estimated four billion are without access to modern telecommunication facilities. The implication of the absence of infrastructure is that the poor pays heavily in terms of time, money and health. IMF & World Bank (2005) put annual investment needs of infrastructure at 5.5% of gross domestic product (GDP) in developing countries and 9% in the least developed countries. The study reveals that some IOCs in NDR are conscious of this fact and are struggling to bridge the gap in infrastructure financing through a number of CSR initiatives.

Participants recognize infrastructure as the most significant tool to generate the desired economic growth in the NDR and other parts of Nigeria as well. Ultimately the efforts of IOCs are starting to pay-off in terms of improved quality of life. There is no doubt that IOCs are under intense scrutiny and are often compelled to restore communities to their original form in some cases. It is balancing to acknowledge that some of the issues raised by some researchers in NDR in the past are being addressed and indigenes are no

longer as provocative as they were in the past. A confirmation of the paradigm shift is evident in the testimonials of the two community leaders and a host of others during the interview process.

The challenge has now shifted from complaints to creating a sustainability of approach. The impressions from the study are that things are normalizing in most places in NDR however; IOCs should not accept this on face value. There is a need to look at the current structure of RDCs as the burst may likely come from there. The provision of infrastructure and utilities traditionally belong to the government (Joyner & Payne, 2002; Moon et al., 2005). However, this role has been gradually ceded to IOCs in NDR. Unfortunately the state is loose about this responsibility and has left it in the hands of IOCs in NDR. It is now incumbent upon IOCs to devise strategies to transfer these responsibilities back to the government without undermining the expectations of host communities. This is expected to be very challenging for IOCs but at the same time achievable. The contention is that it will require a concerted effort by all stakeholders coupled with transparency and accountability.

Participants do not contest the role of government in infrastructure development but are rather being realistic about the situation in NDR and other regions in Nigeria. The government can always point to the NDDC as its arm of development in the region. The interviews with some managers in IOCs reveal that the department has no identifiable strategy to develop the region. The department just like the host communities relies on IOCs for developmental initiatives in the region. As infrastructures are being developed in the region IOCs are not contemplating beyond project handover at the moment. At no point were any of them concerned about how some infrastructure will keep functioning on a regular basis. The salient issue of infrastructure maintenance did not feature prominently in discussions.

5.5.2.1 Maintaining Infrastructure

In the process of conducting interviews with participants from the various stakeholder groups, when it comes to infrastructure, discussions are mainly centered on how to put them in place. The perception of most participants is to view infrastructure projects from a project management perspective. Therefore the focus is on project delivery system and not the project itself. It is only one participant that thinks completing

projects is not just enough. He wonders what will happen in host communities when some projects seize to serve their purpose as a result of "wear and tear" or outright breakdown.

The issue of infrastructure maintenance is not given significant attention by any stakeholder group. This is not unusual given that the entire society exhibits a lackluster attitude towards the maintenance of infrastructure. According to Ruddock (2007) developed countries are more in need of infrastructure maintenance than LDCs. Conversely there is more demand for new buildings in LDCs than developed countries. The reason is obvious, infrastructures in developed nations have been around for years whereas in LDCs they either do not exist or are new. However this may not entirely be a perfect scenario as some of the infrastructure in the NDR are gradually aging and will soon require maintenance. Depending on the magnitude of repairs that will be required, the IOCs and RDCs will face tough choices that could escalate violence in host communities.

Strange as it may appear, the GMOU framework does not incorporate any post project activity, thereby creating a gap in the whole strategy. There is an opening here where locals can be trained to maintain any infrastructure put in place by RDCs and other stakeholders. This approach will not only be cost effective but will also save time for all parties. Interestingly such workmen can easily develop a sense of ownership towards the project under their charge. In an event of a sudden fault with any given infrastructure, there will be locals to take care of it before restive youths even become aware. Arguably most infrastructures in NDR are still in shape because of their relatively new status. However there will always be depreciation (wear and tear). The IOCs and RDCs should be proactive in this regard. This perspective will be further discussed in the capacity building theme. Appendix C illustrates how Shell compares the current GMOU approach to previous approaches to community development. The overarching fact from the summary is that the new approach is all encompassing and has proven to be effective in several ways. This Shell format describes the framework in its simplest terms.

5.5.3   **Theme 2: Capacity Development**

This theme comprises of issues relating to training, empowerment and employment. The study confirms certain issues that have been highlighted by a number of researchers in the oil and mining communities. Some findings are in congruence with similar studies by Eweje (2009) and Ite (2006). In their separate works, employment and empowerment remain pertinent issues in these communities. Participants have differing opinions on the most suitable approach to these issues. Every encounter exposes the need to pay closer attention to providing sustainable strategy to resolve these challenges.

The Rumobiakani community hosts Shell's headquarters in Port Harcourt Rivers State and this community appears to appreciate the part being played by the IOC on their overall welfare. The study findings suggest that significant number of host community members tend to be impressed with the current state of affairs between them and the IOCs. This perception is evident in one of the town halls that IOCs are engaging them in community development initiatives. Most attendees were quick to chastise those that think otherwise about their relationship with the IOC. The RDC chairman confirms the engagement of more than 70% of the population in one form of employment or the other with an average monthly remuneration of N45, 000. Comparatively, the minimum wage in Nigeria was only recently increased to N18, 000. This new minimum wage is yet to be implemented by some states and organizations claiming the lack of funds as a major setback. The implication is that people without skills in this community earn higher than most people with degrees in other areas of Nigeria. Therefore, it is fair to say that the NDR indigenes have more opportunities than people from elsewhere in Nigeria.

5.5.3.1   Training

This is one technique that IOCs are using to ensure that members of host communities become self-reliant. The interviews indicate a number of initiatives by different IOCs to empower host community members. In terms of training, IOCs are funding skills acquisition programs and building centers for members of host communities. However the lack of enthusiasm on the part of some youth undermines this initiative. For example, while at a town hall in one of the host communities, people were urged to take

advantage of the IOC-sponsored computer training courses. Interestingly some of these software packages cost approximately $2000 for ordinary people. Village heads were implored to encourage young people to participate in the program. This attitude is reminiscent of the dependency syndrome that has remained a major challenge in the region. This situation feeds into the narrative of some people such as Kapuscunski that *"oil wealth creates the illusion of a completely changed life without work, life for free"*. This attitude suggests that money alone cannot solve the problems of the NDR. Therefore, it becomes imperative to work on the attitude and orientation of host community members. This calls for behavioral reengineering for the entire NDR and its people.

Shell in particular is constantly updating its initiatives regarding empowerment of indigenous people of NDR. IOC participants express interest in finding sustainable approach to empowering the youth and women in the region. In line with this, Shell is running a program called LiveWire. This program is designed to provide entrepreneurship, training and business development skills to young people. It also assists participants with start-up capital as a form of encouragement. According to one participant, Shell has trained over 3000 people in this scheme. A significant number is assisted to start up their business through the business start-up awards. This arguably is having positive effect on young people in NDR by providing employment opportunities. Eweje (2006) in a different study highlighted the significance of youth empowerment in host communities. It can be deduced from the two studies that capacity development is very relevant in the NDR and the initiatives by IOCs towards this are apparently becoming more effective.

Irrespective of all these commitments by IOCs, there is still evidence that poverty is pervasive in the region. The findings reported in the thesis in some part support previous works by Krishna (2007) and Watt & Kashi (2008) that poverty is widespread in Nigeria particularly the NDR. They both find this reprehensible given the fact that the region is host to the nation's major source of revenue. However the current study reveals significant improvement in terms of infrastructure and social welfare provisions. This development can be attributed to the strategic CSR initiatives of some IOCs and their joint ventures with the NNPC. This does not preclude the fact that there are still many things that can be done to reduce the widespread poverty. Arguably, most of these circumstances can be traced to oil E&P in the region. Conversely, it cannot be

completely ruled out that some may have been self-inflicted. The interesting aspect is that all the stakeholders recognize the challenges and are now determined to address them in a more sustainable manner. There is an acknowledgement that violence is increasingly outdated as it recognized in failing to offer solutions needed for the people of NDR.

In a related development, an IOC respondent described an initiative that involves a significant number of indigenes. Specifically, he confirms that his organization sent 179 members of host communities to South Africa to train as offshore welders. After successfully completing this training, the IOC absorbed most of them. Indeed some of them even got jobs with their competitors, as there was no condition or caveat preventing them from taking employment elsewhere prior to participating in the training program. Reacting to this gesture a government participant expressed skepticism by contending that such a program is narrow in scope and may not help to achieve the overarching developmental objectives in the region. This argument is premised on the notion that IOCs' training initiatives are tailored towards oil & gas openings. The participant reasons that the community is bigger than IOCs and that such training should be designed to incorporate other skills; arguing that everyone in the community is not expected to be an employee of an IOC. He concludes by saying that community needs diverse skills in order to function sustainably and address its immediate and future needs.

5.5.4   Theme 3:   Employment

Some authors such as Akpan (2006) and Eweje (2007) attribute the level of restiveness in the region to high unemployment. However there have not been any reports on whether most of these youth are prepared to take up paid employment. The study evidently acknowledges the high unemployment in the region and Nigeria as a nation. Findings seem to suggest that the unemployment rate in this region may be lower than that of other regions as a result of IOCs' initiatives. It is imperative to note that there are no statistics to back this since it does not necessarily fall within the purview of the study.

In terms of employment, findings do not suggest any CSR strategy by IOCs that are aligned to creating a job quota for the indigenes of host communities. Two IOC

respondents have a congruent opinion on this. They express that their organizations operate a universal employment policy that gives equal opportunities to all applicants. According to them the process is highly competitive and that only the best are selected at the end of the process. It is instructive to note that there has been agitation on the low level representation of indigenes at the management hierarchy of some of these IOCs. It appears that host communities on their part have not devised any implementable strategy to address this challenge. Underscoring this point, HCL1 notes that creating low-level jobs for host community members is not an ideal approach to address what he perceives as employment inequality. Probing further on the qualifications of these indigenes, he dismisses the notion that oil companies do not have to employ only engineers or welders. The Respondent reasons that quota should be allocated to host communities and those very strict conditions are not to be applied to their applicants. This opinion was not popular among most participants. This perception of employment by host communities may not be reflective of the reality. Though the study did not seek demographic information from participant, however it was observed that five participants from IOC and government stakeholder groups are from the NDR. Paradoxically, these people hold strategic positions in their various organizations. It is not clear whether they expect these organizations to employ all the indigenes of NDR. There is not unusual in employing more people from the NDR, at least that way they will have greater sense of belonging. There is no evidence to suggest that such measure will lead to the overall development of the region. The relevant question is, are these young people willing to take advantage of a variety of opportunities presented by the presence of IOCs in this region. Therefore focus should be on encouraging young people to obtain relevant qualifications that can serve as a gateway to some of the IOCs.

5.5.5   Theme 4:   Education

There have been many suggestions on how best to tackle the challenges in sub-Saharan Africa and education ranks among the issues that require urgent attention. A number of researchers conversant with the NDR view education as an appropriate method to address the apparent crisis in the region. Both Eweje (2009) and Krishna (2007) acknowledge the overwhelming impact education can have on oil host communities. Indeed in the former's study of oil and mining communities, education was listed among the expectations of communities from these companies. Good education is acknowledged by all stakeholders to be part of an enlarged solution to the

developmental challenges of NDR and Nigeria as a nation. In order to underscore the significance of education, the participants described some of the initiatives of IOCs that are designed to address this challenge.

Interestingly, IOCs are committed to making major investments in education. There is evidence from the study that such initiatives are being incorporated into their overall CSR strategy. Findings from the study reported in this thesis support the position of authors such Amaewhule (1997) that IOCs are expected to display greater sensitivity to the sustainable development of their host communities. The study also reveals that IOCs find themselves in a position to contribute meaningfully to education in their host communities.

The opinion that most teachers are not attracted to the very rural communities in NDR is not new for obvious reasons. In order to address this challenge, IOCs are offering incentives to willing teachers to work in such remote communities. The interviews with stakeholders from IOCs suggest that they are taking education in the NDR very seriously and are addressing this through a number of grass root programs. Generally, educational initiatives of IOCs include scholarship, provision of reading material, teachers etc. Some of them have gone further to provide incentives to teachers in order to enable them teach in rural areas. In some instances higher wages have been offered as a form of motivation to teachers that are willing to teach in these logistically difficult communities in NDR.

The notion by Eweje (2006) that IOCs recognize the importance of education and consequently incorporating it into their CSR strategy is evident in this study. An IOC respondent in this regard expresses the various efforts of his organization in ensuring that young people get the required education. Through a particular scholarship scheme, the organization identifies children from highly disadvantaged homes and takes over their sponsorship. The scheme takes care of the educational needs of these pupils from primary up to university levels. The IOC provides them with all the required educational materials and monitors their progress accordingly. The participant did not give insight about any post education strategy for these beneficiaries. However the perception is that this approach will have an overwhelming impact on the NDR in the future. Therefore, exploring beyond scholarship will likely assist in positioning these young stars for managerial positions in the oil and gas industry. The study suggests that

host communities will be more appreciative if this program considers of offering employment to most of the beneficiaries upon graduation. The IOCs have not committed to adopting this approach any time soon.

5.5.6 Theme 5: Healthcare

This theme incorporates initiatives such as the provision of hospital equipment that include dialysis machines and modern medical laboratory for designated hospitals. The activities are not limited to these in this regard as one IOC (Shell) has ventured into the provision of healthcare insurance for host community members. This effort is highlighted and explained by a community leader, as his community is the immediate host of Shell.

Issues relating to health are being taken seriously by a number of IOCs in the NDR. Shell and Chevron have used some of their CSR initiatives to improve healthcare delivery system in their host communities and beyond. They have done so in very pragmatic way by taking into cognizance the difficult terrain of NDR. Some of their initiatives have been able to address operational issues regarding health services in the creeks. IOCs' initiatives in this regard are tailored toward providing hospital equipment, drugs, vaccines and mobile clinics.

The health care delivery system in Nigeria has been challenging for both states and national government. The NDR is no exception to this difficulty. However the good news is that IOCs are demonstrating interest in bridging the gap unlike the other regions that are left at the mercy of ill-equipped hospitals and improperly trained health personnel. Community health is one aspect that some IOCs such as Shell and Chevron are playing significant roles. For example SPDC supports 27 health facilities in NDR with the collaboration of State Governments. Confirming an already stated fact in a Shell report, a participant describes the effort Shell is making to address the social and economic challenges in the NDR. This initiative is called *Voluntary Social Investment Portfolio.*

The Rumobiakani community for example has a novel health insurance scheme that the State Government is contemplating on widening. It is relevant to note that health insurance is not a thriving business in Nigeria as most people are either not interested or

too poor to afford it. A community leader credits himself with this initiative and confirms that the program won an award because of his ingenuity. This is a pretty simple program that insures host community members for day-to-day illnesses. The insurance premium is N7200 for each individual. It is noteworthy that Shell subsidizes this by 50% meaning that beneficiaries pay N3600. The program is so effective that the scheme covers referral treatments. A community leader narrates how a liver patient and a child with a hole in the heart were flown to India for adequate medical attention. He confirms that the two individuals are enjoying good health at the moment. According to another community leader the program does not exclude people from other communities; the difference is that they are charged the full premium. He attributes these successes to the current partnership with the IOC.

Chevron has a different approach to the provision of health services to their host communities. It has taken healthcare delivery system in NDR to an unprecedented height. They are addressing the health challenges of the region through what is known as River Boat Clinic (RBC). The RBC provides significantly enhanced healthcare to communities in the creeks within NDR and this is the first of its kind in the region. RBC is a joint venture between NNPC and Chevron. It is encouraging to note that this is one of the most viable joint ventures in the region. According to an IOC participant this scheme is custom-made to address healthcare needs of riverine communities and it is proving effective at the moment. The joint venture provides the facilities while the Delta State Government has the responsibility of providing health professionals to manage the aqua-mobile clinic. The services provided by RBC include:

1. Treatment of patients
2. Minor surgeries
3. Suturing lacerations
4. Antenatal care
5. Health education
6. Referrals

This IOC has also contributed significantly to the prevention and control of HIV/AIDS by providing funding for People Living with HIV and AIDS (PLWHA). The IOC is also sponsoring awareness campaigns in university campuses in this respect. Indeed this can be termed as a sustainable approach to tackle this health concern giving the level of awareness it is creating on young people. It is not unreasonable to contend that

if government makes similar effort like IOCs in terms of healthcare things will be significantly different as access to health facilities will increase. The situation at the moment is far from being addressed especially in areas of health professionals.

There is no identifiable strategy in the region to suggest that attention is paid to the training health professionals. This could be the reason why Frynas (2010) notes the existence of hospitals without qualified professionals in the region. The IOCs should not stop at providing hard infrastructure for healthcare but also explore how to increase the number of healthcare professionals to an acceptable level. Invariably it becomes incumbent upon IOCs and host States to promote science and technology learning as a more sustainable to ensure that people get the right qualifications to train as health professionals. A participant suggests that training doctors and nurses are more important considering the fact that doctors can operate without borders.

5.6 Research Findings

Five major themes emerged from the interviews: (1) infrastructure, (2) capacity development, (3) employment, (4) education, and (5) healthcare. The research findings suggested that host communities want to prosper in all spheres of life and perceived that their wellbeing should be central to the CSR strategies of IOCs in the region. Host communities desire for a greater quantity of indigenes in top management positions in IOCs operating within their communities irrespective of what the policies are. The theme infrastructure was linked to the lack of access to basic amenities such as access to good road, electricity, portable water, schools, hospitals, bridges, quays etc. participants perception of the role of IOCs in this regard was indicated in terms of IOCs providing these amenities and an in-depth understanding of the harsh conditions in the region.

Capacity development also emerged as a prevalent theme in the study. Participants indicated that equipping indigenes with relevant skills will empower them economically and reduce overdependence on IOCs. In respect to the question around capacity development, all respondents perceive that capacity development could lead to socioeconomic development thereby reducing poverty in the region. With respect to the perceived roles of stakeholders in this dimension, 80% of participants viewed this as

critical and demonstrated willingness to for any type of alliance that is aimed at increasing capacity in the region. CHN1 for example stated as follows: "our desire is to equip host communities with essential skills to empower them and make them less dependent and that is why we have a number of programs lined up".

The current GMOU has proven effective in terms of partnership and inclusion. As a result, the region is experiencing improvements in stakeholder relations particularly between IOCs and host communities. In fact NPG1 confirmed that things had become better than they used to be as a result of the GMOU. The downside of this program is that people might turn it into a political warfare if certain issues were ignored. HCL1 sent a direct message to Shell through the researcher regarding an impending change in the management of RDCs and other issues relating to payment conditions. In his words:

> *When you make all these sacrifices because ours is to ensure peace in community because GMOU has its own penalties. If you disturb our areas of operation, you lose a certain amount of the designated funds for GMOU and if they default in payment, they pay us a certain amount of money for that tranche. As I speak with you it's a burning issue. They are owing us so three tranches. They have not paid us so it's a smooth and rough edge. Do you understand where am going now and therefore you look at situations and reactions and then you come up with. You want everybody who served with GMOU for five years to go, what happens to the experience. You want me for instance to ask this 10 people you sat in the meeting to go. You saw their passion first-hand. Joe Biden has been in the Senate for more than thirty years, that's the way it works ours should not be different.*

5.7 Convergence of Opinion

Participants' responses about the role of stakeholders in community development reinforces the theme of infrastructure and common ground. More than half of participants (60%) desired more IOC commitment to see that host communities have access to the basic things that improve life. Participants indicated that IOCs and host communities can partner to put the region on the part of sustainable development. It was common knowledge that the relationship between IOCs and host communities had

always taken a complex shape. However, there was a consensus that things were improving and everyone realised the way forward. For example, six participants agreed that more cooperation was needed to ensure peaceful coexistence between the major parties in the region (see fig. 8).

The theme of infrastructure was consistently apparent, with even government participants and the integration of community members into development projects resonated. It was presumed that such an approach will be for the overall benefit of the stakeholders (Federal Government of Nigeria, 2006). Similarly, the feedback from the approach suggested that it was the right way to follow in addressing the many challenges facing the region. Interestingly, IOCs have also recognized the need to integrate community representatives in their CSR strategy hence the GMOU. It is fair to state that SPDC has emphasized sustainable community development through partnerships with all the major stakeholders (SPDC, 2013). As a consequence, Chevron and Shell and other major IOCs in the region have adopted the GMOU (communal agreements) as a framework for community development (Amnesty, 2005). Though there is a common ground on this theme, participants from the subject matter experts and host community stakeholder groups perceived IOCs as being exploitative and using their CSR activities as a cover-up or wrong doings. SME1 had this to say: "Shell is doing most of this things because of their global negative perception. They are embarking on image redemption rather than building sustainable communities in the region". However, extracted from the interview with CHN1 demonstrated a commitment to facilitate development in host communities. He stated the following:

> *Of course we are talking in socioeconomic terms; we want to empower not only our employees but the communities where we work. And of course it's only when they are sustainable where we operate, we have to see to the economic development of these people , we want to sustain the environment in which we operate, we want to build capacity and make them economically viable. We want to improve their conditions. it's when we do all these that the community where we operate will be happy with us. And in doing all these, you have a long list of stakeholders.*

Participants spoke about ongoing joint ventures between IOCs and the government. Paradoxically, there were no functional joint ventures between IOCs as they conduct their community development projects independently. Responses from most

participants indicated that joint venture between IOCs can be cost efficient and may address the issue of project duplication. However, the consensus was that a lot needed to be done in terms of infrastructure development in the region. In this vein, NPG1 advocated that such joint ventures between IOCs were needed to coordinate community development activities in the region for greater efficiency. He also acknowledged how difficult such challenges would be to surmount.

5.8 Triangulation

Participants' accounts were triangulated with interview notes and government and corporate documents (Creswell, 2002). Accounts of the dearth of infrastructure were triangulated with independent publications. A report by the Consensus Building Institute (Corporate and Community Engagement in the Niger Delta: Lessons Learned from Chevron Nigeria Limited's GMOU process, 2013) indicated a shared responsibility between all the major stakeholders in development of the region. Participants played down on the role and contribution of government through its joint ventures in the development of the NDR. It was apparent that IOCs "took the glory" for all positive developments in the NDR (Shell in Nigeria: Nigerian Content, 2013).

Accounts on the structure of the GMOU was not entirely without dissent. Participants from host communities indicated that the caveat (withholding funds in the event of violence) was unrealistic. For example, HCL1 expressed concerns over the non-payment of three tranches of their allocation from IOCs to run the GMOU on account of this caveat. Similarly HCL2 found this development retrogressive and counterproductive. According to him members of the RDC had tried to reduce violence to the barest minimum using the tools available to them. He reasoned that staving them of funds might lead to crisis which none of the stakeholders wanted. However, an independent report from the International Network for Economics and Conflict (2012) summarized the current state of the GMOU as follows:

> *In one of the most challenging contexts in the world – where relationships between communities and companies have been long characterized by substantial mistrust and antagonism – the GMOU model is succeeding where other approaches have fallen short. While still far from perfect, the GMOU has , as its core, helped to transform*

> *relationships between the company and surrounding stakeholder communities leading to better outcomes for residents and the company.*

Accounts about the effectiveness of GMOU in the provision of infrastructure was consistent with participants' perceptions during the interview. The Consensus Building Institute report that the GMOU suffered the issue of mistrust on the side of community leaders as they felt the approach was pushed on them. There was common ground that the GMOU was working based on the fact that there are now; improved relationship, reduced violence, better development outcomes, and greater transparency. This position was orchestrated by NPG1 and NPG2, where they confirmed that the GMOU had made things better in the region. However, the reports suggested areas of improvement such as transparency and representation, cultural sensitivities, capacity and accountability, funding, and coordination and power balancing

The above narratives validated the consensus that the GMOU was playing a significant role in the development of the region. Participants acknowledged grey areas in the model and hoped that such areas would be clarified over time. An earlier report by Amnesty International (2002) suggested that things have improved significantly over a decade. The report summarized the relationship between IOCs and host communities as follows:

> *The relationship between companies and communities is increasingly governed by agreements, called Memorandum of Understanding (MOUs). Under these agreements, companies provide development projects in return for promises by communities to provide a peaceful operating environment. Some company-funded projects have functioned. Others have been poorly run and accessible to a few communities only, or companies have awarded contracts and benefits in an arbitrary manner that perpetuates discrimination, marginalization and inequities. In many cases, companies do not deliver what they have promised, stoking resentment and communal protests. (p. 5).*

5.9   Conceptual Framework

Stakeholder theory as espoused by Freeman (1984) and Mehretu et al., (2007) concept of marginality guided the study conducted. Freeman stated "if you want to manage effectively, then you must take your stakeholders into account on a systematic fashion". He went further to make a distinction between people that affect (IOCs) or affected (host communities) by business decisions or actions. The study conducted showed that participants understood this position particularly IOCs. The thesis findings were also similar to the position of Meheretu et al., (2003) that communities in some instances experience marginality as a result of adverse environmental, cultural, and socioeconomic factors. The study conducted confirmed that host communities in NDR have faced many challenges as a result of oil E&P activities of IOCs as a consequence; their traditional and socioeconomic systems have been affected

In the past, stakeholders have been alienated from the CSR strategies of IOCs and the perception was that they have not benefited from the oil wealth as much as they would have wanted (Kashi & Watts, 2008; Ikelegbe, 2006; Ogonor, 2003; Omeje, 2006). This expression was evident in the perception of some stakeholders. The region is still agitating for basic infrastructure and capacity development proves that they are still at the lowest form of development. The historical context suggests that host communities might not have immediately realized the economic significance of the resource found in their backyard. For example, HCL1 pointed out the following regarding crude oil:

> *Some of us grew up wanting to know what was in the pipeline and in trying to know what was in the pipeline; there was vandalism, restiveness and at the end of the day the content of the pipeline became an issue. I think both the regulatory part and the moral part have come together to give the picture you are seeing*

The study conducted linked the lack of basic infrastructure to underdevelopment and widespread poverty in the NDR. This position had been reflected in previous of some (for example, Katsouris & Sayne, 2013; Olusakin, 2006). Further reflection on emergent themes suggested a system of behavior built around dependency on the part of host communities. The study conducted revealed patterns described in Carroll's four faces of CSR and the struggle by IOCs to build and retain better corporate image. The

study therefore enhances understanding about CSR strategies in extractive communities that are characterized by violence, intra tribal frictions and underdevelopment.

5.10 Implications for IOCs

Irrespective of the drive for the consumption of cleaner energy, the rising energy needs of developed and developing economies might not be solved soon. Therefore, IOCs will always be in direct contact with rural communities especially in developing countries. This reality may not be unconnected to efforts being made by IOCs to encourage community participation in their CSR strategies. This finding is in congruence with position held in previous works (Congressional Research Service [CRS], 2007; M Watts, 2004). The study conducted revealed that the people of NDR still want absolute control of the oil in the region. The controversy surrounding this request can hardly be ignored. Host community participants were unequivocal in confirming this position. It is evident that the instability has affected the revenue streams of both IOCs and the government.

The study showed a greater commitment by all stakeholders to ensure that violence is controlled through continuous engagement of host communities. Therefore, the imbalance in wealth distribution in the region and Nigeria in general cannot be ignored. The difference in the case of NDR is that most of the young people have been exposed to big money through ransom taking and unofficial settlements. Irrespective of this approach by IOCs, host communities still themselves as being at the receiving end of oil E&P activities, violent disruptions become inevitable. The expressions of host community participants support this position as some of them have started threatening to return to status quo if certain demands are not met. Following this narrative, it becomes incumbent upon IOCs to gain a thorough understanding on the potential role of host communities (especially young people) and other stakeholders in their CSR strategy. The young people are very critical in this regard because they are the ones that carry out militant activities that disrupt oil E&P in the region. The study has articulated a framework that could facilitate the acquisition of relevant skills by young people. The whole idea is to keep them more productive in order to shield them from engaging in violent activities.

5.11   Significance for IOCs

The study conducted aimed to understand the role played by IOCs in infrastructure and capacity development in the NDR through their CSR activities from a stakeholder perspective. Two major factors emerged from the role of IOCs in the development of the NDR: (1) a stakeholder perception as expressed in their own words laying foundation for the significance of CSR in the sustainable development of the region, and (2) the dominant approach used in bringing about development and managing stakeholder relations may be proving effective through the GMOU model.

Findings from the study suggested that the negative publicity on the impact of oil E&P through ICT and the relentless efforts of rights groups might have accounted for the paradigm shift by IOCs to a better approach to managing host communities (Frynas, 2005, 2006). As result of this, some authors such as Eweje (2006) and Frynas (2006) proposed a shift in the approach of IOCs in the development of host communities by emphasizing on capacity development in those communities. Evidence from the study demonstrated that the critical stakeholders in the NDR (IOCs & host communities) have a better appreciation of the challenges facing the region. Findings reported in the thesis demonstrate that both willing to cooperate for the overall development of the region. They study also revealed that such understanding would improve the CSR strategies of affected IOCs.   Inferences from findings were drawn to articulate a sustainable development framework to assist stakeholders to improve on what currently exists. The need for IOCs to adopt proactive instead of reactive strategies in addressing the concerns of host communities is becoming more popular. This was observed in the way the IOCs emphasized their new approaches to host community engagement. Indeed the GMOU is centered on getting host communities involved and committed in the development of their communities.   It would appear that IOCs are following the suggestion of Thompson (2005) that business executives should articulate strategies that reduce risks and adverse effects on their organization. On this note, the findings of the study can be applied in ensuring that the interests of host communities and other stakeholders in NDR are adequately balanced.

5.12 Inferences

Inferences were drawn based on emergent themes from participants' perceptions. Subsequently the analysis and synthesis of data suggested patterns for conceptual hypothesis (Glaser, 2002). The study findings indicated the perception of participants on how CSR activities of IOCs affect infrastructure and capacity development in the NDR. The CSR activities of IOCs were linked to the development needs of host communities. These were evident in the way the GMOU is structured. Host communities are allowed to decide their development needs with the assistance of specialist NGOs. The perception among participants is that the model has brought them closer to some of the IOCs. Meetings are regularly held between the IOC and host community representative to monitor progress on community development activities. For example relevant department in the IOC that subsidizes the insurance premium is constantly monitoring the health insurance scheme.

A majority of participants indicated that the NDR needed special attention because of its peculiarities. More than half of the participants expressed that IOCs should play a major role in infrastructure development and capacity building within the region. This was based on the assumption that the IOCs are less corrupt and have the wherewithal and have a better understanding of local issues within the region. 3 participants indicated that the government should take the lead in providing the basic needs of the people of NDR given their contribution to the NDDC and regular payment of taxes and royalties. The consensus was that issues of capacity development and infrastructure provision should not be left for only one stakeholder group. Following this, data synthesis resulted in the proposition of the following:

1. The perceived role of IOCs in community development in NDR are for their business interest
2. IOCs' efforts are more evident in more restive communities.
3. IOCs pay more attention to communities with influential leaders
4. The perceived roles of IOCs in NDR are aimed at enriching certain elites.
5. IOCs engage in CSR to gain legitimacy in host communities.

The findings from the study facilitated the need to explore new approaches to the CSR strategies of IOCs in NDR (Dudwick et al., 2006). The analysis of themes based on participants' responses resulted in the development of a Sustainable Development

Framework (SDF) for the NDR. Participants underscored the effectiveness of maintaining good partnership among the various stakeholder groups and this was linked to the relative success being experienced at the moment. In the study, more than 70% of participants expressed different elements of partnership in their responses.

5.12.1 Sustainable Development Framework (SDF)

This framework is based on the assumption that the CSR activities of IOCs can help reduce the hardship faced in the NDR by addressing their infrastructure and capacity development needs. The findings reported in the thesis suggest that most communities in NDR lack basic amenities that make life more meaningful. The finding supports the position of OECD (2006) that there is shortage of basic amenities in less developed nations especially SSA. Therefore, it is not unexpected that host communities in NDR perceive themselves as being economically and politically maligned. Following this perception, IOCs have found the need for local community participation in their CSR strategies. Arguably, this shift may be connected to the desire to maintain business sustainability. The expressions of IOCs participants fits into the definition given by Butterfoss (2006) that community participation a social process whereby social units identify needs, make decisions and establish processes to address problems.

The SDF proposed in the thesis focuses on developing steps that ensure community development projects are strategically articulated and that stakeholders have good value for committed resources. The theoretical underpinning underlying the framework relies on the mutual interdependence of systems and interaction of different parties (Dalgic, Ismail, Ozer, & Zhao; Scott, 2003). In this framework, interface between representatives of the various stakeholders are considered. The framework emphasizes the need to get things right from the beginning. Indeed it gives priority to the selection of the members of the quartet. This framework encourages interactions and monitoring thereby collapsing the barriers between IOCs and other stakeholder groups.

5.12.2 Description of the SDF

This framework is in line with the thesis findings that the NDR faces many challenges that have affected their tradition, social and economic settings. Therefore the stakeholders in NDR will likely appreciate any proposal that sustainably addresses these

challenges. In the light of this, it is relevant to describe the proposed framework in line with the suggested quartet for the purposes of clarity. The study reveals that that partnership strategies in NDR are centered among IOCs, government, NGOs and host communities is in congruence with the envisaged quartet. However in the researcher's view, NGOs should not form part of the quartet. The contention is that NGOs will use their oversight skills in the accountability and review board (ARB) that is intended to support the quartet.

The proposed framework focuses on the long-term development of the NDR. Therefore it is assumed that the quartet will play a pivotal role in the execution of the various elements of the framework as identified in chapter 4. Four stages have been identified to be essential in ensuring that all the elements in the framework are addressed. The stages identified for the implementation of the suggested framework are selection of members of the quartet, assessment of host community needs, mobilization of resources and implementation of project. Finally there is the need for the ARB to ensure projects are good value for money.

Stage 1: Selection of Members of the Quartet

This stage involves the selection of members from the different groups in the quartet. In order to be effective, the selection will be based on objective parameters set by the different groups in the quartet. The qualities for the members could range from expertise to the influence of such participants over other groups. There is a major requirement to get it right at this stage, as any mistakes will reflect in the whole process on a negative note. The figure below outlines major activities at this stage:
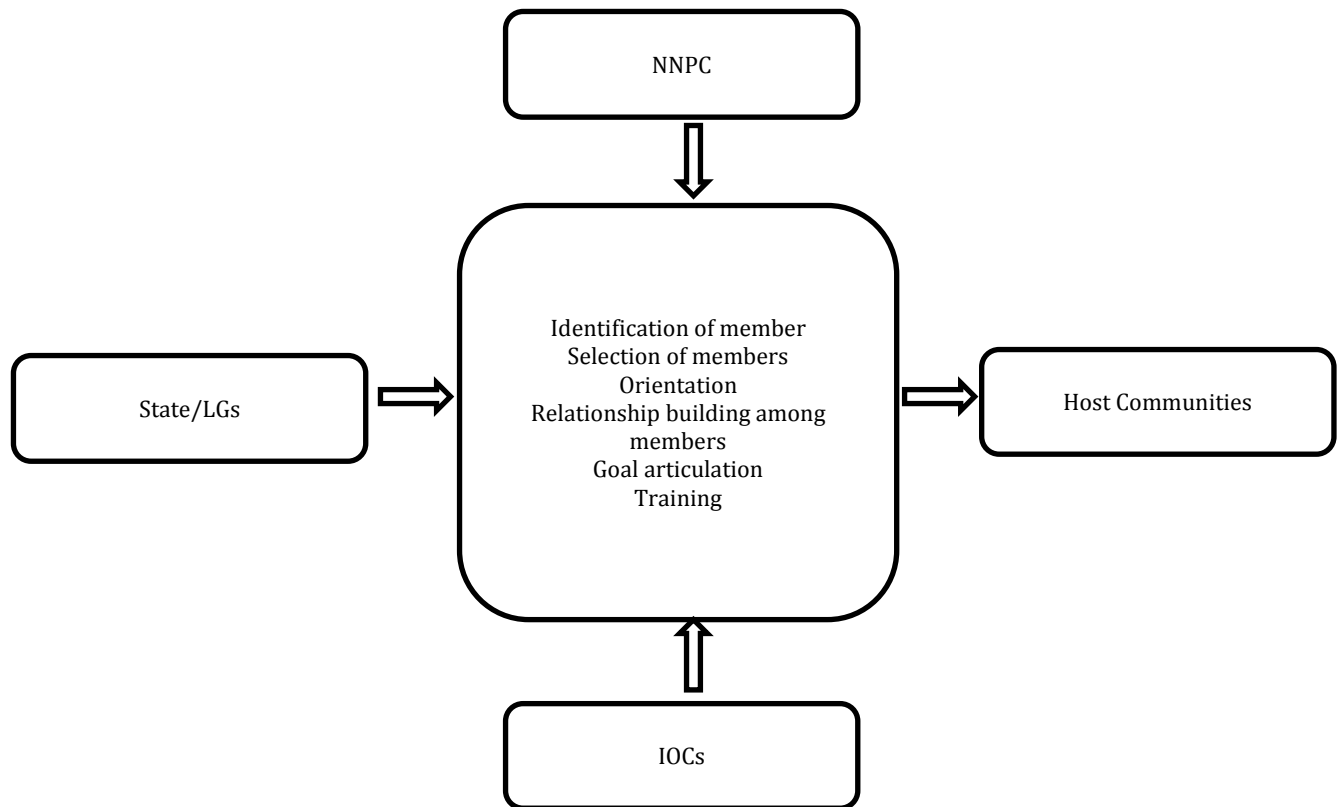
Figure 5: Stage 1: Selection of Members of the Quartet

Stage 2: Assessment of Host Community Needs

Finlayson (2007) describes community needs assessment as a systematic process of determining what a group of individuals or community requires to achieve a certain basic standard or improve an already existing situation. This exercise can be rigorous and may involve an enlarged scope that includes a number of stakeholders and political backing as well. The suggested quartet will be responsible for managing the process. Usually, this process starts with a set of questions, identifying and recruiting members of target host community. At some stage this will require reasonable level of data for analysis.

The importance of assessing community needs was also underscored by Idemudia (2007) who notes its significance at the initial stages of partnering with host communities. In a similar study, Eweje (2007) highlights the need to determine from members of host communities their development priorities. However it is contended that the quartet will perform a better job in this regard considering that it will be made up of individuals from diverse backgrounds. Favoritism and bias can be consequently reduced. Once a given community's need is identified and prioritized, and then it

becomes less challenging to advance to the next stage. This process will involve a thorough understanding and analysis of peculiar features of host communities and inherent environmental and topographical challenges. This evaluation can be sub-contracted to a company with the desired expertise for greater efficiency. The whole essence is to ensure that development needs of host communities are met and identified gaps filled as well. Evidence from the study suggests that the most common needs of host communities include roads, bridges, hospital, schools, quays, power, employment etc. It is noteworthy that in the early days of this exercise; there could be friction, but as people begin to work together trust and friendship can ensue. Therefore, care should be taken at this stage to nurture relationships.
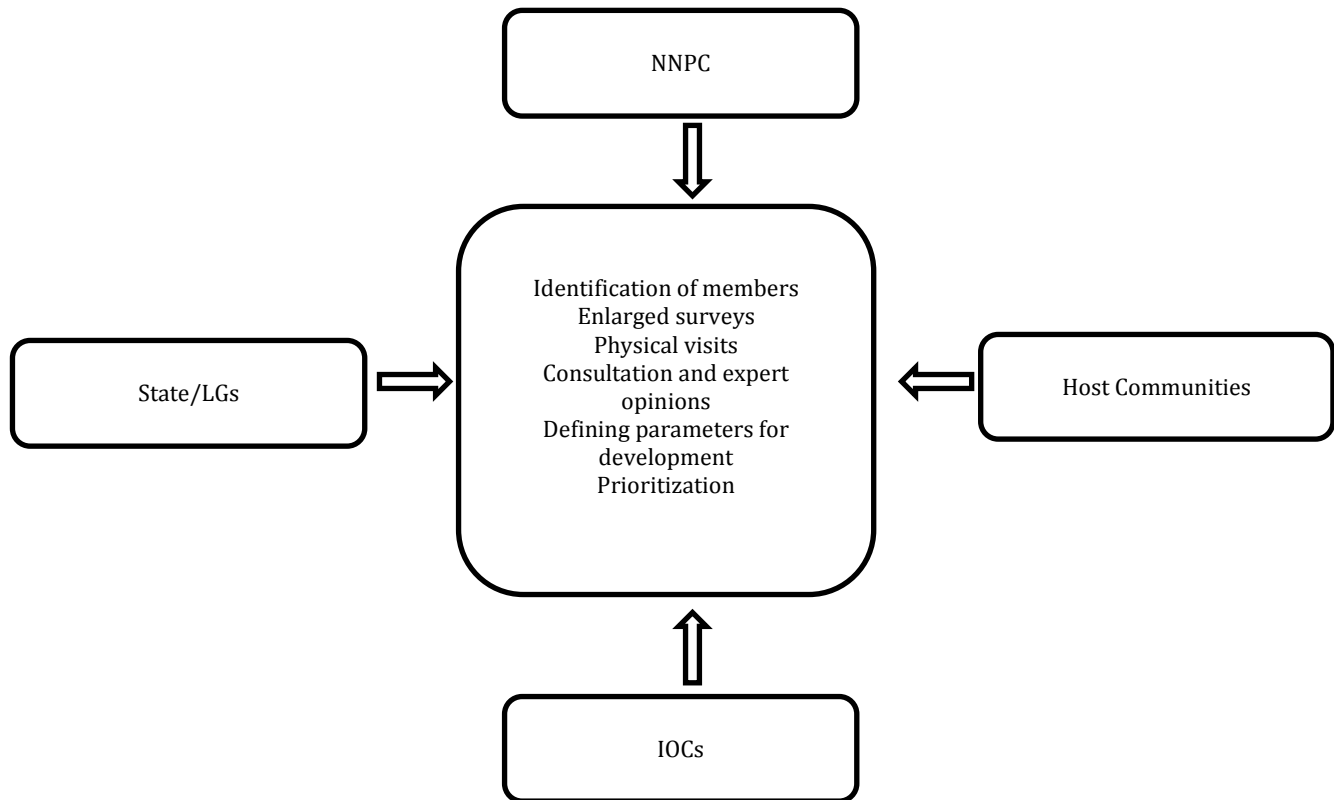
Figure 6: Stage 2: Assessment of Host Community Needs

Stage 3: Mobilization of Resources

This is the principal determinant for implementing this framework. Arguably it is a major constraint for any development project in Nigeria. Both financial and human resources are critical to the success of any endeavor. It follows therefore; that care must be taken in identifying and selecting the required resources. At this point it is expected that the quartet will engage the services of development agents who are conversant with

project management. It is relevant for the ARB to be active at this stage given that members of the group will be technocrats of proven integrity. The major sources of these resources will be the government and IOCs. Findings suggest that the duo is the major financiers of development projects in NDR.
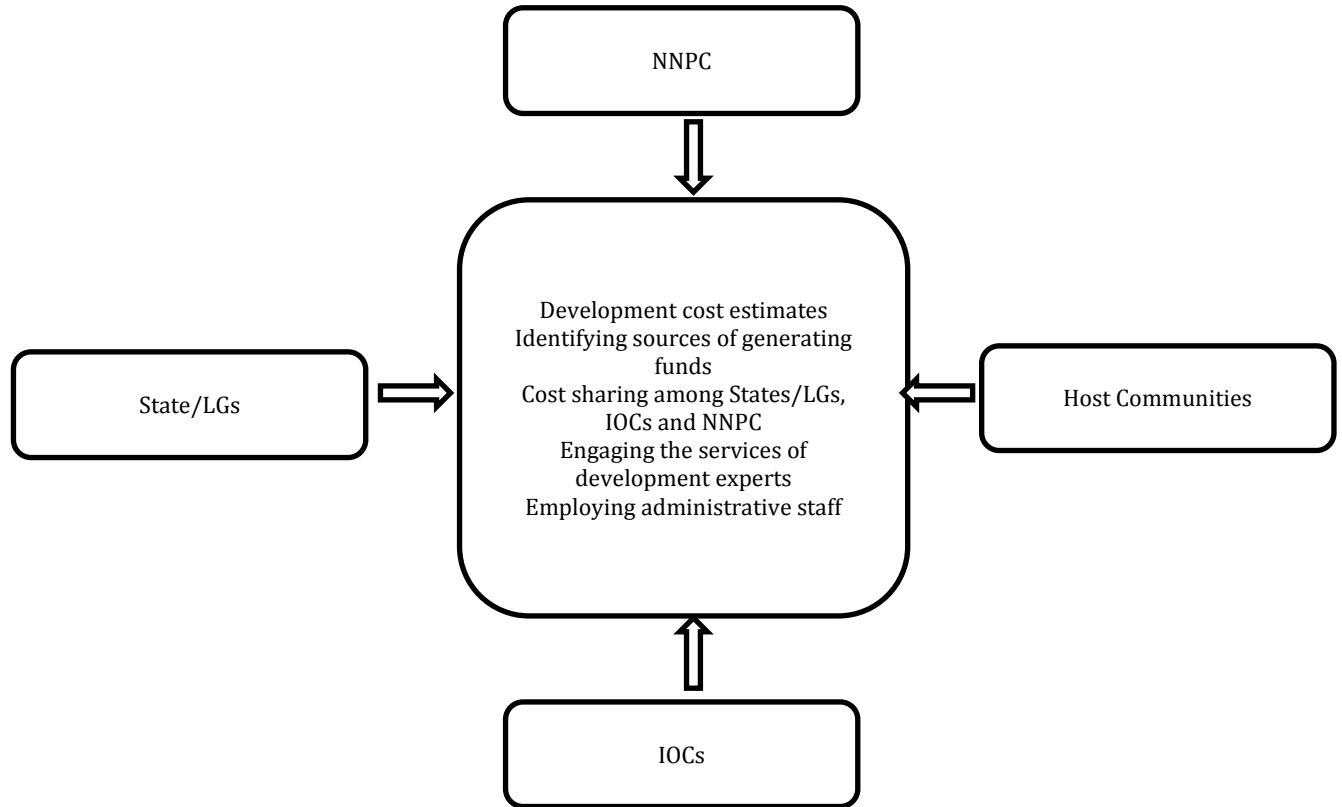
Figure 7: Stage 3: Mobilization of Resources

Stage 4:   Implementation

This stage involves the execution of projects as may have been considered in the other stages. Based on the researcher's experience, the quartet should allow experts to takeover at this stage. Organizations with tested project management expertise are too be engaged. Therefore this stage will involve all the traditional stages of project management (Initiation, planning, execution, monitoring and delivery). The ARD is required to give professional referrals based on competence. The success at this stage will be dependent on the actions of the quartet and other contributing parties. It is relevant to state that the ARD's oversight function is expected to save any identified project from ruin at each stage. The figure below outlines the stages involved in the framework and the quartet as well.
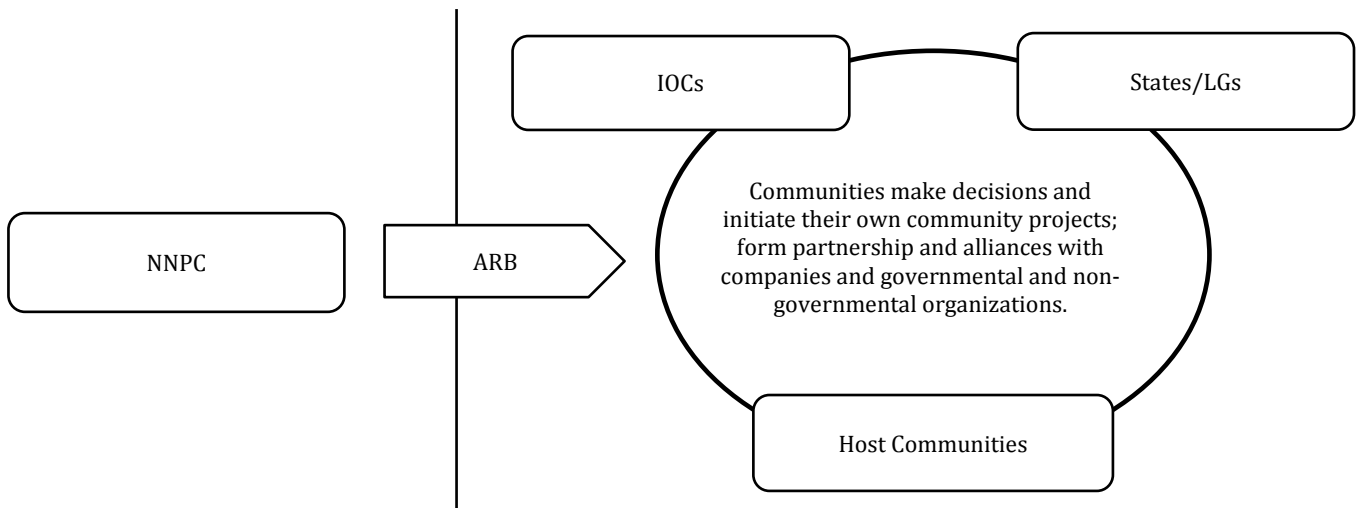
Figure 8: Stage 4: Implementation

5.13   Research Limitation

The researcher had the impression that the interviews might not have disclosed all the required information for the study. This could either be as a result of the way some of the questions were constructed or those participants perceived such questions as being sensitive and refrained from addressing them. This section presents a number of limitations that have been associated with the research. Firstly, the sample size is considered small essentially as a result of the nature of information sought. However, the IOCs that participated are perceived to be the major pioneers of CSR of the industry in the region. Invariably, their opinions can be considered to be representative enough to make significant deductions. This does not preclude the fact that a larger sample size for the study might have had a more far-reaching outcome. The critical point was to get the opinions of those who were directly involved in formulating CSR policies in the various stakeholder groups especially IOCs. In essence, this entire qualitative study was not designed to prove or disprove already existing hypothesis or theories on the subject matter. Secondly, the sensitivity of the oil industry in Nigeria; where relations between stakeholders have always taken a complex dimension, there was a couple of IOCs that the researcher did not have access based on bureaucratic bottleneck or the IOCs simply trying to keep their affairs confidential. Notwithstanding this disposition, the researcher made adequate use of the opportunity presented by stakeholders that participated in the study.

Thirdly, the study was industry and activity specific given that it only examined CSR practices of IOC in the NDR. Additionally it was limited by geography since only the NDR was considered for the study despite the fact that IOCs have presence in other regions in Nigeria.

The fourth limitation was time. Some of the stakeholders thought that the timeframe was evidently short for the researcher to gather all the necessary materials for the study. This could be attributed to a culture of complex bureaucracy that has pervaded the Nigerian governance system for decades. Additionally, most people choose to withhold certain information that are ordinarily available to the public in developed nations. The reasons for guarding such information are unofficially known and efforts are not focused on breaking such barrier. The implication is that you could chase a prospective participant for one year without getting appointment for an interview. Arguably, an extended period for the research may have led to more participation.

Finally, given that the study was entirely dependent on semi-structured open-ended interview, accuracy of data was essentially dependent on the sincerity and openness of participants as suggested by Hammersley (2003). This position made it very challenging for the researcher to guarantee the outcome. The implication is that the researcher took most of the participants' responses on their face value.

5.14   Ethical Considerations

The situation in NDR is and risky given the ongoing militant activities. Therefore, the identity of participants was coded as seen in appendix D. In the course of the interview, very controversial statements were edited from the interview transcripts to protect participants' identity. Another ethical issue encountered was translating from Pidgin English to Standard English in some case; however, originality was maintained by preserving the meanings conveyed (Kapborg & Berterö, 2002). The research ensured that interview tapes were held in high confidentiality. In order to minimize errors, participants' were given the opportunity to review the tapes after the interviews for content authentication and accuracy (Creswell, 2002). An AUT ethics approval has been attached as appendix E

5.15 Review of the Two Major Theories

5.15.1 Legitimacy Theory

"The issues of management activities of a corporation will be driven by the existence of legitimacy gaps. Management will adopt strategies depending on which strategy has the highest possibility of success and the lowest cost". The findings from the study did not suggest any immediate threat to legitimacy of IOCs in host communities. Responses from participants suggested that IOCs were on track in initiating and implementing socioeconomic projects that are designed to improve the quality of life in host communities. This was exemplified in the current GMOU model that is aimed at empowering host communities in community development projects. This position was consistent with the perception of the majority of participants. Indeed participants from government stakeholder group acknowledged significant improvement in IOC/host community relationship. Overall, they expressed increased stakeholder engagement by IOCs. Furthermore, IOCs continue to intensify efforts in order to maintain legitimacy in host communities through purposeful partnership with them and other relevant stakeholders.

5.15.2 Stakeholder Theory

"Managers will respond to the demands of the most powerful stakeholders. As stakeholder groups gain and lose power, managerial activities will change focus". Findings from the conducted study support this expression. Responses from IOC participants in particular indicated that they were aware of the different types of stakeholders and how such stakeholders influenced their CSR strategy. The IOCs encountered seemed very careful about the demands and concerns of major stakeholders especially host communities. There was an understanding that if these stakeholders are not strategically managed, they could turn against the IOCs thereby, making business activities difficult. An example of such impact was when Shell had to amend its strategies in Nigeria following a global outcry. This was reflected in their Statement of General Principles, which incorporated elements of community, human rights, health and safety, and the environment. Interestingly other IOCs have built on this to improve on their relationship with host communities. Generally, the IOCs focused more on host communities because of their tendency to cause damage to their installations and employees. From the finding, IOCs appeared to have learned from past events and are

proactively working towards avoiding extreme situations. These have been demonstrated in their new GMOU model that was designed to encourage partnership and participation with host communities

Chapter 6: Conclusion & Recommendations

6.1 Conclusion

The major stakeholder groups in Nigeria's oil sector have a set of assumptions that has affected relations between them. Interestingly, all the participants have realized the need to work together in order to positively transform lives in host communities and beyond. Therefore, issues addressed in the study are wide in range and are drawn from multiple literature in order to facilitate critical discussions on concerns central to community development initiatives of IOCs through their CSR activities. The focus has been to present a logical argument for a more sustainable approach to infrastructure and capacity development in the NDR. The study strives to the four broad research questions previously listed.

The findings of the study demonstrate that communities depend on IOCs for development and social welfare provisions. In this regard, the moral and social obligations of IOCs to host communities seem not to be in question. Previously IOCs in NDR were characterized by conflicts, environmental degradation, health and safety, and overall disregard for host community members. Interestingly, the study confirms that things are changing for the better. The observation is that stakeholders are demonstrating a willingness to cooperate and partner for the purposes of development.

The study conducted validated the notion that the NDR lacks basic infrastructure and that this has direct bearing on the prevalent poverty and dependency witnessed in the region. The existence of these critical issues has fed into the violence and kidnappings experienced in the region (Krishna, 2007; International Crisis Group, 2006). Without equivocation, meeting the infrastructure and capacity development needs of the region remains a challenge for all the stakeholders in the region.(SPDC, 2005) There is evidence to suggest that violence and kidnappings of expatriate workers have affected daily oil production in Nigeria. For example, the International Crisis Group (2006) noted that crude oil production dropped to 800,000 barrels per day in 2005 owing to the destruction of infrastructure by locals. It is also common knowledge that SPDC, a major stakeholder in Nigeria's oil sector had to suspend its daily operations as a result of violence and kidnappings in Nigeria: Oil, 2003; Watts, 2007). The estimated loss for SPDC due to these crises was put at $6.8M per day in 2006 (Watts, 2007).

The completed study linked poverty and underdevelopment in the region to the dearth of infrastructure. Capacity development was also linked to poverty given that people with relevant skills were less likely to feed on violence. Participants perceived that the current GMOU has enhanced the participation of host communities in development projects. The findings of the study conducted revealed that host communities have a better sense of ownership in the CSR activities of IOCs. This development has been associated with the current improvements in IOC/host community relations. It would appear from the findings that Carroll's four faces of CSR are being implemented by IOCs to a reasonable degree. In terms of legal responsibility, there are no issues raised about the ability of IOCs to pay taxes and royalty as well as other legal requirements. Their philanthropic responsibility is exemplified in the new approach to community development (GMOU) and other social welfare provisions that are reducing hardship in the region. The IOCs are faring well in terms of economic responsibilities. Host community participants confirm that good number of indigenes is engaged in one form of employment or the other in IOCs. The argument has been to get more locals into top management positions in IOC. Regarding ethical responsibility, it is hard to place IOCs in a comfortable position. The perception of some stakeholders is that IOCs meddle in local politics and sometimes bribe their way out of trouble. Therefore, it becomes pertinent for policy makers in IOCs to understand what ethical decisions making implies. Paying ransom to local chiefs to gain their support arguably might not fall within the domain of ethical responsibility though it could make business sense at that point in time. The table below summarizes the adoption of Carroll's Four Faces of CSR by IOCs in the NDR.

Table 10: Adoption of Carroll's Four Faces of CSR by IOCs in the NDR

Carroll's Four Faces of CSR	IOC Compliance
Legal	Payment of taxes, royalties and other exploration related fee
Economic	Employment of local, providing skills training and innovative products, and processes
Philanthropic/Discretionary	Provision of basic amenities, scholarships, healthcare, and disease prevention campaigns
Ethical	Fall short by offering bribes and unofficial financial inducement to gain local support

6.2   Recommendation for Future Studies

The overarching purpose of the phenomenological study conducted was to explore the role of IOCs in infrastructure and capacity development in the NDR through their CSR activities. The themes derived revealed a consistent view regarding stakeholders' engagement in community development in the region. Therefore, further research could interview representatives from insurgent groups together with the local and state governments in order to conduct a comparative analysis of their involvement in the development of the region. Additionally, research should be conducted between IOCs and other industries in Nigeria to determine their levels of involvement in community development. Afterwards, there could be further investigation to conceptualize the hypotheses generated in the study conducted.

The completed study provided valuable data for infrastructure and capacity development in the NDR. As a consequence, a study that singles out the role of host communities in the development of the region is suggested. Future research could build on the role of IOCs in the development of the NDR and how the involvement of local and state governments can facilitate sustainable development in the region. Finally, future research can investigate the impact of dependency and capacity development on youth empowerment.

Study findings aside, the Nigerian Government and IOCs have to address major challenges facing the oil industry such as unprecedented fluctuation in global crude prices and recent development in fracking technology.   With technological advancement, Shale oil might become more popular than crude oil. Such continued progress could impact negatively on economies that depend on crude oil like Nigeria. This two stakeholders have the responsibility of sensitizing the public particularly host communities on the fluidity of oil prices and how it could affect their budget for community development initiatives. This could help stop an implosion should the IOCs start reneging on their commitment to host communities.

6.3   Summary

Chapter 5 explored research findings from in-depth interviews conducted with participants from the four stakeholder groups on their perception of the role of IOCs in

infrastructure and capacity development in the NDR through their CSR practices. Five major themes emerged from the analysis of the interviews: (1) infrastructure, (2) capacity development, (3) education, (4) employment, and (5) healthcare. The research conducted demonstrated that stakeholders desired an improved quality of life for host communities. Additionally, they (host communities) wanted to be actively involved in the CSR strategies of IOCs especially where they relate to community development. The poverty and lack of economic empowerment were linked to infrastructure development in the region. The indicators of stakeholders' perceived roles of IOCs in the region lied in the provision of infrastructure and building capacity among young people to redirect them from violence and dependency to self-reliance.

Three major factors that emerged during the interview analysis indicated the strategic influences on stakeholders' perception include: (1) the people NDR desired to be conversant with technological developments as witnessed in other places in Nigeria, (2) the perception of injustice on the people of NDR, and (3) perceived neglect of their aspirations by both IOCs and the government. Generally, stakeholders were influenced by the poor living conditions of host communities despite the much-publicized huge sums of money spent in the development of the region. More than 70% of stakeholders viewed this as a major challenge in the region. However; 80% of stakeholders remained optimistic about the current state of affairs in the region and were very hopeful for a better future for host communities.

The findings of the study suggested a mutual understanding that all parties should partner and cooperate to achieve the expected sustainable development in the region. The interviews indicated that the lack of capacity development limited the ability of the youth to take meaningful employment in the oil industry and other sectors of the economy. The study enhanced understanding on the challenges faced by rural and underdeveloped extractive communities. It also facilitated understanding on the existing disenchantment among locals towards IOCs and the government. Sequel to these, inferences drawn led to the development of a sustainable development framework (SDF) to support the current GMOU model in the region. Findings from the interview are in congruence with the position that business does the right things for the right reasons. Irrespective of the ambiguity surrounding this position, it is contended that business engages in activities that are remotely intended to create better opportunities in order to achieve its objectives. However, this is not perceived as unreasonable given

that the traditional role of business is to render positive returns to its shareholders. On a general note, it is assumed that IOCs engage in CSR practices in NDR on the following grounds:

1. Business Continuity
2. Image Management
3. Compliant Local Community

Most of the activities of IOCs in the region can be categorized under the above headings. However these factors are perceived to be interconnected in some respects given that each has bearing on the other. The table overleaf identifies some IOC activities that are aligned to meeting the identified business interests.

Table 11: Implied IOC Business Interest in NDR

Business Agenda	Business Continuity	Image Management	Compliant Local Community
Textual Elements	Meeting host community expectations	Proactively preventing disruptions of oil E&P activities	Providing welfare and social services
	Engaging host community members and other stakeholders	Crisis management	Working with community leaders
	Influencing elites and remotely participating in local politics	Addressing negative impact of operational activities	Building capacity
	Liaising with reputable bodies	Engaging NGOs and other reputable 3rd parties	Employment and economic empowerment

The above is not all-inclusive rather based on researcher's deduction from respondents' perception of CSR practices of IOCs in the NDR. There is no evidence to suggest that IOCs are not working beyond all these interests. This business interest can be said to have a bearing on Carroll (1991) Pyramid of Corporate Social Responsibility that listed the four requirements of business. The difference is that today's business is constantly affected by the image they project before the public. Therefore serious efforts and

resource are invested in this regard. Textual elements relating to the expectations of the three major stakeholder groups in Nigeria's oil sector have been attached as appendices G, H, and I.

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Glossary 1 – List of Abbreviations

ADB	African Development Bank
AG	Action Congress
ARD	Accountability Review Board
CA	Community Assistance
CD	Community Development
CNL	Chevron Nigeria Limited
CSR	Corporate Social Responsibility
E&P	Exploration and Production
EU	European Union
GMOU	Global Memorandum of Understanding
ICT	Information and Communication Technology
IOC	International Oil Companies
ISO	International Organization for Standardization
LDC	Less Developed Countries
LG	Local Government
LTO	License to Operate
MDG	Millennium Development Goals
MEND	Movement for the Emancipation of Niger Delta
MSR	MIT Sloan Review
NAPIMS	National Petroleum Investment Management Services
NDDB	Niger Delta Development Board
NDDC	Niger Delta Development Commission
NDR	Niger Delta Region
NEPAD	New Partnership for Development in Africa
NGO	Non-Governmental Organization
NNPC	Nigerian National Petroleum Corporation
NPC	Northern People's Congress
OECD	Organization for Economic Cooperation and Development
OMPADEC	Oil Mineral Producing Area Development Commission
PIB	Petroleum Industry Bill
RBC	River Boat Clinic
RDC	Regional Development Committee
SCD	Sustainable Community Development

SPDC	Shell Petroleum Development Company
TBL	Triple Bottom Line
UNDP	United Nations Development Program
WBCSD	World Business Council on Sustainable Development

Glossary 2 - Definition of Terms

The entire essence of defining terms and concepts in a study is to provide the reader with greater understanding of such terms as they relate to the study in order to display the required clarity (Vivar, McQueen, & Whyte, 2007). The following terms and concepts have been defined to ensure proper appreciation in the context in which they are being used. The following concepts are defined thus:

Forcados River is one of the main tributaries of the Niger River on the western region of the natural Niger River delta (Earth Rights Institute, 2003),

Global Memorandum of Understanding (GMOU) is a scheme designed by IOCs in order to secure the participation of communities in order to address their developmental needs,

Ijo (Ijaw) is the most populated ethnic nationality in the NDR with an estimated population of 10 million people. These people are naturally fishermen and subsistence farmers (Earth Rights Institute, 2003),

International Monetary Fund (IMF) is an organization with a membership of 185 nations that promotes cooperation among nations in order to foster the stability of international monetary system by supporting global economic growth (IMF, n.d.),

Movement for the Emancipation of Niger Delta (MEND) is a militant group with no card-carrying members that are seeking redress for environmental damage and resource exploitation by oil companies (Terrorism Monitor, 2007),

Niger Delta Region (NDR) is an area that covers the natural delta of the Niger River of Nigeria; delineated by the Niger River's two tributaries, the Nun River and a web of creeks on the east, the Forcados River on the West with a network of creeks (Earth Rights Institute, 2003),

Nigeria is a country that is geographically on the West of Africa, bounded by the Republic of Niger to the North and the Atlantic Ocean to the South. Nigeria is adjudged

to be the most populated country in Africa with an estimated population of 140 million people (Pilgrims Group, 2007),

Nigeria National Petroleum Corporation (**NNPC)** is a state run organization that has the responsibility of prospecting, acquiring, possessing, disposing, processing, marketing petroleum and its products, and by-products (Osimiri, 2000),

Nun River is one of the main tributaries of the Niger River that stretches across the central and eastern regions of the natural Niger River delta (UNDP, 2006),

Pidgin English is a variety of languages that emanated between British traders and colonial people. It is often a combination of English language and indigenous Nigerian languages and it is spoken in many forms in the English speaking West African countries (Farlex.com),

Regional Development Committee (RDC) is the management that handles community development projects through the GMOU scheme. It comprises of representatives from host communities,

United Nations Development Program (**UNDP)** is a network of organizations that work under the auspices of United Nations to provide knowledge and resources to developing countries (UNDP, n.d.),

World Bank is an international organization that comprises of 185 member nations that provide financial and technical assistance to developing nations (World Bank, n.d.),

World Business Council on Sustainable Development (**WBCSD**) is a coalition of 160 international companies from 30 countries and 20 industrial sectors (Business in the Community, 2007).

List of Appendices

Appendix A: Map of Nigeria Showing the NDR

(Source: http://www.waado.org/nigerdelta/Maps/Nigeria_States.html)

Appendix B: Indicative Questions

1.	**Meaning of CSR:**
	a. What is your understanding of CSR
	b. Is this relevant in any way to your organization
	c. Who should engage in CSR practices
2.	**CSR Practice:**
	a. What CSR practices of IOCs do you recognize
	b. What is your understanding of CSR best practices
	c. Do you think the current commitment of IOCs to community development meets your expectations
	d. There is a feeling that IOCs' CSR initiatives are reactive and addresses only symptoms rather than root causes, how do you react to this
3.	**Stakeholder Engagement:**
	a. Who are the stakeholders in Nigeria's oil industry
	b. Do you think there are preferred stakeholders and why
	c. How are these stakeholders identified
	d. How do you relate with these stakeholders
	e. What influence do these stakeholders have on CSR policies and practices of IOCs
	f. It would appear IOCs tend to pay more attention to violent stakeholders than peaceful ones why
4.	**Infrastructure Development:**
	a. There is an obvious lack of Infrastructure in NDR, how is this being addressed by IOCs
	b. How do IOCs determine the infrastructure needs of a host community
	c. What is the level of involvement of local people in infrastructure development
	d. Is there any form of collaboration between the IOCs and the government in providing infrastructure and why
5.	**Capacity Development:**
	a. What do you understand by capacity development
	b. How has such initiative helped the host communities
	c. Which groups are targeted for capacity development in host communities
	d. Is there any sustainability in such initiative
6.	**Environment:**
	a. There is no doubt that oil exploration and production (E&P) has a lot of environmental impacts, what are the most significant environmental concerns
	b. How have IOCs been responding to these concerns
	c. Are there some measures by host communities to cushion environmental impact of oil E&P.
7.	**CSR Assessment:**
	a. In what ways do assess the CSR policies and practices of IOCs in NDR
	b. Why do you think such assessment is relevant
	c. Who has the responsibility of doing this assessment
8.	**Regulation:**
	a. Is there any form of regulation for IOCS' CSR activities
	b. Are these regulations internal or external
	c. How does such regulation affect CSR activities of IOCs
9.	**CSR Framework:**
	a. Do IOCs in NDR operate with any particular framework
	b. Any idea how was this framework developed
	c. Are stakeholders conversant with this framework
10.	**Resource Management:**

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	a. Resource management of host nations seems to be ignored by some IOCs, is there any contribution you make in this area b. Do you think this should be part of IOCs' CSR activities and why
11. CSR Audit:	
	a. CSR auditing has become part of reporting standard for some organization, how well have IOCs communicated their CSR initiative to the stakeholders b. Is there any independent way of determining the authenticity of such report
12. Cooperation:	
	a. What form of cooperation exists between IOCs in host communities b. Would it not be more cost effective to syndicate all CSR initiatives of IOCs in host communities c. Are there ways of comparing CSR practices of individual IOCs in NDR Finally, what approaches are being adopted to ensure stability, increased oil production and improved cooperation with all stakeholders

Appendix C: Evolution of Shell's Community development
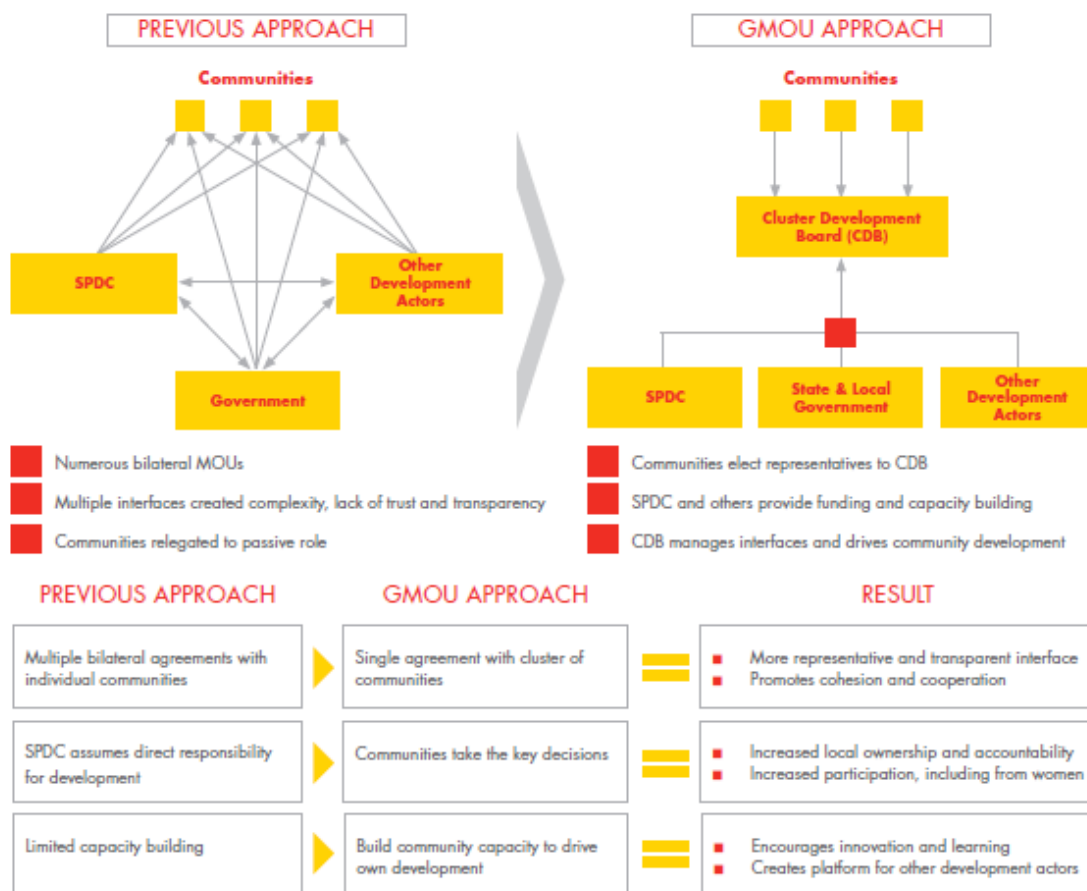
Employing a participatory approach to improve dialogue and help communities drive their own development

Appendix D:Participants' Profile

Participants	Code	Description
1.	SHL1	General Manager
2.	SHL2	Senior Manager
3.	CHN1	Senior Manager
4.	CHN2	Manager
5.	NPG1	General Manager
6.	NPG2	General Manager
7.	SME1	Editor
8.	SME2	Energy Reporter
9.	HCL1	Medical Doctor
10.	HCL2	Lawyer
11.	HCL3	Teacher

Appendix E: Ethical Approval

M E M O R A N D U M
Auckland University of Technology Ethics Committee (AUTEC)

To:	John Tookey
From:	**Dr Rosemary Godbold** Executive Secretary, AUTEC
Date:	27 September 2011
Subject:	Ethics Application Number 11/205 **Corporate social responsibility for International Oil Companies (IOCs) - New perspectives from stakeholder engagement and mineral resource control conflicts in Niger Delta Region (NDR) of Nigeria.**

Dear John

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 22 August 2011 and I have approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on 10 October 2011.

Your ethics application is approved for a period of three years until 26 September 2014.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through http://www.aut.ac.nz/research/research-ethics/ethics. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 26 September 2014;

- A brief report on the status of the project using form EA3, which is available online through http://www.aut.ac.nz/research/research-ethics/ethics. This report is to be submitted either when the approval expires on 26 September 2014 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this. Also, if your research is undertaken within a jurisdiction outside New Zealand, you will need to make the arrangements necessary to meet the legal and ethical requirements that apply within that jurisdiction.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at ethics@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of AUTEC and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

Dr Rosemary Godbold
Executive Secretary
Auckland University of Technology Ethics Committee

Appendix F: Consent Form

Consent Form

AUT
UNIVERSITY
TE WĀNANGA ARONUI O TAMAKI MAKAU RAU

Project title: *Corporate Social Responsibility for International Oil Companies (IOCs) – New Perspectives from Stakeholder Engagement and Mineral Resource Control Conflicts in the Niger Delta Region (NDR) of Nigeria*

Project Supervisor: *Associate Professor John Tookey*

Researcher: *Ogechi Okoro*

○ I have read and understood the information provided about this research project in the Information Sheet dated dd mm yyyy.

○ I have had an opportunity to ask questions and to have them answered.

○ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.

○ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.

○ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.

○ I agree to take part in this research.

○ I wish to receive a copy of the report from the research (please tick one): Yes○ No

Participant's signature:
....……………………………………………………………

Participant's name:
....……………………………………………………………

Participant's Contact Details (if appropriate):

…………………………………………………………………………………..

…………………………………………………………………………………..

Date:

Approved by the Auckland University of Technology Ethics Committee on *type the date on which the final approval was granted* AUTEC Reference number *type the AUTEC reference number*

Note: The Participant should retain a copy of this form.

Appendix G:Textual Elements Related to Expected Roles of the Government in NDR

Textual Elements	
	1. Provide basic amenities such as roads, electricity, schools, hospitals, water etc.
	2. Empower people economically through capacity building and micro credit schemes
	3. Champion community development and emancipation
	4. Stimulate economic activities
	5. Insincerity by siding with IOCs on most issues
	6. Take the lead in the development of the region
	7. Build trust within host communities
	8. Provide leadership that can facilitate development
	9. Recognize the contribution of communities to the national economy
	10. Understand the pervasive hardship resulting from oil activities

Appendix H:Textual Elements Related to the Expected Roles of IOCs in Host Communities

Textual Elements	1. Provide infrastructure such as road, schools, hospitals, water, electricity etc.
	2. Financially assist the poor people of the NDR
	3. Cleanup their environment
	4. Work in partnership with government
	5. Work in partnership with host communities
	6. Lack of sincere interest in the development of host communities
	7. Build trust within host communities
	8. Responsible for the conflict in the region
	9. Responsible for oil spills and environmental degradation
	10. Understand the pervasive hardship resulting from oil activities
	11 Honor GMOU agreements
	12 Employ more indigenes in top management position
	13 Not to meddle in RDC politics

Appendix I: Textual Elements Related to the Expected Roles of Host Communities

Textual Elements	
	1. Engage in self-help like many other communities in other regions
	2. Take advantages of opportunities presented by IOCs
	3. Can help protect oil infrastructure
	4. Poverty is very pervasive
	5. Make realistic demands
	6. Get their priorities right
	7. Educate and encourage the youth
	8. Promote peace and harmony
	9. Promote self-actualization through hard work
	10. Reemphasize good social values
	11. Encourage skill acquisition and formal education

Appendix J: Interview Transcript CHN1.

Interviewer:	*OK Sir, thank you for this special opportunity that you have given me today to have a brief interview with you regarding your corporate social responsibility activities especially in areas infrastructure development and capacity building. The focus is on the NDR area of Nigeria where you do most of your oil exploration and production. So Sir I will take you through some questions and these questions have actually been divided into some headings based on the review I have already had regarding your activities within the host communities*
	Sir I would start with trying to understand the meaning of CSR from your organization's perspectives
Participant:	Generally, the concept of CSR can be taken to be aligning an organization's activities with the social, environment and economic factors of the society which the organization operates but largely because in Chevron we do more than what is generally referred to as social responsibilities, because we conduct our business operations in ethical manner. Apart from international laws and standards, we respect the laws of the societies where we operate. And of course we do more like I said more than social responsibility because one of the major things we focus attention on is the environment in which we operate. We try as much as possible to see that whatever operations we do, we want to leave the areas where we carry out such operations, we want to put them back to the normal state we met them (**RESTORATION**). Restoration of the environment where we operate; so our goal is beyond just CSR and we see all these as long term not just , maybe just taking part of the profit we generate putting back into the society because we see it as a long term commitment. And that's where again this part of delivery of social services because it must be a continuous commitment to sustaining your society or

the environment where you operate, in what is called sustainable development.

Interviewer: *OK sir is this CSR in anyway relevant to your organization. Why do you do that?*

Participant: Of course it's most relevant in the sense that we consider our operation in our organization as part of the society we operate mainly from the angle that at least our employees live and work in communities that we operate and of course if you are investing in any society in any nation for that matter, because the nature of our job is not something you say is a short-term thing so it's something that is in a long-term. So if you know you're going to be staying somewhere for a long time, you don't want to do something. You have to make that continuity and anything we want to do will be sustainable because take for example if we go into any society to do any NDR project, and may be down the road say 4 or 5 years down the line, we are not proud to go back and say we did this, we consider it as not of standard at least for our own sake. Anything we do must be something that has to be sustainable for a long time that's part of what we do.

Interviewer: *So Sir what are the CSR practices that you are engaged in, I mean in specific terms, what areas do you engage in*

Participant: Of course we are talking of social economic terms; we want to empower not only our employees but the communities where we work. And of course it's only when they are sustainable where we operate we have to see to the economic development of these people we want to sustain the environment in which we operate. We want to build capacity and make them economically viable. We want to improve their conditions. It's when we do all of these that the community where we operate will be happy with us. And when you are doing all these you have a long list of stakeholders, you are talking of government, you are talking of communities, you are talking about our partners, you are talking about regulatory agencies and of course we respect human rights of all

the people. That we deal with so that one on its own is a project. You have to conduct yourself in legally and ethically acceptable manner and of course all of these go into so many areas, we are talking of human rights to respect people's opinions and things like that.

And of course we know that No.1 to even conduct our business in peace we see it as our primary focus. Community is our most important stakeholder and of course these communities are organized in various forms and they are found in local governments and some states then the nation at large. So the likelihood of this is that when we do it we do it in partnership with government because we want to identify with programs that the government levels, federal, state or local. And of course we have international NGOs and local NGOS. Why we partner with international NGOs at least to bring international standard into whatever we are doing either in term of projects or training capabilities. We see that as part of our CSR, this is by developing the local NGOs so that they have capacities like all the international NGOs that we partner with. So all these are parts of what we consider.

Interviewer: **You've actually talked about how you relate with these stakeholders because you've actually partnered with them, what influence you think stakeholders have on your CSR policy. Do you think the stakeholders influence what and how you shape your CSR policies?**

Participant: The answer is definitely yes in the sense that I think the old practice was OK just sit down back in your office and you think its project that is good for one community; then you just suddenly wake up and go and do it there, no. Part of your responsibility will start from identifying the exact need of those communities in order words, you need to engage them. That's why our community engagement policy is so strong that we need to

engage our stakeholders from time to time so that you identify their needs first and foremost, and of course Chevron has gone a step ahead of all other people in our peers. The same people we started with in 2005, all GMOU i.e. Global Memorandum of Understanding and which all our peers have been trying to copy.

Interviewer: ***Was it you that originated the GMOU***

Participant: Yes Chevron originated it and what that actually intends is that you will empower these communities at community level where we empower and form a committee of local group/community people themselves and organized in what we call Regional Development Councils (RDCs). With that we now have representative of government on the board of the committee; you have NGOs who can boost their capacity and you have all various interests on board of the committee. The largely initiative Chevron is trying to do is to empower those communities, to actually identify their needs by themselves then we now provide resources. We deposit large sum of money in their accounts which is in their own campaign with joint account with us. What we are just trying to do is just to monitor that, we now monitor the way the implement these structures on performance basis in the sense that for e.g. you have a health center, they have decided to build a health center, all we do is to say OK go and break it into 4 or 5 phases, how much it's going to cost after all these processes have been completed. If you say now OK upon the completion of phase 1, you get 20% of the funds. We release it to you when the job has been done to be seen and that first phase is completed and you've seen that OK this 20% was released to you and this is how you spent it and it was observed it was completed to satisfaction to all stakeholders' i.e. due diligence. If that one has been done we look at your plan for phase 2 then through the same process, then the fund is released until we are sure. Of course several thousands of projects have been done. It now becomes competitive because we have about 8 regional councils cutting across the 9 states that form what is called NDR these

days. So it now becomes competitive. The community will decide and prioritize you will identify their needs, and then we just make the funds available. The money is sitting down there but no single part of all these joints can access the funds until certain procedures are formed. And what we just do we arrange/do annual general meeting. They publish their reports so that everybody can see. This is made available to the public as part of accountability and transparency involved in the process. So it's not that Chevron we sit back and decide their needs and they lead the effort regarding those projects and programs that they need.

Interviewer: *But Sir, is there any way that you get feedbacks from members of these host communities regarding this GMOU, how they feel about or how it has actually impacted them.*

Participant: Of course like I told you each of them were encouraged to and were ensured that they hold what is called AGM. It's like annual general meeting of any company where any member of the community can go and challenge their leaders; challenge the leadership of the organization. Where Chevron should be represented, state government should be represented, local and federal governments, human rights organizations and NGOs represented. The press, the media, and the public. It's like it's OK you said you did this, how much did you use. They can go there and challenge anybody. It's like you are reviewing the financial report and activities of a registered company. So it's so open to every member of the community to challenge, it's interesting.

Interviewer: *Sir, you know that in Nigeria there is an obvious need for infrastructure development especially in your areas of operation. How do you assist these host communities in terms of basic infrastructure or it doesn't form part of your CSR activities we are talking about*

Participant: Largely like the GMOU example I have given you is actually about infrastructure. You see some of the RDCs have built several health centers for themselves. They have constructed several hundreds of kilometers of roads. It's for them to decide what. You can go online and see most of their reports that they published on their own. That will actually be very nice of you. Essentially the GMOU has been about infrastructure, but even beyond that we have let me give you e.g. of what our river boat clinic that we serve which provides healthcare services to about 33 communities. Because these are communities, which ordinarily have no access to any other health facility not even provided by the government. So what do we do and in largely NDR area is riverine/water based so even it will take these communities to travel by boat for about 4 hours to reach the nearest health facility. So what we did was to partner with the government in this wide one. They provide the medical staffs that work on the boat but every other thing is provided by Chevron. The boat, the drug and all the services are being provided and it's like taking health care services to the doorstep of all the people in these communities such that at least about 34000 patients are treated on monthly basis through these project. These are people who would otherwise have no more access to healthcare delivery.

Interviewer: *Is this exclusive to Chevron Sir or other IOCs in the same?*
Participant: This particular one is exclusive to Chevron. I only know of a similar one being done in Bangladesh or India but not in Nigeria. And what we are doing part of it like I said those RDCs are now divided into two that we have provided funds for them to build 4 cottage hospitals which are at various levels of completion. So if at the end of the day they are sustainably completed, that's part of what our plan is probably we now convert the present riverboat clinic to something like river ambulance which should be moving from all those 4 cottage hospitals. If there is any emergency it can go and pick a patient from and probably can take such a

patient to Warri and can move around all the riverine areas and things like that. These are the things we are planning but on their own at various RDCs. They are very competitive at completing various projects because the funds are there for them. It's only that they can't just access it anyhow unless on performance basis that we follow.

Interviewer: *Is there any form of collaboration between you and other IOCs in your category in terms of infrastructure development? Do you liaise with say Mobil or Shell in terms of providing infrastructure because a situation may arise where you're duplicating efforts?*

Participant: Such has actually not been except that we meet at various fora like when we are meeting at the federal government level. They invite us to most of the programs for participation while every IOC will identify areas where it has capacity and has working knowledge of outside of that we have not been liaising. But I want to believe that they are doing well too, but not that we have actually participated jointly in any particular project.

Interviewer: *Sir, when you look at the NDR area, all of us know I mean we are all Nigerians, we know what is happening there and there is actually some kind of skills gap, some kind of capacity deficiency in some areas and that is probably why some of them are very restive and aggressive in some way. Do you have any program at all that develop capacity within your host communities?*

Participant: One of our semantic areas outside of because we have semantic areas, we have health, we have education, we have economic empowerment and stuffs like that. Under economic empowerment regularly Chevron in the last 4 years for example has trained hundreds of welders. You know these welders are not just about street welders. These welders can actually work in oil

and gas industry. About 178 have been trained in South Africa and what Chevron largely does outside of this; we don't just train and say that they must work for Chevron upon completion. They are actually made available to the whole industry because they are free to go and work for anybody including our competitors. But what we just believe essentially is that we are developing the capacity for the youth engaging them productively. Again we are improving the manpower development for the industry – oil & gas industry. Then like you identified instead is when these people are not productively engaged that's why they must have one thing or the other to do for themselves. Apart from the other projects where we organize women to go for their training – fishery, farming etc. Again in the industry, we give scholarships. We know we talk about education, Chevron gives annually about 1000. Some the things we do under Chevron in Nigeria, we have various companies registered because in some registered companies, Chevron is actually partnering with some other outfits and with that they have the whole nation as their constituency. Such that we build laboratories for schools with these chest clinics. We tried to build 21 chest clinics across the country. The 16th one was just commissioned last week. Having only 5 to go out of the 21 that are being built. Then we have built about 24 science laboratories in secondary schools across the country and things like that. But in terms of scholarship, we give scholarship to professionals. You will agree with me that some professional are scarce in this part of the world for example in the north, you can see that some of the northern states don't have so what we try to do is to encourage people to do sciences otherwise apart from the course, then people actually struggle to cope with the scholarship. We have some of these guys who are brilliant but because of lack of funds, so what we do is that they compete such that we give about 17000 scholarships annually. Then what we do is that we give to encourage in these areas like medicine and engineering so that when they graduate, they will be able to work in the oil & gas industry. And coming from the NDR we will be

very proud but this opportunity should be open to all Nigerian youth because it's actually competitive. And in secondary school center where you have the large numbers the same things happen because across the country people compete. We want to encourage them to benefit from us.

Interviewer: **Do you have any special quota for the NDR people?**

Participant: Of course that was what I meant when you heard me say national communities. When we say the communities, they are largely in favor of the NDR people. Again to make sure we attend to them like I told you we are morally obliged to do that to them because that's where we get our resources.

Interviewer: **Sir you talk about the 178 welders, do you have any success stories from the welders you trained in South Africa or challenges or feedbacks after the training**

Participant: Of course the initial challenge we would have had would have been after the training. Probably if they are not employed but as I speak to you, none of them are unemployed such that we were actually training to see for the industry. Like I said they can go anywhere. At the end of the day 95-100% of them have been absorbed by Chevron. These are people ordinarily because the argument was that OK you have your operations here yet all workers are from everywhere except the NDR. But with this opportunity you can see the massive economic empowerment. The economic empowerment is there, it is a kind of sustainable NDR empowerment/capacity building. "And I know you are an American and you're very conscious of the environment"

Interviewer: **What is the ongoing strategy for protecting the environment where you do your oil E&P?**

Participant: Like I said one of the major focuses of Chevron is how you conduct your business in an ethical manner and I can assure you that Chevron has very good record of how we keep and sustain our environment. Like I said restoring them to the normal nature where we met those areas. And outside of that we encourage sustainable projects. For example have you heard of conservation fund center here?

Interviewer: *Yes I have heard of that but I don't really know what actually happens there.*

Participant: The place was actually established to retain the normal flora, how natural it would have been in the past 50 years. We have sustained the center for 50 years and we are trying to replicate what we have here in Warri in Delta State which we started last year and subsequently we will let the whole public know very shortly just to replicate exactly what we have here. You can imagine keeping how nature was here 50 years ago that's what we've done. We actually wanted the announcement and commissioning to happen simultaneously when we marked our 50 years of operation last year but due to one reason or the other to get the government agencies to get it like that. That was what delayed it but anytime from now we are going to make it public. We are replicating exactly that in Nigeria, it's about the only one we have in the country. They want to duplicate it and have another one in the NDR. It's going to be situated somewhere in Delta State

Interviewer: *That's good sir.   Do you operate the same environmental standards or do you have the Nigerian standard and American standard*

Participant: No-no-no even including any process in our internal process we have the same globally.   Chevron has everything we do standardize, even the way everybody is managed, to internal

processes; anything that we do is a global concern. That's how Chevron operates such that tomorrow I may be asked to go and work in Sacramento in the USA, I wouldn't need to go for any special training. I will just be fixed because we practice the same standards all over the world in everything we do internally and externally.

Interviewer: **That's good news. Sir I don't expect you to say otherwise of your CSR activities but do you have any independent kind of assessment, I mean auditors who come from outside to assess your CSR activities. Is there any external body that does that for you apart from your internal records?**

Participant: Within here we have our own Chevron professionals that go to do that but again our records and operations are open. We operate open policy everywhere such that 3rd parties, governments are the ones we rely to give us awards that we've won globally, locally and everywhere attest to what we have been able to achieve. And of course you will agree with me that none of the IOCs can actually operate in the dark because some people are actually outside there watching every move that we make, looking for any slip probably to take us up and rally to make some money. We are aware of all these so can't afford. You are being closely watched; you can run but you can't hide. And of course some of the policies of the company what we call the Chevron way is transparency, accountability and of course you know like an American company; even some of these things the way we conduct ourselves, we operate high-grade. So it's not something you can just tamper with. Sometimes when we are working with partners outside, we actually face challenges in the sense that the way they expect us to behave we don't. They sometimes give us difficult times but at the end of the day they usually recognise and appreciate us for it. For example doing business with maybe some other agencies, government, public etc we don't usually find it easy because immediately they hear chevron people start

thinking what is in it for me. They want to get money etc but we don't operate that way; so immediately you see the enthusiasm everybody wants to bet but when they move closer you see that they will start to drop because their expectation in those areas are not met. At the end of the day because we have to engage them, work with them; when they find out that that's the way we work they tend to recognize and respect us and we have that respect. You can find out anywhere - the government, regulatory agencies etc. Even where our competitors may get their own things done in 2-3 days will take us 1 month; at the end of the day everybody respects us for that. You can find out using your own means.

Yes I know because we have something like foreign corrupt practices act example as you are here you I don't have the capacity to offer you a cup of tea or biscuit especially if you work for the government, there is a process I should take to offer you that. It is something that ordinarily I can afford if you visit me at home. At work I cannot especially if you work for government, it could be that I am trying to bribe you for something chevron wants from your office – lobbying. If it has to be that there has to be a long process that will involve both the local people, compliance group and then our corporation. Because they will get to our corporation; they will have to look through everything, get to the external legal team who will see. Even at the end of the day if anything happens, they usually make sure that we've not contravened any rule before it can be done. So somebody somewhere might be saying what is the big deal about offering something as small as $250 and with all the processes, we can be on the process to make sure it works for over 1 month and the company can spend even several thousands of dollars to make sure that is done. Just to offer the gift of $25 that's what we have to go through so that's such a standard that we operate.

Interviewer: *That's really interesting. You are in the country not of the country.*

Participant: So that when you talk of thinking globally and acting locally. You want to take all those principles of how things should be done, understand the environment where we are operating and yet we must work on standards. So it can be difficult but when people understand you they respect you for it so that what we are trying to do.

Interviewer: Do you do this because you feel that it's your duty or morally obligated to do that? I mean your CSR activities or is there some kind of regulations/laws that actually says what you should do.

Participant: None of the above, we consider CSR as part of chevron's business. We see it as an essential part of our business that we must do for example if you are doing business have you (pause) unfortunately that's what differentiates us from some of our competitors. If I start mentioning names now you don't know some organizations that do CSR as if they are marketing their products. For example in Nigeria chevron does not market anything. We are not doing all these things to sell our products because all the product we do we give to the federal who takes it abroad to sell so it's not as if we are doing it for people to buy our products no. So strictly we are doing it because we believe that it's something we must do because we are part of the community. And for you if you want to remain in any community; then you have to sustain that community. It's something you have to sustain so we see it as part of our business because we realized we can't operate in isolation. We cannot operate without the communities and if we are part of the community, we must take the community as part of our business.

Interviewer: Good, this is the most interesting things I have heard since I came back.

Participant: We cannot! We cannot! And that's why we can go ahead to do apart from GMOU. When we saw that GMOU has actually succeeded, we have most of our peers who want to partner with us. We just ask them to probably say we want to see how successful it is before we can start bringing in new people or competitors or what. But again we have gone ahead to have; have you heard of partnership initiatives in the NDR before

Interviewer: *No, partnership initiatives in the NDR, I have read something about it but I don't remember.*

Participant: This is another unique thing new first from Chevron. We have the one that is called PIIND foundation. Partnership initiatives in the Niger Delta where we collaborate with major sponsors global sponsors to actually have CSR program to develop the NDR and we have United Nations. You can check it up online. I think there you can read a lot more of it. In this, and that's why in chevron we don't necessarily say we know all and everything we are doing we must do it solely. We look for opportunities to partner with people who have the knowhow to do it. We are looking for the beneficiaries ie those communities we must engage them such that they take ownership of the projects so that even down the years if we decide to leave the program, the program will still be sustainable. They will still be working on it i.e. you are talking about the local communities/connected. With the local connected we make them involved, let them have them instead of saying this is chevron's program. They should be referring the program as our program and if they know it is their program they will not allow it to die. They will continue to sustain it.

Interviewer: *It's as if you wrote my literature review.*

Participant: It's very key unlike if you just do anything for example in the past, if you are just building a water facility for the community.

If you didn't engage them; you didn't consult them, you just go and purchase some piece of land and put the water project there, you have to consider the access of the people that are going to use it. But if you engage them; within themselves, they will decide which location is the best position so that all of them will benefit from it or you build a health facility, maybe at the outskirts of the town that would take the people several long hours several time or the need to get transport to get to the place. It means that you have only restricted the number of people that will be accessing it but if you engage them from the beginning, they will decide where the best is. Otherwise even if you choose some people will say that person you put in front of his house is either he's probably known to you or probably is in the same political party with you. But if they choose by themselves, you will not have all those issues so it's very key that you engage them and let them take ownership, you take their advice as long as you are doing all these projects and they just take ownership. When they take ownership, they see it as their own you go home and sleep. It won't die; just continue to provide them the enabling environments and all the resources.   You can develop their capacities. Like all the RDCs we get consultants who train them on how to keep their books, how to run their offices, some of the processes that we use in our business that make us successful. We train them and such that like I promised I will show you some of their reports and you will see some of the things they do. At the same time you can go online and see what PIIND has been doing; some of these communities go there and such. So most of this it's not us talking about our achievements in all our CSR projects, we rely on the 3rd parties, the media, our partners even government it. Like last year we won the best oil and gas company about the local content and we've won so many awards like that so we rely on all of these. We want to be talking about what we have achieved now. We rely on 3rd parties, the media and government themselves to talk about what we have achieved.

Interviewer: *That's good sir. Sir do you have any kind of framework that you operate because I mean all these things that you are doing, is it in form of a framework, within that framework that you have got all these activities or you do that arbitrarily.*

Participant: Of course here we have framework. These are well thought-out programs and policies that sometimes take us several years to design and that's why anything we are doing, we run it. We have that chevron cooperation list in the general framework which every business should like chevron. Nigeria is a business unit, we now have to adapt to the local because we operate here we know the terrain more than our colleagues who are in the US. So they develop large framework now apply it to what is obtainable locally and these are well thought out that sometimes it takes 3, 4, 5 years to design them, then as we implement we try to amend and adjust until we reach perfection level that we are comfortable with.

Interviewer: *And what do you think about the CSR 'best practice'. Do you have anything like CSR best practice or what do you understand by CSR best practice.*

Participant: It depends on the person who is defining now but at least there are some factors that can guide you arrive at what can be called CSR best practice. Anything that is CSR that you do, again I don't like using CSR and that is why a lot of people in the professional either sustainable development, use corporate responsibility because if you say corporate social responsibility it's like you are restricting it to only social aspect of corporate responsibilities. Like I told you before we do more than social, we do economic; environment etc. so you will be more comfortable answering corporate responsibility because we do something that is more encompassing.

Interviewer: *That's you are talking about the triple bottom line (environment, social and economic)*

Participant: But having said that I believe that there are some principles that for you to achieve anything that is called best practice or anything. It must be something that is beneficial to majority of the people as much as possible. Any project that you are doing and you are looking at who are the people feeling the impact, who are the beneficiaries. So instead of just doing a project that for whatever reason you have only about 50 people benefiting but you have looked at the opportunities, you have done your own work and see the same project benefiting like 500 people that one will be something i will consider. Then any program that is designed in such a way that the beneficiaries take ownership of the program because when you talk of sustainability that's the surest way of sustaining any project you are doing in the community. If people take ownership, then you can be rest assured of the sustainability of the program then we have talked about community engagement like i said, you can only achieve all these if you have engaged communities such that they will tell. So we have been talking about having community engagement having them take ownership determine that the project is going to benefit majority of the people, bringing partners to do business with you. Like i told you we don't claim to know everything, so we usually look for experts and we partner with them. We look for partnership opportunities anywhere in everything. Hardly can you see us going on any project alone. Deliberately as a matter of urgency because I don't think we want to seize the opportunities for example if you get a local NGO that we believe can benefit through this, we know what we are going to do, but it can be an opportunity to develop a local NGO. For example if you are bringing an international NGO, we may want a local NGO to benefit from that so that at the end of the day if we have a similar project and the local NGO has gained capacity. We can actually engage them and through that we are empowering Nigerians,

empowering their skills and things like that. So when you talk of best practice CSR it entails most of these things and of course ones that every/most of these projects, any project of such should be such that any kobo/dollar you spend should be accounted for at the end of the day because it is very key. If you see someone bringing out money from his pocket to do certain things. The person should have evidence that he has spent the money and how he spent the money wisely, the tendency that more will still come, if you do any. If you do any CSR and at the end of the day you don't have what is called ME (Monitor & Evaluation), that will say OK these are the tools that you can use for accountability to say OK we have spent $500 here and 20, 30 or 40 people benefited and people can come and look at your books and defend that whoever has funded the program. If you ask him to go back, he will provide more, he will be happy to do more, that's really rational, very very important.

Interviewer: *Sir you know in Sub-Saharan Africa we have a kind of problem; not only in sub-Saharan Africa, we have the resource management problem. Some countries with huge crude oil deposit still live in poverty. Is there any way your organization helps the government or the nation in terms of managing the petrodollars.*

Participant: At least the best we can do is to assist the government like I told you. Let me give example in the health sector, like every country is expected to have done his gap analysis to identify in which areas to be met. For example Nigeria is in dare need of MDGs 4, 5 & 6, which is maternal mortality, infant mortality and HIV/STD. Nigeria is still very lacking with 3 years to go because the target is on 2015 and we are in 2012 already. And look at our own health is dramatic area and health is on those 3 areas and that's where we are so what we ordinarily do coming back to your question is to try to help the government as much as we can; as much as our resources and efforts can do to support all these

governments at various levels because we have already identified those needs, their needs. Then we look at all these areas we see how we can help and again when we are involved, we try to share how things can be done so that the people, because that actually the essence why government exists to carter for the people. Where we own up to our own responsibilities, we pay our taxes. We do all those things we provide employment for the people in the country, we run our business ethically, we make sure we operate within government rules and regulations. Making sure that we play our own obligatory roles in every ramification, and then we encourage government and other stakeholders to do, so that if everybody very well this poverty we are talking about will not be there.

Interviewer: ***Do you push for some kind of bills that help in these areas that help government to actually manage resources and even pass environmental laws that are protective of the environment?***

Participant: As much as possible we have very strong presence in Abuja for example very strong team under this same department who actually leads and runs international center. We push for things that we think can help the government and of course we are leader in the OYC. What is called an OYC is an umbrella body where you have the responsibility such that for example look at the PIB going on now, we try as much as possible to make our own frank and professional opinion known. Then we sell it and make the lawmakers to see the reason why the country and of course Nigerians will benefit if it is done in certain ways. And of course these are certain; this is what we are trying to do. We go to give evidence, make presentations, present facts that if things are done this way; these are going to be the likely results. We try as much as possible; we consider it as part of our obligation.

Interviewer: ***And sir in terms of, you know just like we did say earlier about duplication of projects within the IOC world do you cooperate;***

do you liaise, do you compare notes, do you share information in terms of infrastructure development and capacity building within the areas that you operate.

Participant: To a great extent yes. Let me say to a large extent because like that body exists because presently our MD is the chairman of the body that is this direction we make our/the body not only chevron makes its stance known on relevant subjects to the federal government. Sometimes something that they have to go public sometimes if the government just ask for their opinion, sometimes government makes request directly to the body, this is what we want the IOCs to do and they find a way of meeting it. And of course if they feel strong about any position, they make it well known and of course decision will now be left for government to buy or throw back at them. But of course from time to time that one is done.

Interviewer: *Ok sir, that's I mean what I actually wanted to find out because it appears it could be argued that if you guys cooperate that probably can save money and time in terms of providing social amenities to these host communities, because if chevron comes to give a community a water project and shell comes to do the same thing. It's still providing the same services but duplicating it, probably some kind of 'healthy' competition between you guys and the IOCs in these host communities.*

Participant: The truth of the matter is that it's a lot to do in the face of these communities such that it's like if you continue doing as much as you can. You may even be performing like government; there is a lot to do.

Interviewer: *Yes because you have become the de-facto government in some of these communities.*

Participant: That's true, there is a lot to do such that hardly will you be duplicating. You know it's only after you have done certain areas that you will now be saying OK when you are doing this let me be doing that, but there is a lot to do such that as much as you are doing and your peers are doing, it still looks like you are doing nothing because there are lots of demands from all these host communities.

Interviewer: *Do you manage the expectations of these host communities? I know expectations are dynamic it keeps moving with the tide, with the environment but it's there anyway or you have a unit that actually manages some of these expectations because human beings I mean, they have got limitless wants, I mean trying to narrow it down and redefine your responsibilities to these host communities.*

Participant: Of course we have to manage expectations because like some communities it's us they know and it's us they see let's put it that way. When we talk of government where will they even see government? Its chevron they see so as far as they are concerned all their demands and expectations are on us. And because we are a business outfit and we are trying as much as possible but we let them know where. It's not as if the resources available to chevron are unlimited so but that's why you have to engage them at the appropriate time. OK we know you have 4, 5, 6 needs but which ones do you consider the Important 2 or 3, let's say at a time, let's see how we take these 2 at a time maybe upon completion of those two let's see the next ones we can do. So if you make them see from that angle, they will readily listen to you and they will understand. Okay identify all your needs and they say 6, ok prioritize them, which would you rather consider to have 1st, 2nd, 3rd etc. and in that order. Of course that's the way of managing their expectations otherwise they just sit down and say this is an oil company, they have all the billions of dollars they

can bring. No let them see how it is done and how it can work; that's how we manage their expectations.

Interviewer: *That's really nice. Sir finally I would like to know the approaches that you are adopting to ensure stability, increased oil production and improved cooperation with your stakeholders. We can just break them down I mean your approach to stability in the NDR, do you have any strategy.*

Participant: What we usually do is that we can only do business in a peaceful atmosphere so we proactively engage all our stakeholders; we don't wait until there is any problem and they come asking us through having regular meetings, engaging them regularly so that all parties will anticipate what will likely pose problems and proactively resolve them. And that why a lot of people continue saying why is it that chevron doesn't have problems with these host communities. That's one of the approaches we use; we don't wait until partners or stakeholders come asking for your aid so you engage them proactively, you sit down together sometimes you see something that will cause problem in the future, you start addressing them right from now you have to be proactive. Your community engagement has to be robust such that you must have identified the real stakeholders. You must work hard to identify who the real stakeholders are; you must continue to engage them regularly. You must find a way like I told you we can only do business in a peaceful atmosphere; so anything they will require us doing our business in a peaceful way and you have to try to be at peace with your neighbors, even when you have an external aggressor coming they will be the one to alert you.

Interviewer: *So has your daily production level been affected by any form of external aggression or external attack.*

Participant: What we used to have problem with was people who wanted to burst the pipeline and steal crude products but again we have

found a way around that, we have worked more with our neighbors such that they are they are the ones watching for us so that one has actually impacted our production positively. But basically what you have just told me now is that you are now enjoying improved relation and cooperation with your stakeholders based on your engagement activities. It's been an enlightening fact finding interview. You have been very open in this interview and I really appreciate and I do hope that other IOCs will speak to me in this kind of open manner that you spoke to me by letting me know all these. I really appreciate, we can only hope for the better. When we finish this report you will have it and am very sure am going to highlight your good work. Probably there are areas of improvement we can also map out because it can always improve.

Interviewer: ***Thank you so much sir.***

Participant   It's my pleasure