

**Methods of Community Engagement between Oil Multinational
Companies and Communities in the Nigerian Niger Delta Region: A
Critical Analysis of the Activities of Eni SpA, Total SA and RD Shell**

by

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DECLARATION

Concurrent registration for two or more academic awards

I declare that while registered for the research degree, I was with the University's specific permission, an enrolled student for the following award:

Postgraduate Certificate in Business and Management Research Methods
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ABSTRACT

This thesis made new contributions to the company-community relations field by incorporating institutional theory, stakeholder theory and community engagement theory, to investigate the community engagement strategies, community relations approaches and social responsibility practices used by companies in a developing country. It makes new contributions to the debate on why multinational companies - Eni SpA, Total SA and RD Shell in the Nigerian Niger Delta region (NDR) struggle to establish and manage relations with host communities.

The research idea is founded on the concern that there is a failure in addressing why oil MNCs operating in a developing country such as Nigeria, fall short of meeting the expectations of communities and as a result face diverse challenges from host communities, including threats of losing their social licence to operate. Institutional theory, stakeholder theory and community engagement theory were purposefully and consistently applied to establish a theoretical foundation to explore and explain methods of community engagement, community relations approaches and social responsibility practices used by the three MNCs.

As a study that investigated 'business in society', a qualitative research paradigm was adopted, using a cross-sectional design to synthesise the experiences of the companies against those of their host communities, to articulate the slight variations in their approaches. In the data collection and analyses, the study employed a mixed method of secondary and primary research. The secondary research, in addition to academic literature, involved an assessment of company archives and news media materials to gain a first-hand insight into the practical side of the topic. Guided in-depth interviews with purposefully sampled senior managers in the three oil MNCs and community representatives, were introduced to advance the research into a full primary research. Data analyses were conducted using a qualitative content analysis, whereby identified themes were coded and then analysed and discussed extensively.

This thesis made new contribution to the theoretical application in company-community relations by being the first to incorporate institutional theory, stakeholder theory and community

engagement theory to argue the role of valued interests in managing stakeholder expectations. This thesis proved that the three theories used, are interrelated in the sense that each, through different viewpoints, addresses relational issues within and between company and community, and explored the concepts of valued interests and expectations as relational concepts in the theoretical framework. The tripartite theoretical framework therefore offers a new theoretical approach for the contextualisation and rationalisation of company-community relations in a developing country.

This thesis also made a new contribution to theoretical knowledge in the stakeholder theory by pioneering in the identification of a stakeholder group the present researcher refers to as the ‘Mediante Stakeholders’, and established that in stakeholder mapping, there is a small stakeholder group within the overlap between internal stakeholders and external stakeholders of the organisation. What sets the mediante stakeholders apart from the rest of the stakeholder groups is the level of access that is given to the this unique stakeholder group and the ability to be both inside and outside the organisation/company at the same time.

Empirically, the interviews with oil MNCs and host communities revealed different ways of engagement used by both parties, such as town hall meetings with host communities, cluster development board meetings and other methods of communication including back-and-forth letter communications. Different strategies and approaches were used by MNCs and communities such as the blockade strategy (used by host communities), selective engagement (focusing on engaging the most powerful stakeholders), divide and rule strategy (a dangerous approach some of the oil MNCs have been accused of), and mediated engagement (using NGOs to engage host communities). The research concludes that the development and sustainability of methods of engagement in company-community relations depends on the willingness and commitment of the parties involved. It is the willingness and commitment to work together that guarantee the most constructive methods of engagement with host communities.

DEDICATION

In honour of my father,
Elder (Deacon) Samuel C.A. Izidor

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CHAPTER ONE

1.0

INTRODUCTORY BACKGROUND

1.1 Introduction

This research contributes to the emerging field of community relations studies and focuses on community relations approaches, community engagement strategies and social responsibility practices by multinational companies (MNCs) in a developing country. Its contextualisation is based on the analysis of the relations between three oil MNCs – Eni SpA, Total SA and RD Shell and their host communities in the oil rich Niger Delta region (NDR) of Nigeria. The goal is to investigate the relations and engagement processes between oil MNCs and host communities in order to rationalise poor community relations between oil MNCs and a local population in Nigeria. Literature suggest that oil MNCs often fail to meet the expectations of local communities (Dhir, 2007; Obi, 2009; Hamilton, 2011). There is need, therefore, to develop a framework that would facilitate the understanding of this relations and help to improve community engagement and relations between oil MNCs and host communities.

The Chapter sets out the aims and objectives of the present research, explains the structure of this thesis and outlines its place vis-à-vis extent in academic debates.

1.2 Background to the Research

The phrase community relations, is commonly used to describe the communication phenomena between a company, an organisation or a government and a specific community. According to Lakin and Scheubel (2010) since the beginning of the 21st century, community relations has become a more concrete concept most in use by companies, organisations and governments to describe their involvements with communities. Businesses and other organisational entities have long practiced community relations to nurture positive, cooperative relations between themselves and the public (Kane *et al*, 2009).

Community relations, as a practice, emerged from the enacted practices of public relations and communications (Kane *et al*, 2009), and borrows from disciplines such as strategic communication, marketing communication, political science and sociology. According to Kane *et al* (2009), when companies modernise their approach to community relations to deal with issues of reputation and brand, and how to identify new opportunities, they need public relations skills and business development skills. Community relations underscores the interactions between the business/organisation and a section of the public it has direct contact with (Zandvliet & Anderson, 2009; Kane *et al*, 2009; Lakin & Scheubel, 2010).

As a discipline, community relations underlines the type of communication activities, action plans and collaborative activities underpinning the relations between a company, an organisation or a government and a local community. According to authors, community relations studies, deal with approaches, strategies and methods used by companies, (or organisations or governments) to establish and manage mutually beneficial relations with local communities where they operate (Dobbs & Moore, 2002; Burton *et al*, 2007).

A key area in community relations studies that has become a major subject of debate in both academia and corporate circles is the area of community engagement (Rogers & Robinson, 2004; Myhill, 2006; Burton *et al*, 2007; Head, 2007; Wynn & Burkinshaw, 2008; Butcher, Egan & Howard, 2009). Community engagement has been defined as a process by which companies enable the participation of residents and communities in dialogues, in different forms of communication, ranging from providing information and reassurance to empowering residents and communities to identify and implement solutions to local problems and influence strategic priorities and decisions (see Lakin & Scheubel, 2010).

Instances of community engagement have been reported in the management of public healthcare delivery (NICE, 2008), community crime management (Myhill, 2006), gathering of customer/consumer perceptions (Daymon & Holloway, 2011), integration of community's

skills needs into academic curriculum (The National Forum, 2005), and in community works to increase social cohesion (Boutilier, 2009). This thesis attempts to make a case for greater community engagement as a solution to poor management of relations between oil MNCs and host communities in a developing country.

The present research focuses on community stakeholders as important players in company-community relations (Boutilier, 2009; Lakin & Scheubel, 2010). In the context of this thesis, community stakeholders are key actors within a local community such as community leaders, community interest groups and local people (including activists), who are affected by the activities of the (oil) companies and who share active interests in what companies do in relation to their communities.

In their study of the relations between mining companies and community stakeholders, Brown and Flynn (2008) found that often community stakeholders were influenced (manipulated) by the mining companies. Also, Jahansoozi (2006) and Brown and Flynn (2008) have found that often the relations between mining companies and community stakeholders is prone to suspicion and lack of trust on both sides. Usually, this happens when communication and engagement between company and community has broken down (Jahansoozi, 2006; Brown & Flynn, 2008). In the case of oil MNCs and host communities in Nigeria, the dramatic scale of the breakdown of communication, trust and engagement became evident during the infamous Ogoni and Shell crisis of 1993¹ that led to the destruction of properties and death of many local people, following the protest by host community activists who accused the oil MNC of neglecting community's interests and expectations and the environmental damages caused (Obi, 2006; Tapere, 2008; Hamilton, 2011; Dufugha, 2014).

¹ In the early 1990s some Ogoni community activists headed by playwright Ken Saro Wiwa, protested against RD Shell's indiscriminate exploitation of Ogoni land, which led to the execution of six Ogoni activists by the Nigerian military in 1993.

The present researcher considers the possibility of breakdown of communication, trust and engagement, as real threats to oil MNCs. Some MNCs in developing countries are already having serious conflicts with host communities and are struggling to engage them in dialogues to rebuild broken relations – for example, Shell in Nigeria and Chinese CNOC² in Sudan (Dhir, 2007; Obi, 2009; Hamilton, 2011). As will be demonstrated in this thesis, problems characteristic of oil mining MNCs and local communities in Nigeria are representative of the situation in other developing countries. Mining companies in the oil and gas (O&G) industry around the world have often been accused by local communities of stripping terrains, polluting community water source and air, and destroying land resource; therefore the challenges of mining companies in communities of developing countries have gone from having communities picketing and protesting their operations to difficulties in managing social licence to operate in host communities (Nelsen, 2003; Brown & Flynn, 2008).

Because the Nigerian O&G industry shares many features with mining industries in other developing countries (Dhir, 2007; Adegbite & Nakajima, 2012), Nigeria represents an important case for investigating relations between oil MNCs and host communities which may provide findings whose importance goes beyond national borders.

As in most communities in Sub-Saharan Africa, Asia and Latin America, in Nigeria, community stakeholders' expectations of the benefits related to the presence of oil mining MNCs are very high (Blowfield & Frynas, 2005; Eweje, 2007). According to Eweje (2007) and Ako, Obokoh and Okonmah (2009), this is because developmental projects and other social infrastructures are lacking in majority of these countries and are usually not provided by the government. As a result, managing the expectations of community stakeholders with their growing environmental consciousness and demand for socioeconomic initiatives and

² The Chinese National Petroleum Corporation (CNPC) was accused of conniving with the Sudanese government to repress Darfur communities. Available Online at: www.understandingsudan.org and <http://News.BBC.co.uk/1/hi/7694106.stm>

supports from MNCs, costs MNCs large amount of resource in developing countries (Frynas, 2000; Sunderland, 2006).

Given this premise, the present research concurs with Ako, Obokoh and Okonmah (2009), Hamilton (2011), and Adegbite, Amaeshi and Amao (2011) that oil mining companies face the challenge of strategically engaging their community stakeholders in dialogues using the most suitable methods of engagement. This thesis, therefore, argues that continuously engaging with community stakeholders is necessary to develop a constructive approach for dealing and managing relations with community stakeholders, which in turn provides solution to the poor management of relations between oil MNCs and communities in the Nigerian NDR. As applied in this thesis, methods of community engagement refer to the strategies, instruments, guidelines, actions or behaviours deployed by the company to strategically engage local community stakeholders in dialogues with a view to establish, sustain or repair relations, as well as maintain the company's social licence to operate.

After years of active operations in Nigeria and the growing environmental consciousness and outspokenness among host communities, oil MNCs realised that the old ways of conducting relations with communities are no longer consistent with current realities (Frynas, 2000; Dhir, 2007). Illuminating on this trend, Castello and Lozano (2011 p.1) noted that "values, interests, goals, and lifestyles are pluralising, and societies are growing in complexity and heterogeneity". Integrating culturally embedded social values in the management of community engagement is needed to boost MNCs' social approval. Lim, *et al* (2005) have argued that effective community stakeholder engagement plays a crucial role in the company's social licence to operate as well as in seizing opportunities to improve its reputation and relations with host communities. As will be demonstrated in this thesis, social licence to operate (SLO) is an important requirement for the legitimisation of oil MNCs' activities in the Nigerian oil rich NDR environment.

SLO is a new concept used to describe a certain kind of approval companies should obtain from their host communities, as compared to the legal licence obtained from the central government of their host country. The concept was suggested by Freeman (1984) and Nahapiet and Ghoshal (1998) and further developed and applied in the works of Nelsen (2003), Slack (2008), and Thomson and Boutilier (2011). The SLO includes the initial acceptance, friendship and trust bestowed upon companies by the local host community. (This is discussed further in later Chapters). According to Nelsen (2003) and Slack (2008) it is a concept mostly associated with the mining industry mainly in developing countries.

Until the last decade, research of stakeholder management, business-society relations and social responsibility practices focused mainly on more stable economies of the West (Tapere, 2008; Eluka, Chukwu & Mba, 2013). For example, R. Edward Freeman in his paper '*The Stakeholder Theory Revisited*' demonstrated how the stakeholder research owed its origin to the business practices and teachings of Western societies, originating predominantly in the USA (see Freeman, 2004 pp.228-229). Undoubtedly, there is need for theoretical approaches and models which have proven themselves in Western societies to be tested and perhaps modified to suit the institutional requirements (North, 1993) of developing countries, which include local communities in Nigeria (Idemudia & Ite, 2006; Tapere, 2008).

In relation to Nigeria, earlier studies such as Ake (1989, 1992) and Ibeanu (1997) looked at the activities of oil mining companies and reported lack of community engagement and exploitation of local population by the MNCs. In the same manner, subsequent works continued to focus predominantly on the ongoing conflict of interests between oil MNCs and host communities (Ebeku, 2001; Braide, 2003). Authors such as Blowfield and Frynas (2005), Eweje (2007) and Ako, Obokoh and Okonmah (2009) have recounted the failure of oil MNCs in Nigeria to engage host communities effectively. Hence, the present research seeks to investigate how modern concepts and theories, such as institutional theory, stakeholder theory

and community engagement theory, could offer a new insight into relational issues between oil MNCs and host community stakeholders, that go beyond a traditional approach focusing on reporting the enormity of the conflict between the two parties, in the Nigerian NDR. Therefore, the proposition that is investigated in this thesis is that oil MNCs have yet not been able to identify what constitute the unique interests and expectations of host communities and consequently failed to develop constructive approaches for engaging and managing relations with host communities.

1.2.1 Statement of the Problem

From the early 1990s in the wake of the Shell-Ogoni crisis of 1993, there has been growing awareness in the Nigerian oil host communities about mining activities by oil MNCs (Okafor, 2003; Hamilton, 2011). As a result, oil MNCs have been dealing with increased scrutiny from host community stakeholders (Dhir, 2007; Obi, 2009; Hamilton, 2011). This has resulted in the last decade in confrontations with oil MNCs involving local communities in the NDR. Often during community protests, oil MNCs sought security from the Nigerian government (from whom they obtained their legal licence to operate), and in response the Nigerian government has used the state security apparatus to repress host communities and local activists in defence of oil MNCs (Obi, 2009; Tapere, 2008; Ebeku, 2001). Notable cases of repression and gruesome killings include – (i.) the 1993 execution of the Ogoni activists (which implicated Shell in murder conspiracy and in June 2009 Shell agreed to a \$15.5M settlement in a US court³) and other oil related killings in Ogoni; (ii.) the genocide in Odi and Kaiama communities carried out by the security forces in defence of oil MNCs; (iii.) the tribal wars between the Itsekiris and Ijaws over the control of oil benefits; and also (iv.) the killing of men and children and the raping of women in Chioba community by the armed

³ The Guardian (2009) 'Shell Pays Out \$15.5m Over Saro-Wiwa Killing' (Tuesday 9 June, 2009), Available Online at: <http://www.theguardian.com/world/2009/jun/08/nigeria-usa>

forces (see Obi, 2006; Tapere, 2008; Ebeku, 2001; Dufugha, 2014). These are among a number of instances when oil MNCs, instead of engaging with host communities in dialogues, have asked for the services of the state security with the results that seriously damaged their reputation and infuriated local communities. In each instance, lack of interaction with community, lack of commitment to social responsibility and lack of proper stakeholder engagement on the part of MNCs, were evidenced (Obi, 2006; Tapere, 2008; Hamilton, 2011). The present researcher believes that under these conflict circumstances, the managerial implication is that the reputation of oil MNCs is at stake, in such case issues relating to lack of community engagement (Okoko, 1996; Okafor, 2003), community relations (Adegbite, Amaeshi & Amao, 2011) and social responsibility (Ite, 2004) continue to challenge the integrity of oil MNCs in Nigeria. This is a big and important issue in Nigeria – home of the researcher; hence the interest in the topic. Theory (and practice) suggests that this kind of situation may be resolved through community engagement strategies, community relations approaches and social responsibility practices on the part of oil mining MNCs and host communities (Okafor, 2003; Idemudia & Ite, 2006; Hamilton, 2011; Adegbite, Amaeshi & Amao, 2011). This thesis, therefore, investigates if these are applicable to the Nigerian experience in the NDR, by attempting to analyse and generalise based on these themes; hence potential contribution to theory.

1.2.2 Research Aims and Objectives

The present researcher sets out to investigate methods of community engagement in company-community relations between Eni SpA, Total SA and RD Shell and their host communities in Nigeria in order to develop a framework that would facilitate the understanding of company-community relations in a developing country, and to help improve community engagement and relations management between oil MNCs and local communities in Nigeria. Three main aims frame the present research.

Aim 1: To use existing theories in the area of company-community relations to examine and assess the community engagement strategies, community relations approaches and social responsibility practices used by Eni SpA, Total SA and RD Shell in the Nigerian NDR communities.

This aim will require the implementation of the following steps (research objectives):

- i. Develop a theoretical framework for understanding the contextual environment in which Eni SpA, Total SA and RD Shell operate in Nigeria.
- ii. Apply the framework to the examination of the community engagement strategies, community relations approaches and social responsibility practices employed by each of the sampled oil MNCs in Nigeria with a view to develop new insights into company-community relations.
- iii. Evaluate the validity and effectiveness of the community engagement strategies, community relations approaches and social responsibility practices from the point of view of achieving a greater harmony of relations between MNCs and communities.

Aim 2: To create a conceptual model of the existing practices and attitudes pertaining to company-community relations between the three oil MNCs and their host communities in Nigeria.

This will require undertaking the following steps:

- iv. Establish a methodological framework for obtaining and examining the experiences and opinions of oil MNCs' managers and host community members.
- v. Develop a set of themes to help assess how the views of oil MNCs' managers and those of Nigerian host communities can be analysed to inform ways of engaging and managing community stakeholders.

Aim 3: To establish how the relations and engagement between oil MNCs and communities in Nigeria could help to advance learning and contribute to theory and practice of community engagement in company-community relations in a developing country.

This will require:

- vi. Establishing how the implications of the present research contribute to theory and practice in methods of engagement and a generalised knowledge in company-community relations.

1.3 Choice of Methodology

In the data collection and analyses the present researcher employed a mixed method of secondary and primary research. The secondary research involved studying the theoretical literature in institutional theory, stakeholder theory and community engagement theory that deal with community engagement, community relations and social responsibility practices. The synergy from these theories (and emerging concepts) helped to develop the theoretical framework and conceptual analysis that framed the present research. The secondary research also involved the analysis of materials available in company archives and of publications in local media. The objective of the secondary research was to gain an insight into the research topic and to understand the research context (Gallo, 2009; Sekaran & Bougie, 2010; Jackson, 2011). The findings of the secondary research were used to prepare the in-depth interview guide (Kvale, 1996) used to interview senior managers of the relevant departments of the three oil MNCs studied. The adoption of the in-depth interview method to generate substantial data for analysis was necessary, and also helped to immerse the researcher into the world of the research subjects and to see through their lenses (Kolin, 2010; Daymon & Holloway, 2011). A mixed method of primary and secondary research provided substantial data for analyses (Saunders, Lewis & Thomhill, 2009). As a final step, results of the literature /archival enquiry and the in-depth interviews were subjected to qualitative content analysis.

1.4 Scope and Bounds of the Research

The present research focused on community stakeholder engagement in company-community relations between oil mining MNCs and host communities in the Nigerian oil rich Niger Delta region (NDR). Therefore, every other region was practically excluded from the research. Nigeria provides a socio-political focus and geographical context for the research and was also used as a window into other developing countries with similar circumstances. The NDR became the location of the fieldwork as a result of its strategic attribute as the region of O&G exploration and exploitation activities in Nigeria. Among the states in the NDR, the fieldwork covered local communities in the most oil rich state of Rivers State. This is because all three oil MNCs included in the research – Eni SpA, Total SA and RD Shell – are based in Rivers State, and have headquarters in Port Harcourt the Rivers State capital city.

At the fieldwork interview stage, oil MNC senior managers including heads of department in Public Affairs, Community Relations, Social Audit and Investment, Sustainable Development, Projects Implementation, Partnership Development, and Media Relations were sampled for interviews. Senior managers and heads of departments not within these departments were excluded. In the community interviews, local chiefs and monarchs were included, as well as the heads of community development committees (CDCs), the youth associations, the women groups and heads of some local political activist associations. These respondents were purposefully sampled, well informed members of the oil communities from different backgrounds, genders and professions, and who have lived in the sampled communities in all or most of their lives.

1.5 Outline of the Thesis

This thesis is organised into nine Chapters. Considerations were made to maintain a logical presentation of the arguments, to ensure analytical clarity of the discourse. Figure 1.1 below is a flowchart outlining the different Chapters and sections of this thesis.

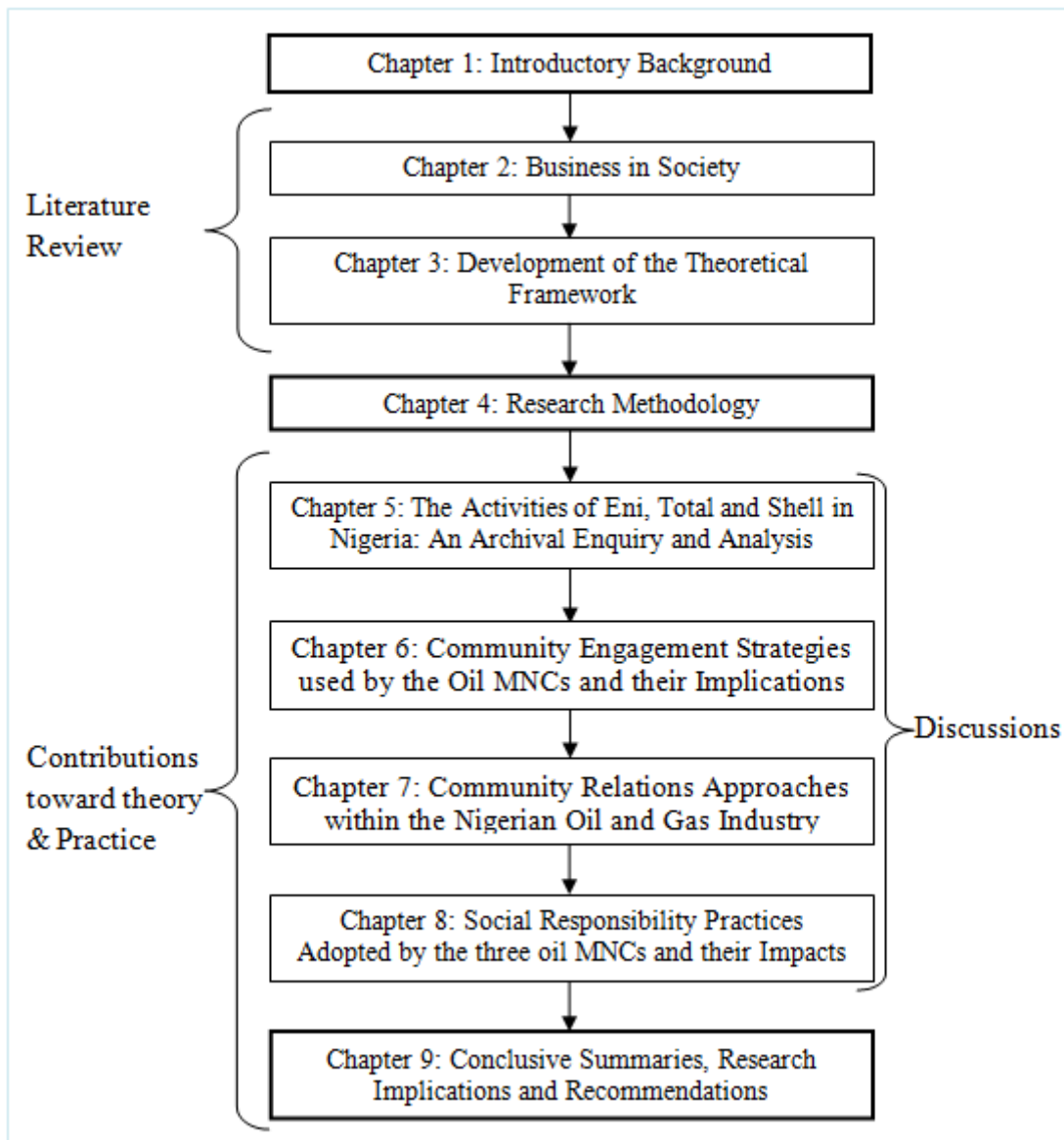


Figure 1.1: *Outline of the Thesis (Above)*
 Source: *The Present Research (2013)*

Chapter 1 established the place of this thesis in academic literature and research, and argued why it is important for oil MNCs in Nigeria to engage constructively with host communities in dialogues to develop and manage relations with communities. It set out the aims and objectives, described the scope and bounds of the research and the methodology adopted, and outlined the thesis structure.

Chapters 2 and 3 cover the literature review. Chapter 2 presents the on-going debate on the role of business in society and then will focus on the role of multinational companies (MNCs) in host communities of a developing country, using Nigeria as a case context. In Chapter 2

body of literature is reviewed in order to conceptualise the relations between company and community, and then projected on the current realities in Nigeria between oil MNCs and host communities. Chapter 3 deals with the development of the theoretical and conceptual framework; and presents the fundamental debates on institutional theory (by Scott, 1987; North, 1993; Hodgson, 2006), stakeholder theory (by Freeman, 1984; Carroll & Nasi, 1997) and community engagement theory (by Arnstein, 1969; Rogers & Robinson, 2004; Burns et al, 2004) that helped to frame the present research. The institutional theory is applied to examine the contextual and socio-cultural institutions in communities that influence company-community relations approaches in Nigeria. The stakeholder theory is deployed to examine stakeholder interactions that continue to model social responsibility practices in the NDR; and the community engagement theory is applied to examines how community's shared values inform community engagement strategies used by the oil MNCs in the NDR. A synergy of the three theories established the framework for the present research.

Chapter 4 is the research methodology and explains the rationale for the methodological considerations that informed the research process. It discusses the methods of data collection, involving a secondary research which included a literature review and an archival assessment of the three oil MNCs' organisational literature, and a primary research in the form of interviews with oil MNCs senior managers and local community representatives. The Chapter concludes by identifying qualitative content analysis as the technique for the data analysis.

Chapters 5- 8 are the discussion Chapters. Chapter 5 starts by contextualising each of the three oil MNCs – Eni SpA, Total SA and RD Shell - through an archival enquiry. The present researcher reviewed oil MNCs' memos, Gazettes, newsletters, CSR audit reports and publication archives to understand oil MNCs' different forms of relations with communities, and how their different methods of engagement were developed. These are then discussed based on the concepts identified and the theories already adopted.

Chapters 6, 7 and 8 focus specifically on discussions based on the three main themes identified in the present research – community engagement strategies, community relations approaches and social responsibility practices. Chapter 6 focuses on the community engagement strategies adopted by the three oil MNCs (using data from the interviews), as well as the implications of the strategies used. Chapter 7 critically evaluates the community relations approaches used within the Nigerian O&G industry; and Chapter 8 investigates the social responsibility practices adopted by the three oil MNCs and the impacts on company-community relations in the NDR. Chapters 6, 7 and 8 build on the synergy between the research aims and objectives stated in Chapter 1, the literature review in Chapters 2 and 3, and the in-depth interview outcomes, with the aim of making new contributions to theory and practice in company-community relations in a developing country such as Nigeria.

Chapter 9 deals with the conclusive summaries, research implications and recommendations. It summarises the previous Chapters, and then discusses the implications for scholarship and practice, of the present research; and finally recommends for further studies, new areas emerging from the present research but not within the scope and bounds of this thesis.

CHAPTER TWO

2.0

BUSINESS IN SOCIETY

This Chapter looks at the on-going debate on the role of business in society and focuses on the role of multinational companies (MNCs) in host communities of a developing country, such as Nigeria. The idea is to select from the literature certain views on the way relations between business and society should be, to protect the interests of both the business and its host community. The task is to review the literature in order to conceptualise these relations and then project it on the current realities in Nigeria between (oil) MNCs and local communities.

2.1 Business in Society: Interests and Expectations

As global business activities expanded the range of economic and social interactions around the world, there also increased an opportunity for conflict of interests between business and stakeholders (Brenner & Cochran, 1991; Breton & Pesqueux, 2006; Chang, 2008; Carroll & Buchholtz, 2009). As a result, responding to the demands of active stakeholders over issues of social responsibility of business has become integral to the way modern businesses operate (Carroll & Nasi, 1997; Yu, 2009). Ethical concerns and challenges from the socio-political dimension of business are increasing; hence, there is need for more strategic practical initiatives as well as academic expertise related to business-society interface (Carroll, 1989; Olsen, 2002; Philip, 2003; Idemudia & Ite, 2006; Boutilier, 2009).

Previous studies by proponents of the stakeholder idea have advocated a need for big businesses (e.g. multinational companies) to have a responsibility beyond their economic pursuits, to support the welfare of the society in which they operate and to keep and manage relations with its stakeholders (Freeman, 1984; Carroll, 1989; Buchholz & Rosenthal, 1997;

Hsieh, 2004; Breton & Pesqueux, 2006; Foo, 2007; Lee, 2008; Carroll & Buchholtz, 2009). While this is often society's expectation of the big businesses, critics have argued that there is need for society to reciprocate good gestures of well behaved businesses and to respect the basic rights of the business to exist as an economic entity as well as a corporate citizen within society (Hickson & Pugh, 1996; Hofstede, 1997; Getz & Volkema, 2001; Warhurst, 2001; McIntosh *et al*, 2003; Chang, 2008).

According to Chang (2008, p.91), "At the very fundamental level, as society would require business to be respectful of individuals' human and social rights, society is also required to be respectful of the idea of basic 'business rights', such as property rights, proprietary ownership, pursuit of economic incentives, freedom of contracts and free market activity". Hence, the agitation for 'reciprocity and mutual respect of values and interests' between business and stakeholders of the business is gaining impetus in business in society debates.

Research has shown that society's internally shared values produce interests that society expresses, the same way internally shared values within the business inform the interests and objectives that the business expresses (Lee, 1945; Smith, 2002; Breton & Pesqueux, 2006; Wynn & Burkinshaw, 2008; Boutilier, 2009; Kitchen, Siano & Palazzo, 2009; Adegbite & Nakajima, 2012). In Aristotle (2009⁴) and Wynn and Burkinshaw (2008), internally shared values were identified as the basis for the establishment of any group of people in society. Research has shown that the effect of internally shared values manifests in the expectations of stakeholders and how business and society communicate their interests (Breton & Pesqueux, 2006; Wynn & Burkinshaw, 2008; Chang, 2008; Ergene, 2008; Boutilier, 2009).

Authors have also argued that internally shared values, such as norms, practices, mutual interests, aspirations and expectations, etc. establish culture-based institutional frameworks in

⁴ The original Greek version was in 350 BCE. This is a translated work. See the bibliography for more details.

society (North, 1993; Aristotle, 2009; Wynn & Burkinshaw, 2008; Ergene, 2008; Kitchen, Siano & Palazzo, 2009; Chang, 2010), as well as in companies - as seen in corporate cultures and company behaviours, and as reflected in mission statements, core values, economic interests and expectations (Breton & Pesqueux, 2006; Boutilier, 2009; Adegbite & Nakajima, 2012). Hence, in a business-society relations society would expect business to respect its values, and vice versa. The implication, therefore, is that where the internally shared values held by one party are not accorded due respect by the other party, there is conflict of interests with potential consequence of a breakdown of relations.

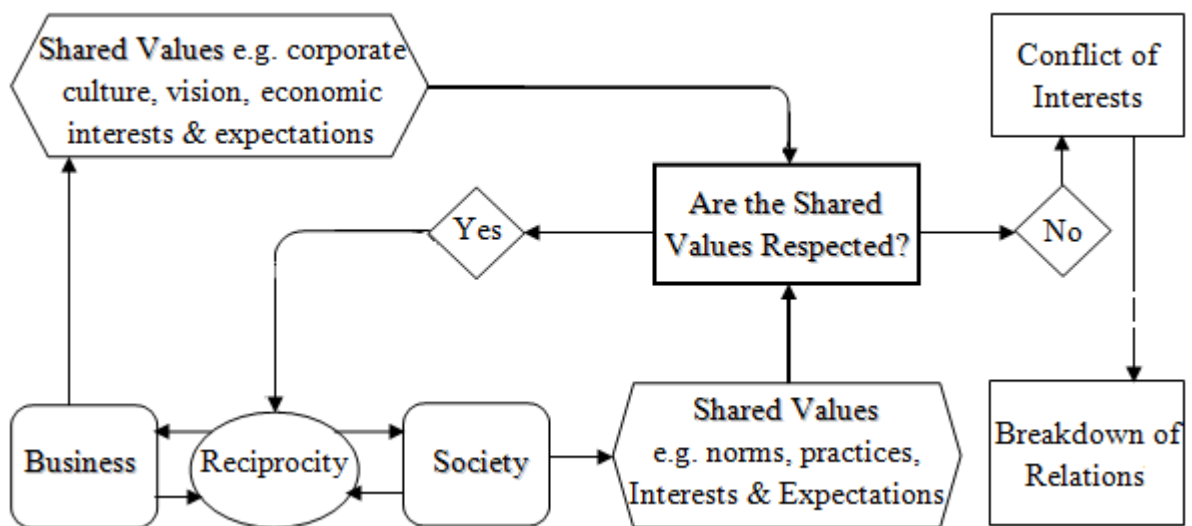


Figure 2.1 *Business-Society Reciprocity based on respected Shared Values*
Source: *The Present Research (2014)*

According to Gyves and O’Higgins (2008 p.208), ‘businesses act in certain ways not because of commercial interest but because society implicitly expects it of them’. In this sense, the business often perceives itself as an establishment where more value for stakeholders is demanded through social pressures and expectations by society (Breton & Pesqueux, 2006; Gyves & O’Higgins, 2008). Hence, businesses engage in social responsibility initiatives with the intent to demonstrate that their actions are legitimate and appropriate, and with the

expectation that society would acknowledge their good gestures and reciprocate by respecting the basic rights of the business (Hofstede, 1997; Gyves & O'Higgins, 2008).

As Chang (2008) pointed out, reciprocity is necessary for promoting fair and cooperative perspectives between business and society. The present researcher, therefore, contends that to achieve reciprocity in business-society relations, the interests of all parties should be communicated, acknowledged and respected. The end result of which would be, achieving effective company-community engagement. Hence, it is important that companies including multinational companies (MNCs), acknowledge the uniqueness of host communities and their values, and should use the understanding of locally shared values and communicated interests to manage community expectations.

2.1.1 Understanding the Uniqueness of Society in Company-Community Relations

Research has suggested that multinational companies behave differently in different communities where they operate (Hickson & Pugh, 1996; Hofstede, 1997; Nahapiet & Ghoshal, 1998; Getz & Volkema, 2001; Chang, 2008; Tapere, 2008). According to Nahapiet and Ghoshal (1998), the distinctive nature of every society would determine how companies should relate with stakeholders in that community. Research further suggests that patterns of stakeholder interactions (internal discourses) could offer insight to understanding how companies can engage with communities (North, 1993; Hofstede, 1997; Boutilier, 2009; Adegbite & Nakajima, 2012).

According to Hodgson (2006) and Boutilier (2009) shared values mould institutional frameworks in communities as well as in companies. Suffice it to say that people in a local community as well as employees in a company go through institutional socialisation - a social learning process (North, 1993; Scott, 2001; Hodgson, 2006). The institutional frameworks within society comprise mental models within human networks that form the informal

constraints, myths, customs, mindless conformity or patterns of behaviour which are passed down intergenerationally to provide the continuity that is called culture (see North, 1993). While shared values bind members of the same human network - like a local community or employees in a corporation (Boutilier, 2009; Chang, 2010), institutional frameworks model the norms of members of the same human network and define how they create meanings and allocate values (North, 1993; Hodgson, 2006; Boutilier, 2009; Adegbite & Nakajima, 2012).

Under the above circumstance, the role of stakeholders becomes instrumental, in the sense that their interactions help to communicate institutionalised norms, practices, values and interests of the community or human network that they represent (Carroll & Buchholtz, 2009; Boutilier, 2009). As a result, stakeholders are involved in communicating these values, interests and expectations (Freeman *et al*, 2007; Foo, 2007; Boutilier, 2009). Based on this premise, the present researcher contends that ‘internally shared values’, ‘institutional frameworks’ and ‘stakeholder interactions’ form the three key components in understanding the uniqueness of any human network (or community) for achieving effective stakeholder engagement in business-society relations.

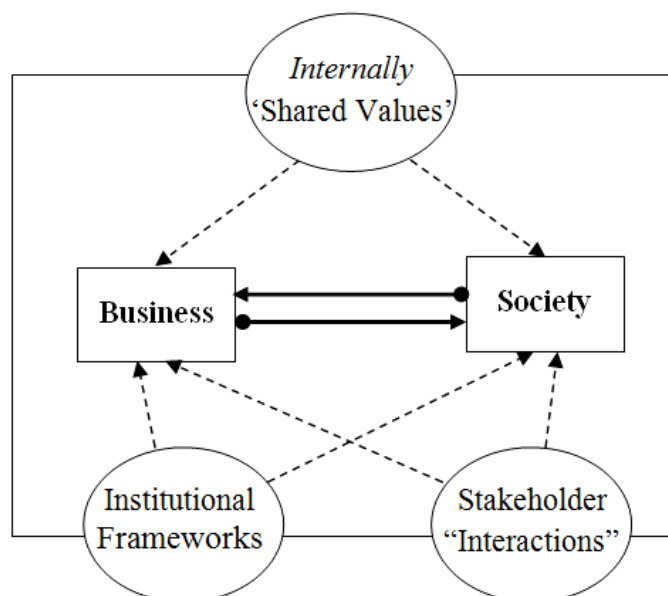


Figure 2.2: *Three Core Concepts in Company-Community Relations*
 Source: *The Present Research (2013)*

Figure 2.2 demonstrates the relations between business and society in terms of the institutional frameworks underpinning human networks, the interactions between stakeholders themselves, and the values that stakeholders share among themselves; and how all of these impact on the relations between business and society, especially in company-community relations. The above conclusion reinforces the argument that different communities view and interpret differently, shared social values such as; norms and practices, interests and expectations, the idea of trust, moral judgement and accountability, and how the social responsibility of business is interpreted (Hofstede, 1997; Boutilier, 2006; Kusnetsov & Kusnetsova, 2008; Chang, 2008).

In Western societies, for example, the idea of social responsibility of business tends to invoke expectations that corporations should cooperate with government, pay their taxes accurately, be fair with consumer prices, improve customer service experience, adhere to market regulations, support and feature in national and regional events, and more recently promote green⁵ initiatives (Brenner & Cochran, 1991; McIntosh *et al*, 2003; Boutilier, 2009; Lakin & Scheubel, 2010). The interests and expectations in Western societies are guided by Western (shared) values which are different from those of developing countries.

In the less developed countries (LDCs), in addition to job creation, MNCs are expected by host communities to deliver social projects as a form of corporate social responsibility (CSR) to society; which according to authors would propitiate active community stakeholders as well as boost MNC's reputation (Okafor, 2003; Idemudea, 2007; Zandvliet & Anderson, 2009). In the Nigerian Niger Delta region (NDR) for example, there is a locally shared belief which is socially constructed into the NDR-MNC narrative that CSR initiatives provided by the MNCs are not always sufficient, considering the environmental consequences of oil

⁵ Green activities here refers to sustainable activities that respect the present and future of the environment.

exploration and mining activities on local population and the oil wealth that is generated, and that more is needed to support socioeconomic initiatives in host communities (Okoko, 1996; Okafor, 2003; Ite, 2004; Idemudia, 2007; Ako, Obokoh & Okonmah, 2009; Eluka, Chukwu & Mba, 2013). This argument, therefore, reinforces the role of the CSR idea in the LDCs, and MNCs involvements in social projects in communities.

2.1.2 Corporate Social Responsibility and Multinational Companies' Involvement in Social Projects

The call for companies, including MNCs, to be involved in social projects that do not bring direct financial gains was expounded by exponents of the CSR idea. According to Moore (2014 p.2) "The modern CSR movement can be traced to Article 23 in the 1948 United Nations Universal Declaration of Human Rights, which called for the right of employment, favourable working conditions, equal pay for equal work and the right to join trade unions". The implication is that focus was extended to include the larger stakeholders of the business, hence setting the stage for the CSR idea. Though the investigation into CSR obligations began in the 1950s, there is still no universally agreed definition of CSR (see Musa *et al*, 2013).

Nevertheless, CSR is generally perceived to mean companies stretching beyond their traditional obligation of serving the sole economic interests of the shareholders while striving to abide by the law, to companies supporting and promoting social projects in host communities. According to Jane Nelson of the CSR Initiative at Harvard Kennedy School, 'Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance, and addresses how companies manage their economic, social, and environmental impacts, as well as their

relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community and the public policy realm' (Nelson, 2007).

Some authors, commentators and business leaders have offered opinions on CSR. According to Brusseau (2011) CSR is a generalised conception for any theory of the corporation that emphasises both the economic and social responsibilities. Brusseau (2011) argued that there are four components of the CSR obligations, namely; economic responsibility (Friedman, 1970), legal responsibility (Friedman, 1970, Norman & MacDonald, 2004), ethical responsibility (Freeman, 1984; Carroll, 1989) and philanthropic responsibility (Levy, 1999). These four components frame the modern CSR idea. As Brusseau (2011) puts it, CSR is a 'conception of that responsibility to profit while playing a role in broader questions of community welfare'.

The idea of CSR has been construed as playing instrumental role in company legitimacy. In a review of company legitimacy and CSR in Russia, for example, Kuznetsov and Kuznetsova (2008) pointed out that CSR provided the right platform for legitimising the activities of companies. Hence, under such circumstance CSR occurs as an act of legitimisation. Musa *et al* (2013) have argued that CSR embodies company's commitment to act in a moral sense and contribute to economic development while devoting attention to its host community. The present research supports the view that CSR reinforces the very intangible goals of the company. According to Kuznetsov and Kuznetsova (2008), CSR serves as a strategic function tied to more general organisational goals such as increasing profit or strengthening intangible assets, such as reputation or brand image.

Garriga and Mele (2004 p.65) in their paper on CSR identified four different tasks that CSR tries to address: "(i.) meeting objectives that produce long-term profits, (ii.) using business power in a responsible way, (iii.) integrating social demands, and (iv.) contributing to a good

society by doing what is ethically correct". It can be drawn from the above discussions, that the idea of CSR takes into account the interests of all stakeholders (i.e. the internal stakeholders including shareholders, management and staff; and the external stakeholders including communities, government, clients and the general public, etc.), as well as an obligation to the physical environment itself.

The present researcher, therefore, contends that the general notion of CSR is grounded in four main focus areas, which are; commitment to the success of the business, commitment to society and the environment, commitment to ethical *best* practice, and commitment to philanthropic activities (as in Freeman, 1984; Carroll, 1989; Levy, 1999; Norman & MacDonald, 2004; Garriga & Mele, 2004; Nelson, 2007; Kuznetsov & Kuznetsova, 2008; Brusseau, 2011; Musa *et al*, 2013; Moore, 2014). The present researcher further concludes that the idea of CSR is to recognise and respect stakeholders' values and interests, treat all stakeholders in an ethically responsible manner and preserve the present/future environment in the interests of all stakeholders.

Even so, it can be argued also that the way the CSR idea is perceived and interpreted is dependent on which perspective satisfies which audience. For example, companies including MNCs welcomed the CSR idea as a framework for addressing social concerns to placate demanding stakeholders, reinforce their legitimacy, boost their reputation and possibly increase profits as a result (Freeman, Velamuri & Moriarty, 2006; Ite, 2006; Kuznetsov & Kuznetsova, 2008; Musa *et al*, 2013); whereas governments welcomed the idea as a guiding principle that relegates some of their responsibilities to MNCs - as mostly evident in the LDCs (Ite, 2004; Blowfield & Frynas, 2005; Eweje, 2007; Idemudia, 2007; Markley, 2008). On the other hand the CSR idea was received by local communities and civil society as a rationalisation of the idea that companies owe a duty of support to society and the

surrounding environment (Freeman, 1984; Levy, 1999; Schwartz & Carroll, 2003; Ite, 2004; Blowfield & Frynas, 2005; Eweje, 2007; Idemudia, 2007).

Based on the above premises, it can be argued further that the CSR idea has perhaps been hijacked and socially constructed to serve the specific interests of various audiences and these interests vary from one stakeholder group to another. For example, the CSR idea helped strengthen the moral judgements of host communities in the Nigerian NDR in their demand for social projects from the MNCs (Ite, 2004; Blowfield & Frynas, 2005; Eweje, 2007; Idemudia, 2007; Musa *et al*, 2013). Therefore, CSR became instrumental for the justification of host communities' demand for MNC assisted community projects in the Nigerian NDR.

Another perspective of the argument for MNCs involvement in social projects in the LDCs holds that MNCs are obliged to commit to social projects in host communities for a number of reasons, in addition to the perspectives discussed above. According to Suchman (1995 p.574) efforts by MNCs to make their activities perceived as legitimate “may depend on the objectives against which these efforts are measured, which are (a) the distinction between pursuing continuity and pursuing credibility and (b) the distinction between seeking passive support and seeking active support”. This view by Suchman (1995) is supported by and grounded in the idea that companies should imbibe and exhibit legitimacy in their conducts.

Legitimacy reflects embeddedness in a system of institutionalised beliefs that affects not only how people act toward companies, but also how they understand them (Dimaggio & Powell, 1983; Meyer, 1994; Suchman, 1995; Kuznetsov & Kuznetsova, 2012). Suchman (1995 p.573) described company legitimacy as “the extent to which the array of established cultural accounts provides explanations for an organisation's existence”. This, highlights the perception by companies that it is important to demonstrate that their activities are legitimate and that their actions are responsible (Dimaggio & Powell, 1983; Hofstede, 1997).

Institutional theorists such as Meyer and Rowan (1991) and Suchman (1995) noted that companies that lack legitimacy in their activities are more vulnerable to claims that they are negligent and irrational or even vulnerable to claims that are unnecessary. In the case of MNCs in the Nigerian NDR, the question of legitimacy is heavily debated. Often oil MNCs have been accused of neglecting polluted farmlands and rivers, and the environmental impacts of their activities on local environments; and there are issues of irresponsible behaviours and lack of engagement with communities (Ebeku, 2001; Braide, 2003; Blowfield & Frynas, 2005; Eweje, 2007; Ako, Obokoh & Okonmah, 2009). Hence, the growing debate on MNCs' legitimacy in the NDR. During the fieldwork interviews, the present researcher discovered that Meyer and Rowan's (1991) and Suchman's (1995) suggestions of the consequences of lack of legitimacy, characterise the NDR-MNC narrative in Nigeria.

Authors in Nigeria suggest that another main cause of neglect in the NDR is a notion by some government officials that MNCs should carry out social projects in communities as part of their CSR commitment, which in turn has created the opportunity for corrupt officials to divert funds meant for these projects into private use (Ihonvbere, 1996; Ikpe, 2000; Ebeku, 2001; Braide, 2003; MBendi, 2005; Dennis, 2007). This claim was also confirmed during the fieldwork interviews. On the other hand, MNCs expected the government to implement community development projects (CDPs) after receiving taxes (Ite, 2004; Idemudia, 2007). The government's failure to actively implement CDPs has also contributed to the increased expectations on MNCs; with local communities turning to oil MNCs for community assisted projects (Okafor, 2003; Ite, 2004; Idemudia, 2007). As a result of the battle of various interests and expectations between MNCs and the government, often host communities are caught up in an 'interests-expectations crossroads'.

It can be argued that the above scenario is partly as a result of the endemic corruption impeding rural developments in the LDCs, and partly as a result of the weakness of the CSR

idea itself. Despite the fundamental ‘business in society’ issues which the CSR idea addresses (as mentioned above), CSR does not explicitly define where the responsibility of the company stops and where the responsibility of the government starts (Vogal, 2005; Markley, 2008). According to Markley (2008 p.7) “one of the crucial questions surrounding CSR is the degree of responsibility which it imposes on the company when it comes to stakeholder interests and the environment”. Companies, consequently, acquire the responsibility to manage an extensive range of ‘interests and expectations’ from different stakeholder groups. As a result, companies are caught up in the ‘interests-expectations crossroads’ as well, trying to balance the various interests and expectations of the affected stakeholders.

In an attempt to integrate the interests and expectations of the various stakeholders of the company into one framework, some academics have offered propositions. Two notable academics, Michael Porter and Mark Kramer proposed an integration of ‘business values’ and ‘societal values’ into a single strategy, in a concept they phrased ‘shared value’. (Note that the shared value as prescribed by Porter and Kramer [2006, 2011] is different from the ‘internally shared values’ as used in this thesis - which exist within a single culturally bonded group entity such as; a community, a company or an organisation).

Porter and Kramer (2011 p.1) in their own words argued that “The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates”. Their proposition was that to address the problem of ‘values differences’ between business and society, “the solution lies in the principle of shared value, which involves creating economic value in a way that creates value for society by addressing its needs and challenges” (Porter & Kramer, 2011 p.1). The description of the shared value concept by Porter and Kramer emphasised “the relevance of possible positive

contributions by businesses to society” but does not offer anything new as Porter and Kramer claimed, other than what the CSR idea is already offering (Beschoner, 2013 p.107).

A key argument of Porter and Kramer (2011 p.1) is that “companies must take the lead in bringing business and society back together”, as if companies do not have preoccupations other than just serve societal interests. Insisting that ‘companies must take the lead...’ goes far to undermine the *raison d’état* of the company (Markley, 2008; Beschoner, 2013). The present research disagrees with this notion and argues instead that companies should be involved in social responsibility initiatives out of moral necessity, to help address social concerns and at the same time placate demanding stakeholders, reinforce company legitimacy, boost reputation and consequently increase profits in the long-term.

Based on the above premise and the various perspectives discussed, it can be argued that the rationalisation of the demands by host communities that MNCs be involved in social projects as a form of contribution to society is not unfounded. According to Ebeku (2001) communities in the Nigerian NDR have a genuine moral case to demand ‘community assisted projects’ from the MNCs, considering that the MNCs’ activities directly and adversely affect them (see also Ikpe, 2000; Braide, 2003; MBendi, 2005; Dennis, 2007; Obi, 2009; Hamilton, 2011). The responsibility of MNCs to assist host communities is not because MNCs are willing to replace the government in creating socioeconomic values for society “but because they cannot any more do otherwise” (Breton & Pesqueux, 2006 p.24). Hence, in communities of the LDCs, MNCs have been institutionally socialised over time to concede that filling in the socioeconomic needs gap in society is also a way of demonstrating commitment to their social responsibilities in host communities.

2.2 Multinational Companies in Communities of a Less Developed Country

The very first priority of the company remains to serve the economic interests of the shareholders and that is the *raison d'être* of the company (Friedman, 1970; Norman & MacDonald, 2004; Mansell, 2015). In the pursuit of the economic interests, MNCs have sourced raw materials in markets with the cheapest costs and produced in countries levying the lowest taxes and have sold in markets with greater returns on investment, of which many countries that meet these criteria are the LDCs (see Ebeku, 2001; Breton & Pesqueux, 2006; Dunning & Lundan, 2008; Chang, 2010).

In the LDCs there are reported cases of tax avoidance by major MNCs, linked to corruption and favoured by a weak taxation system (BBC, 2008; Fawzi, 2011; Mansell, 2015). In Nigeria for example, in an industry investigation that exposed RD Shell and ExxonMobil, the BBC (2008 p.1) reported the Nigerian government of saying that “Royal Dutch Shell and ExxonMobil have not paid taxes and production sharing costs they owe on two offshore oil fields”. The RD Shell subsidiary that was directly involved, “Shell Nigeria Exploration and Production Company (Snepco), refused to comment while there were ongoing discussions between it and the government” (BBC, 2008 p.1). The news has it that the investigation was the largest independent investigation in the Nigerian oil and gas (O&G) industry so far.

According to Ahiakpor (1992) MNCs are often guilty of exploiting the local labour market in the LDCs, usually with minimal ethical considerations. In a situation of MNCs irresponsible behaviour, Breton and Presqueux (2006) have point out that MNCs, with no exception, operate under a legal contract that can be revoked if they failed to fulfil their part of the pact or ignored serious ethical concerns. In Nigeria for example, as a result of the systemic corruption in the administration of its oil based economy, Nigerian politicians have often sold

the idea to the public that agreements reached with MNCs serve the best interests of its citizens, hence should not be revoked (Ebeku, 2001; TMR08⁶, 2013).

Jain and Puri in their conceptual paper, '*Role of Multinational Corporations in Developing Countries: Policy Makers Views*', found that MNCs' activities in the LDCs have often been attacked by critics such as the news media, activists, academics and the general public. According to Jain and Puri (1981 p.57) "These attacks commonly focus on the economic, social and political ills caused by the multinational corporations in the developing host countries". On the other hand, the host government's interests and those of MNCs often tend to align to the extent that both sides, at any rate, usually think they will gain by a continuation of the status quo (Jain & Puri, 1981; Ahiakpor, 1992).

The above premise, therefore, implies that MNCs in the LDCs often have the notion that a good relations with the LDC's central government guarantees and protects their economic interests (Dennis, 2007; Dhir, 2007; Hamilton, 2011). The present researcher argues that this practice by MNCs is, instead, a major cause of conflict in company-community relations in the LDCs. As will be demonstrated in this thesis, the practice of nurturing relations with the LDCs' authorities, like in the case of Nigeria, with the hope that the authority would guarantee safety and smooth operation of the MNC's activities while ignoring the input of and engagement with host communities, is costing MNCs a fortune and a continuing clash of interests with community stakeholders. In Nigeria, this practice dates back to colonial times when colonial MNCs perceived local communities as barbaric, uncivilised and people they should not engage with but rather prefer to enter their communities through the support and backing of the Nigerian authority; and this later became a key cause of conflicts in the Nigerian NDR (see Ebeku, 2001; Dennis, 2007; Hamilton, 2011).

⁶ TMR08 is a code name for the 8th respondents among the Total SA manager respondents interviewed.

Chang (2008) warned over MNCs attempt to replicate tested Western business practices and models in the LDCs and argued that this practice has been counterproductive, suggesting that the different culture based institutions, stakeholder relations and value systems in those societies, are responsible. Therefore, a need to develop a new approach to meet stakeholder expectations, demands of the institutional frameworks and address internally shared values in these communities, is crucial. Because many of the MNCs originate from developed economies of the West, including the US, the UK, France, Germany and Italy, Ahiakpor (1992) has argued that for this reason, the MNCs have often been perceived by locals as neo-colonialists who constitute instruments for the imposition of Western values on the LDCs. In practice, this has only posed more challenges for some MNCs in the LDCs.

Despite challenges characteristic of the LDC environments, MNCs have continued to invest in the growing new market opportunities in the LDCs. Authors such as Ahiakpor (1992), Ebeku (2001); Hsieh (2004), Chang (2008, 2010), Doole and Lowe (2008) and Fawzi (2011) have identified reasons for it, which the present researcher summarised into three general categories, namely:

- Availability of raw materials and new investment opportunities (Doole & Lowe, 2008)
- Cheap labour and cheap production costs (Ahiakpor, 1992; Chang, 2010)
- Unstable government and a weak taxation system (Fawzi, 2011)

The above reasons are borne out of the desire to fulfil the economic responsibility of the business or what the present researcher refers to as ‘the pursuit of the economic interests’.

2.2.1 The Pursuit of the Economic Interests and MNCs’ Social Projects in the LDCs

Capital investment remains one of the principal needs of the LDCs. Those LDCs that opened their doors to the free market idea received capital. According to Ahiakpor (1992), those LDCs that are more resistant to the free market idea tend to have slower growths in their

economies. Furthermore, research shows that most LDCs are structurally unstable and are burdened by debts and unemployment; hence governments of these LDCs believe that the money injected into their economy through foreign direct investment (FDI) would lead to a more stable and prosperous economy (Hsieh, 2004; Breton & Pesqueux, 2006; Guyon, 2007).

The implication is that the volume of exports from the host LDC is expected to grow, their gross domestic product (GDP) would also reflect growth in the industries, and these changes are expected to attract more MNCs in key industries (Ahiakpor, 1992; Guyon, 2007; Dunning & Lundan, 2008; Doole & Lowe, 2008). Thus, governments of the LDCs are more willing to change their investment regulations and environmental restrictions, if it means continued investments by MNCs (Ahiakpor, 1992; Guyon, 2007). Some countries have had to gradually broaden their culture-based institutional values to reflect internationally and generally accepted views and values (Starck & Kruckeberg, 2003; Collingsworth, 2006; Chang, 2010). The reduction in trade restrictions and increase in cross-border investment opportunities provided by struggling LDCs, created more investment alternatives for MNCs.

As a result of MNCs' expansion into the LDCs, new technology, skills and innovation are brought into the LDCs which in turn facilitate positive improvements in local production of goods and services as well as in information technology (Guyon, 2007). Despite many reports of MNCs' social irresponsible behaviours in the LDCs, it is important to emphasise some benefits for the LDCs, including Nigeria. According to Ite (2004) and Idemudia (2007), MNCs serve as agents of rural development in the LDCs as well as help to create jobs for local people and patronise the services of local businesses. Authors have also argued that in the process of MNCs' operations in the LDCs, access roads were constructed and other infrastructures like electrification and water supply projects were built to facilitate MNCs' activities to meet their own economic objectives, which when translated in social terms,

benefit local population (Okoko, 1996; Okafor, 2003; Idemudia & Ite, 2006; Ako, Obokoh & Okonmah, 2009; Eluka, Chukwu & Mba, 2013).

That being said, confirming Friedman (1970 p.5) that “it may well be in the long run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving its government”; and Friedman concluded that the very main responsibility of the business is “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” (p.17). This assertion by Friedman implies that businesses including MNCs would act socially responsible when their valued economic interest is at stake or when doing so placates stakeholders and/or boost their reputation. For example, according to authors in Nigeria, to achieve the economic objectives, MNCs have had to rely on creating community development projects in order to show they are socially sensitive; hence boost their reputation and acceptability rating in host communities (Okoko, 1996; Okafor, 2003; Idemudia, 2007; Ako, Obokoh & Okonmah, 2009; Eluka, Chukwu & Mba, 2013).

As argued by Ahiakpor (1992), even as MNCs are motivated primarily by their economic objectives, the morality of their activities in improving the material lives of local people in the LDCs should not be obscured through wrong perceptions. It should also be noted that whichever way MNCs contributed to local population in the LDCs - either through meeting their own economic interests or additionally getting involved in CSR initiatives, depends on how stakeholder interactions in individual LDC rationalise the institutionalised socioeconomic expectations and their internally shared values in the light of the MNCs’ economic interests and social responsibility, as will be seen in the case of Nigeria and the oil MNCs.

2.3 NIGERIA AND OIL MULTINATIONAL COMPANIES

In this section of the Chapter, the present researcher will project the ideas discussed in previous section on the realities of the Nigerian context and communities in the Niger Delta region (NDR). While that is the case, it is necessary to understand the contextual circumstances surrounding the Nigerian case and communities in the NDR.

2.3.1 The Nigerian Political and Economic Contexts

The history of the geographic entity called Nigeria, has hitherto been the history of oil. Thus, the interplay between the Nigerian political and economic contexts is mainly determined by factors associated with oil and MNCs (Ake, 1992; Ebeku, 2001; Dhir, 2007; Ako, Obokoh & Okonmah, 2009). Since independence from Great Britain in 1960, Nigeria has experienced different forms of leadership and economic structures, most of which were under military regimes (Dhir, 2007; Ebeku, 2001).

The military were corrupt (Ikpe, 2000; Ihonvbere, 1996) and failed to diversify the economy away from its overdependence on oil and gas (O&G) resources, which provides 95% of foreign exchange earnings and about 80% of budgetary revenues (CIA, 2010; Dhir, 2007; Okafor, 2003; Ebeku, 2001). Sixteen years after the end of the military regimes in 1999, corruption remained a major setback in Nigeria and its O&G economy.

Authors believe that the corrupt ex-military generals are still very active in Nigerian politics. For example, Ihonvbere (1996) and Ikpe (2000) have argued that the years of military regimes helped to institutionalise a system of kleptocracy⁷ in the Nigerian political and economic spheres. Because self-interest dominated the Nigerian leadership, much of community related responsibilities in the NDR was often abandoned, thereby increasing host community

⁷ Kleptocracy is a system of government where the leaders abuse their political offices by stealing from their country's treasury.

expectations placed on oil MNCs. Often, some officials in respective government agencies relied on MNCs to use CSR to support community development in host communities (Ite, 2004; Eweje, 2007; Idemudia, 2007). According to Ihonvbere (1996) the institutionalised corrupt practices continued to influence the regulation and management of the Nigerian O&G industry, and the relations between oil MNCs and communities.

2.3.2 The Nigerian Oil and Gas Industry and the Battle of Interests and Expectations

The present researcher subscribes to the view that activities that led to the Nigerian O&G industry started in 1903⁸ (Steyn, 2006; Obasi, 2003) as against 1906 as reported by Frynas (2000). (See Appendix 3 for a detailed evolution of the Nigerian O&G economy).

Since the start of the industry and the subsequent promulgation of the Nigerian National Petroleum Corporation (NNPC) as the apex industry regulator, the industry is dominated by a group of five dominant players, referred to by the present researcher as “The G5”.

The G5 is made up of Shell D’Arcy (Royal-Dutch Shell), Safrap (now Total SA) and Agip (Eni SpA) - all of which are Western European companies⁹; also included are Amoseas (now Chevron) and Mobil (ExxonMobil) - both of which are American companies. These MNCs are involved in O&G exploration and mining activities and the distribution and marketing of the products (NNPC, 2010). There are other smaller players who are either service providers to the G5 or trading companies in the O&G industry (see Appendix 3). The G5 operate onshore and coastal offshore areas of the NDR (Ebeku, 2001; Olsen, 2002; Dhir, 2007).

In the pursuit of the economic interests (as discussed in subsection 2.2.1), the G5 have been accused by host communities and critics, of collaborating with the Nigerian government to

⁸ There has been a popular belief that the Nigerian O&G industry started in 1906 with a German company - the Nigerian Bitumen Corporation (Frynas, 2000). However, history revealed it was actually a British company registered in London (Obasi, 2003), and that the O&G industry started with the registration of two companies in Nigeria in 1903 (Obasi, 2003; Steyn, 2006). See also Appendix 3.

⁹ RD Shell is a British/Dutch company, Total SA is a French company, and Eni SpA is an Italian company.

perpetuate corruption in the industry, evade taxes, ignore their social responsibilities and collaborated in impoverishing local population in the affected oil rich NDR (Ahiapkor, 1992; Ebeku, 2001; Braide, 2003; MBendi, 2005; Dennis, 2007; Obi, 2009; Okigbo, 2012).

Some Nigerian academics suggested that members of the G5 are involved in some coalition activities to support the interests of its members within the industry (Ake, 1989; Ahiapkor, 1992; Ibeanu, 1997; Ebeku, 2001; Braide, 2003; Dennis, 2007; Eweje, 2007). According to this school of thought, this alliance of the G5 is demonstrated by the formation of a unified political lobbying wing by the group, called, PENGASSAN (Petroleum and Natural Gas Senior Staff Association of Nigeria) to protect the interests of the G5 in Abuja, the Nigerian federal capital.

Whereas the G5 adopted an alliance approach to protect their shared interests, it can be argued that such move was necessitated by the very circumstances in which the G5 operate. Because the G5 operate in the same environment, are faced with the same type of situations and deal with the same type of stakeholders, it is natural that members would interact with other industry members to form a ‘community of companies’ based on shared experience and very similar economic interests (see Smith, 2002; Ergene, 2008; Wynn & Burkinshaw, 2008).

And so, while the idea of a lobbying group to protect the ‘shared interests’ of the G5 may not be inappropriate, when such a group is perceived as an industry cartel, then the intention becomes scrutinised. Critics have cited as an example, the rise to power of the Minister for Petroleum Resources¹⁰, who was an executive director in RD Shell just before switching to politics. There is a notion by critics and the local media that the minister’s appointment was orchestrated by RD Shell and the G5 to protect the interests of the group in government - an

¹⁰ Diezani Alison-Madueke was the minister for petroleum resources at the time of the research and was later interrogated by the Police for her involvement in fraud related offences and mismanagement of the industry.

allegation the minister and the G5 denied (Salem, 2013; Tarpel, 2013; Sahara Reporters, 2013).

Just like the G5, the role of the Nigerian government as a major stakeholder in the O&G debate has been questioned by critics (Ake, 1989; Ahiapkor, 1992; Ibeanu, 1997; Ebeku, 2001) and there have been allegations of corruption in what can be described as ‘the pursuit of the government’s own interests’ - which are both ‘economic and political’ and driven by the self-interest of the oligarchs (Ibeanu, 1997; Ebeku, 2001; Braide, 2003; Dennis, 2007; Dhir, 2007; EIA, 2009; Obi, 2009; Okigbo, 2012). Often, due to the institutionalised corrupt practices in the Nigerian leadership, the NNPC which has refining responsibility would lack the ability to refine the crude oil and would have to export the raw product for refining and then imported back at an inflated cost (EIA, 2009). According to Ebeku (2001) this is systematically structured to benefit the ‘economic interests’ of the Nigerian oligarchs.

In February 2009, the Energy Information Administration (EIA) revealed that only one of the four refineries was operational and running below capacity. As a result, a country endowed with oil and gas currently imports about 85% of the refined products (EIA, 2009). The present researcher, through the fieldwork, found that problems in the refining operation have been attributed to corruption, poor maintenance and theft (SMR01¹¹, 2013; EMR05¹², 2013; *see also* Braide, 2003; EIA, 2009).

It has been reported that since 2003, the government has considered privatising the refineries (Dennis, 2007). As a result of the privatisation question, two schools of thought emerged, with one school concerned that the state would lose its grip on the economy to a small group of elites, most of whom are ex-army generals and top business moguls (Braide, 2003; Dennis, 2007). On the other hand, another school of thought contends that full privatisation of the

¹¹ SMR01 is a manager (interview respondent) in RD Shell in the GMoU department at the time.

¹² EMR is a manager (interview respondent) in Eni SpA in the community relations department at the time.

refineries is the most preferred solution, claiming because the government failed to manage the refineries. At the time of the present research, debate was on-going as to which option is best for the industry with regards to shareholding and efficiency.

Literature and the news media have identified underlying issues relating to the privatisation question and the problems in the oil region. Dhir (2007) in his conceptual paper, '*Stakeholder Activism through Non-violence*' identified two major causes of deprivation and poverty in the Nigerian oil communities, owing to the way the O&G industry is managed. According to Dhir, one is the forced seizure of communal oil lands by the Nigerian government; and the other involves environmental responsibility issues which he described as oil MNCs' continuous abandonment of polluted adjoining lands, creeks and rivers on which local people depend on to survive (also MBendi, 2005). Dhir's findings, therefore, corroborate the idea of 'the pursuit of the economic interests' on the parts of the government and the oil MNCs, as demonstrated in the seizure of communal lands by the government; and the exploitation, pollution and neglect of host community surrounding environments by the MNCs.

From a legislative perspective, Ebeku (2001) expounded on the land property rights, pointing out that the origin of deprivation and poverty in the oil region started with the *Petroleum Act of 1969* and the *Land Use Act of 1978*¹³, enacted by the then military regime, which automatically transferred ownership of any land with mineral resources over to the federal government. The *Petroleum Act* gives oil mining rights to the G5 and gives the Nigerian government rights to receive rents and royalties from the G5 (see Ebeku, 2001). This practice of the government automatically owning any land with mineral resources is highly contended by people in the oil region who feel their interests and circumstance are not being considered in the distribution of

¹³ Traditionally, there is a communal land tenure system in local communities in Nigeria. Despite the Land Use Act enacted by the military regime in 1978 that says all lands belong to the government, the communal land tenure system is still very strong in Nigeria, as lands were owned by families, clans and communities before the coming of the Western colonialists.

the oil wealth which came from their community soil (Ake, 1989; Ebeku, 2001; Braide, 2003; Dennis, 2007; Ako, Obokoh & Okonmah, 2009; Okigbo, 2012).

Communities in the NDR, that are caught up in the ‘interests-expectations crossroads’ between the G5 and the Nigerian government, resented the fact that their own interests have been left out of the debate. This has led to the growing uprising and the rise of local militias in the oil region (Okigbo, 2012). The NDR communities have demanded a fair share of the oil gains, job opportunities and community assisted projects (Adegbite, Amaeshi & Amao, 2011; Ite, 2004; Idemudia, 2007; Hamilton, 2011) and all of which are ‘socioeconomic interests’.

It can be summarised from the above discussions that the interests of the G5 are predominantly ‘*economic interests*’ and the interests of the political leadership has been ‘*politico-economic interests*’, whereas the interests of host communities represent ‘*socioeconomic interests*’. Also, it has been argued that the shared values and interests of the three main stakeholders in the O&G debate inform the expectations that each has of the other stakeholders (section 2.1). Hence, interests and expectations are at the core of the Nigerian O&G debate.

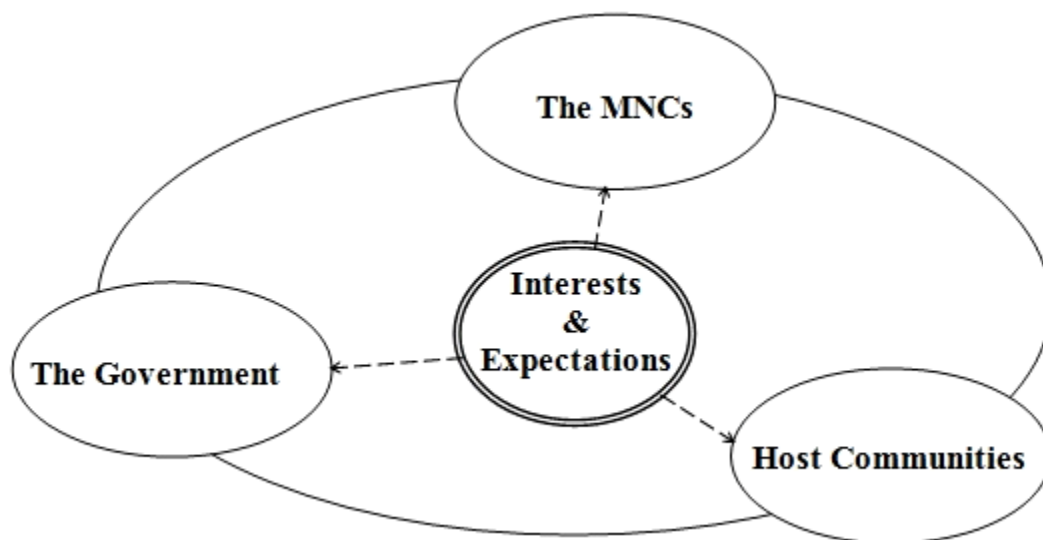


Figure 2.3: *Main Industry stakeholders in the battle for the balance of interests and expectations*

Source: *The Present Research (2013)*

Based on the above premise, it can be established that the main stakeholder groups in the Nigerian O&G debate are the government, the G5 and the NDR communities, who are constantly engaged in ‘the battle for the balance of interests and expectations’.

The present researcher, during the fieldwork in Nigeria, found that people from the NDR were constantly lobbying for a Petroleum Industry Bill (PIB) to be passed into law - a bill that is intended to address government’s extent of ownership of oil lands and what percentage of oil revenue to allocate towards the development of communities in the oil region (ECR05¹⁴, 2013; ECR08¹⁵, 2013). It is believed by residents in the NDR that an overhaul of the industry is needed, as enshrined in the pending PIB which would bring a new hope to host communities (ECR05¹⁶, 2013).

Some National Assembly members who opposed the PIB see it as a controversial instrument for the regulation of the industry. For example, the dominant Northern politicians feel threatened that the bill will allocate more oil revenue to the South (Okigbo, 2012). Similarly, the G5 - which is another major stakeholder group, has criticised the bill for raising the royalty and taxes they currently pay and breaching existing contracts (Orogun, 2014; NNPC, 2015). However, industry observers and academics such as Obi (2009) and Okigbo (2012) believe that the most debated PIB will address the various interests of stakeholders and resolve most of the problems in the industry as well as meet the expectations of the neglected communities in the affected oil region.

The above discussions imply that each stakeholder group represents an interest, based on the internally shared values its members uphold and the expectations that they have. It follows that each of the stakeholder groups in the O&G debate does not share exactly the same interests as any other main stakeholder group in the debate. Therefore, Porter and Kramer’s

¹⁴ ECR05 is a community respondent in Eni host community, a graduate of Economics who was interviewed.

¹⁵ ECR08 is a community respondent in Eni SpA host community who is a critic of the Nigerian O&G industry.

¹⁶ ECR05 is a community respondent in Eni host community, a graduate of Economics who was interviewed.

(2011) idea of shared values among distinct groups, does not prove to be consistent with the current stakeholder groups in the Nigerian O&G debate.

The battle for the balance of interests and expectations is an expression of value optimisation (e.g. Freeman *et al*, 2007; Foo, 2007). Hence, the role of members of each stakeholder group is to communicate their own institutionalised beliefs and internally shared values that they represent in the Nigerian O&G debate. As argued in previous sections, whereas shared values produce interests and expectations that bind members of the same human network or stakeholder group (Freeman *et al*, 2007; Foo, 2007; Aristotle, 2009; Boutilier, 2009), institutional frameworks model the way members of the same stakeholder group create meanings of their environment and allocate what has value to them (North, 1993; Hodgson, 2006; Adegbite & Nakajima, 2012) - as seen in the above discussion.

2.3.3 The NDR and How Institutional frameworks Modelled Value Creation among the Stakeholders

The Niger Delta region (NDR) is officially¹⁷ made up of nine federal states namely; Rivers, Bayelsa, Delta, Edo, Cross-Rivers, Akwa-Ibom, Ondo, Imo and Abia, with the first six being the most endowed with O&G resources (NNPC, 2010). (See more detailed discussion on the NDR communities in Appendix 3). Until 1976, Nigeria was governed along the line of regional ethnic groups¹⁸ and the NDR 6 states were under one ethnic group earlier called Southern Nigeria before it became known as the NDR (Ake, 1989; Ebeku, 2001). Nigerian political historians have it that the model for the ethnic grouping was based on shared cultural heritage, history and value system; and the same pattern of institutionalised practices, norms and value creation prevailed among members of the NDR large ethnic group (Ake, 1989; Ahiakpor, 1992; Ebeku, 2001).

¹⁷ Some commentators had argued that the NDR includes only the major oil producing States of - Rivers, Bayelsa, Delta, Edo, Cross-River and Akwa-Ibom States. The argument was that since Ondo State (in South-West), Imo State and Abia State (both in South-East) are not part of South-South Nigeria, and do not produce as much oil as the first six States, therefore they were initially excluded from the NDR.

¹⁸ There are three main regional ethnic groups in Nigeria, namely; the Igbo, Yoruba and Housa ethnic groups.

The present researcher found during the fieldwork that the traditional administrative structures of the regional ethnic groups still exist alongside the official Federal-State-Local levels of government, and are still overseen by traditional chiefs, sometimes local monarchs, who are custodians of local traditions and customs and maintain the institutional framework of local communities in the NDR (ECR02¹⁹, 2013; SCR04²⁰, 2013; TCR02²¹, 2013).

In essence, main oil communities in the NDR include sub-ethnic groups such as the Ijaw-Izon, Itsekiri, Urhobo, Isoko, Igbos, Ogba-Egi, Ogoni, Bonny, Efik, Ibibio, Edo-Esan communities, etc. (NDDC, 2012) (see the map in Appendix 3). Some of these sub-ethnic groups cut across federal states but within the NDR. For example, the Ijaw-Izon sub-ethnic group cuts across Bayelsa, Rivers and Delta States.

As learned through the fieldwork, the traditional chiefs and monarchs play important roles in managing relations between host communities and MNCs, and with other stakeholders (e.g. the government). The Nigerian legislative structure also allocates value to the framework that supports the local administrative systems based on local traditions, beliefs and customs - adjudicated by the customary justice system (Ebeku, 2001; Okafor, 2003). It is also interesting to note that in British colonial Nigeria, the colonialists were able to govern local people through local traditional chiefs and monarchs (who local people have respect for), in an approach popularly called the '*Indirect Rule System*'. (The Indirect Rule was a system of administration and control of local people through their respected rulers. It was an approach developed and applied by the then British Lord Fredrick Lugard in the early 1900s in Nigeria).

¹⁹ ECR02 - Eni's community respondent, a community elder at the time.

²⁰ SCR04 - Shell's community respondent, a community leader at the time.

²¹ TCR02 - Total's community respondent, a local youth leader at the time.

It can be argued that the social structure and patterns of ‘culture-based institutions’ that exist within the Nigerian traditional society made it possible for the British colonialists to pass-on instructions and collect taxes through traditional rulers and monarchs who were in turn rewarded for doing so by the colonialists (Obi, 2009; Hamilton, 2011). As a result, when oil MNCs started entering Nigeria, the same pattern of relations and communication with local communities was adopted (Jahansoozi, Eyita & Izidor, 2012). According to Jahansoozi, Eyita and Izidor (2012), in the beginning of the relations between oil MNCs and host communities, the *Indirect Rule* approached worked for the oil MNCs.

What the above premise suggests is that the culture-based institutional frameworks typical of the Nigerian society helped to create a notion among the G5 that stakeholder value can be created by engaging local chiefs and monarchs without necessarily engaging a larger stakeholder group within host communities. Not being able to understand the traditional institutional frameworks of communities could pose a major challenge for any company, in building stronger relations and engagement with its host communities, as in the NDR case.

2.4 Stakeholder Composition and the Rise of the Community Stakeholder Group

Until the late 1980s two main stakeholder groups, namely - the G5 and the Nigerian government - dominated the O&G debate; and by the early 1990s the rise of new elites within host communities took a new turn and challenged the norms by which oil MNCs approached relations with communities (Obi, 2009; Hamilton, 2011). Among the new elites, were few educated individuals from oil communities who had travelled overseas to study; and the second set of local elites were few indigenous entrepreneurs who had acquired some economic power locally. These new elites shared the same interests and expectations, and decided that life in their communities was not any better despite the presence of oil (Hamilton, 2011). Therefore, they questioned the way oil MNCs conducted relations with

communities, and it emerged that financial compensations paid to oil communities through local rulers were not only inadequate but were also creating a new and dangerous phenomenon in oil communities - a phenomenon of inter- and intra-community conflicts (Obi, 2009; Hamilton, 2011).

The sharing of compensation money among community members was turning many communities into battlegrounds (Turner & Oshare, 1994). For example, community leaders were accused of embezzlement while the oil landlord families²² on whose lands oil facilities are positioned, demanded the lion's share of the compensation (Hamilton, 2011). Similarly, the unemployed youths felt they should benefit from oil MNCs in their communities. The crises as a result of oil MNCs not meeting these expectations, led to the defying of the old structure and pattern of company-community relations that existed. The attempt to communicate community's interests and expectations by community members also triggered local political activism and pressure group formations in the NDR (see Okafor, 2003).

In 1990 when the tensed relations reached its peak between Umuechem community in Rivers State and RD Shell, there was for the first time oil related bloodshed in Nigeria. According to the Human Rights Watch (HRW, 1999), Umuechem community had planned a peaceful protest to demand for Shell's support in rural electrification, water supply and some compensations for environmental damages. RD Shell, through the Nigerian government, invited the paramilitary police; as a result many local people lost their lives in the incidence. In 1993 (three years later), a repeat of community massacre happened in Ogoni, but this time involved the killing of nine human rights activists from the Ogoni oil community, causing a huge global outcry of what was going on in the Nigerian NDR. As quoted by Hamilton (2011

²² Traditionally, there is a communal land tenure system in Nigeria local communities. Despite Land Use Act enacted by the military regime in 1978 that says all lands belong to the government, the communal land tenure system is still very strong in Nigeria, as lands were owned by families, clans and communities before the coming of the Western colonialists.

p.15), “What the Umuechem conflict did not gain in national and global publicity, the Ogoni uprising of 1993 in Rivers State adequately covered”.

Since the early 1990s oil related community protests and conflicts have continued, and one attitude of the government has continued to repeat itself - which is, taking sides with oil MNCs (Turner & Oshare, 1994; Ibeanu, 1997; Ebeku, 2001; Dhir, 2007; Obi, 2009). Host communities continue to endure the attitude of the government towards their plight (Hamilton, 2011). The NDR protests have not only been against the G5 but also against the Nigerian government that collaborated in the system of exploitation and corruption in the management of the Nigerian O&G economy (Dhir, 2007).

Whenever there is community protest, members of the G5 would try to calm the situation by doling out cash compensations to community rulers and the most outspoken individuals in communities, which often infuriated community members (Turner & Oshare, 1994). Okoko (1996) cited in Hamilton (2011, p.6) pointed out that oil communities see community development projects (CDPs) from MNCs as their right and the moral duty of oil MNCs to provide them. Thus, oil communities have resorted to confronting oil MNCs to provide social amenities and employ educated youths. As identified by Hamilton (2011, p.14) ‘the more oil MNCs dished out compensation, particularly in direct cash, the more the communities boiled’. Compensation in direct cash gradually increased community dependence on oil MNCs; and some community members resented this, while others benefited from it.

Critics such as Ake (1992), Ibeanu (1997), Ebeku (2001) Dhir (2007) Obi (2009) and Hamilton (2011) believe that there is an unequal distribution of the country’s oil revenues among the population. For example the belief among community members that the oil wealth from the NDR is used to execute projects in some other parts of the country, has continued to annoy community members. According to Hamilton (2011) it is not a secret that the

government exploits communities by using oil revenues from the NDR to build new cities elsewhere while the communities that bear the real impact of oil exploration have continued to live below the poverty line. One most cited case is the controversial building of the new megacity of Abuja in North-central Nigeria followed by the movement of the federal capital from Lagos in the Southwest to Abuja. These are viewed by the NDR communities as the unjustifiable use of oil wealth from the South (Dhir, 2007; Hamilton, 2011).

It is interesting to note that while these interests have been expressed by community stakeholders, the G5 and officials representing the government have continued to pursue their own interests. As discussed above, the main interests shared by the G5 members are predominantly ‘economic interests’ and the interests of officials in Nigerian government offices highlight one that is self-centred and based on ‘politico-economic interests’. To this end, these have not presented the necessary platform for dialogue on the ‘socioeconomic interests’ and expectations of host communities in the NDR.

As argued in previous sections, internally shared values inform the interests and expectations that a stakeholder group has. There is, therefore, need for ‘the balance of interests and expectations’ among the main stakeholder groups. Authors and industry observers such as Obi (2009), Okigbo (2012), Orogun (2014) and NNPC (2015) suggest that this can be achieved through a representative consultation of the various stakeholder interests and expectations, which are already enshrined in the pending PIB. Thus, it is widely believed by authors and the PIB exponents that an industry regulatory instrument such as the pending PIB, takes into account the interests and expectations of the stakeholder groups in the debate, as well as provide the platform for managing these interests and expectations effectively.

2.5 Summary

The Chapter argued that businesses undertake social responsibility initiatives outside of their economic goals, largely because of society's expectations (Breton & Pesqueux, 2006; Gyves & O'Higgins, 2008). The Chapter agrees with Freeman (1984) that businesses should have a responsibility to society, but questioned what responsibility society has to businesses in reciprocation. By invoking Chang (2008) and Gyves and O'Higgins (2008), it was argued that so far as society expects businesses to be pro-society promoting social developments, society in return should be pro-business supporting basic business rights and a favourable environment for businesses. The present researcher, therefore, concluded that to achieve reciprocity in business-society relations, the interests of all stakeholders should be communicated, acknowledged and respected.

The Chapter then explored the effect of culture-based institutions on human networks (community or company) and how they help in value creation. It was argued that while 'internally shared values' produce 'interests and expectations' that bind members of the same human network, 'institutional frameworks' model the norms and practices of members of the same human network and define how stakeholders create and allocate values (North, 1993; Hodgson, 2006), in which case the role of stakeholders is to communicate their unique values, interests and expectations (Foo, 2007). Therefore, the present researcher argued that 'internally shared values', 'institutional frameworks' and 'stakeholder interactions' form the three key components in understanding and modelling how companies can engage with community to achieve a successful company-community relations.

A review of the stakeholder composition in the Nigerian O&G debate showed that the three stakeholder groups - the G5, the government and host communities, are constantly engaged in the 'battle for the balance of interests and expectations'. The G5's interests were predominantly 'economic interests' and the interests expressed by the government officials

were 'politico-economic interests', whereas those of host communities represented 'socioeconomic interests'. It was then argued that the interests held by each stakeholder group inform the expectations it has of other stakeholders; therefore, to meet stakeholders' expectations would mean to identify what interests each stakeholder group is communicating.

The above concepts were further applied to the Nigerian case in the NDR communities, and it was discussed that culture-based institutional frameworks model value creation within social groups (North, 1993). It emerged that the Nigerian legislative system allocates value to local 'institutional frameworks' based on local customs and traditions of respect for community leaders, which allowed the colonialists to rule the locals using an *Indirect Rule* approach - an approach that was later adopted and applied by the G5 when they commenced operations in Nigeria (Ebeku, 2001; Jahansoozi, Eyita & Izidor, 2012). The implication was that the institutional framework typical of the Nigerian society helped to create a notion among the G5 that stakeholder value can be created by engaging only the community rulers instead of a larger community representation. Therefore, the present researcher argued that the MNCs' lack of understanding of the traditional institutional frameworks proved a wrong approach by MNCs in the Nigerian NDR.

As a result of lack of proper engagement, the rise of new elites in the NDR challenged the way the G5 conducted relations with communities (Hamilton, 2011). Literature suggest that the decision-making practices and the corruption in government are antecedents to the problems in the NDR. Two laws - the *Petroleum Act of 1969* and the *Land Use Act of 1978*, were examined by the present researcher to identify the legal framework underpinning O&G mining activities in Nigeria. In the literature, Ebeku (2001) described the two laws as the origins of deprivation and poverty in the NDR. As discussed earlier, the G5 and the government have their various interests. However, these interests have not favoured the

necessary platform for dialogue on the ‘socioeconomic interests’ and expectations of host communities.

The present researcher, then recommended that a representative consultation of the ‘interests and expectations’ of the various stakeholder groups in the debate is needed to address the ‘conflict of interests’ between MNCs and host communities. The Chapter concluded that the pending PIB will consolidate the missing links between the expressed interests of the NDR communities and the expectations they have, as well as provide the platform for managing the interests and expectations of the other stakeholder groups.

To this point, the Chapter reviewed literature on the way relations between business and society should be to protect the interests of both, as well as developed conceptual ideas which were then projected on the realities of the Nigeria context. The next Chapter will focus on developing a theoretical framework to corroborate and associate the concepts identified in the literature.

CHAPTER THREE

3.0 DEVELOPMENT OF THE THEORETICAL FRAMEWORK

3.1 Introduction

This Chapter focuses on developing a theoretical framework to corroborate and associate the concepts identified in the previous Chapter.

Literature suggest that modern theories such as institutional theory, stakeholder theory and community engagement theory, could offer new insights into relational issues between MNCs and host communities. Hence, the present researcher reviewed the fundamental debates on institutional theory (by Scott, 1987; North, 1993; Hodgson, 2006), stakeholder theory (by Freeman, 1984; Carroll & Nasi, 1997) and community engagement theory (by Arnstein, 1969; Rogers & Robinson, 2004; Burns et al, 2004) to help frame the present research.

The institutional theory was applied to examine the context and culture-based institutions that influence community relations approaches used by Eni SpA, Total SA and RD Shell in Nigeria. The stakeholder theory was used to examine stakeholder interactions that continue to model oil MNCs' social responsibility practices in Nigeria; and the community engagement theory was applied to examine how the understanding of internally shared values could inform community engagement strategies used by oil MNCs in Nigerian communities. A synergy of the three theories established the framework for the present research.

3.1.1 The Theoretical Framework

In this section, the present researcher discusses the theories used to interpret data from the field. As mentioned in the research aims and objectives in Chapter 1, it is an objective of the present research to develop a theoretical framework for understanding the contextual environment in which Eni SpA, Total SA and RD Shell operate in Nigeria. The applicability and explanatory potentials of the chosen three theories are tested in the Nigerian context, and

used in the discussion Chapters (6 to 8) to evaluate the three main themes in the present research, which are - the community engagement strategies, community relations approaches and social responsibility practices used by the three oil MNCs. Each of these research main themes constitutes a Chapter in the discussion section of this thesis where they are applied and tested in the Nigerian context.

Main Concepts	Theories Used	Research Main Themes
Culture-based Institutions	Institutional Theory	Community Relations Approaches
Stakeholder Interactions	Stakeholder Theory	Social Responsibility Practices
Internally Shared Values	Community Engagement Theory	Community Engagement Strategies

Table 3.1: *The Key Concepts, Three Theories, and Main Themes*
Source: *The Present Research (2014)*

Table 3.1 above shows the emerged main concepts from the literature, the three theories that frame the present research and the main themes that form the three focus areas in this thesis. As will be seen, the three theories are interrelated in the sense that they each, in different ways, address relational issues within and between stakeholder groups. It is therefore possible to begin to develop a framework that would synergise the different concepts, theories and research themes, and to explain their interdependences.

3.2 THE INSTITUTIONAL THEORY AND CULTURE-BASED INSTITUTIONS

The present research builds on the works of Douglass North, Richard Scott and Geoffrey Hodgson on the institutional theory (North, 1993; Scott, 2001; Hodgson, 2006) by applying the theory to the situation in the Nigerian context between MNCs and communities.

Proponents of the institutional theory theorised that every environment or community of people has a prevailing structure that continuously shapes the individuals' behaviours, and interactions between individuals in that particular environment (North, 1993; Scott, 2001;

Hodgson, 2006). According to North (1993 p.1), “Individuals possess mental models to interpret the world around them. These are in part culturally derived that is produced by the intergenerational transfer of knowledge, values, and norms which vary radically among different ethnic groups and societies. In part they are acquired through experience which is ‘local’ to the particular environment and therefore also varies widely with different environments”. Consequently there is huge disparity in mental models and as a result different paradigms of the world and the way it works are interpreted differently by different individuals and communities (Scott, 2001; Peters, 2000; North *et al*, 2009). It is important, therefore, to apply the institutional frameworks in the Nigerian context and to see how the knowledge derived could be used to understand company-community relations between oil MNCs and host communities.

Institutional theory holds that as communities evolved in different physical environments, each developed unique shared values, shared experience, and with unique mental models to explain the world around them (North, 1993; Scott, 2001). To the extent that experiences were common to different communities the mental models provided common explanations (North, 1993). (See also Appendix 4 for an extended discussion on community formation).

The language and mental models formed the informal constraints that define the institutional framework of indigenous communities (Scott, 2001), and were passed down from one generation to another as norms, traditions, rules and practices that make-up the prevalent culture (North, 1993; Peters, 2000; North *et al*, 2009).

Scott (2001) and Hodgson (2006) argued that people within a community as well as employees in any organisation (or company), go through a learning process particular to that community or organisation, which naturally includes learning the norms, practices and rules that form the institutional framework. This social learning process is strengthened by the internally shared values held by the members (Hodgson, 2006; Boutilier, 2009). In

organisations, for example, the institutional frameworks produce core values, rules and tailored practices leading to a culture that is particular to that organisation (see Scott, 2001).

According to North (1993 p.5), “Institutions are...the humanly-devised constraints that structure human interaction”. “They are a set of formal rules (e.g. statutory law, common law, regulations), informal constraints (e.g. conventions, norms of behaviour, self-imposed codes of conduct), and the enforcement characteristics of both” (North, 1993 p.5-6). While the formal rules can be changed overnight, the informal norms take time and could only be changed gradually (North, 1993; Scott, 2001; Hodgson, 2006).

Based on the above premise, institutions are patterns of established practices, norms and rules that engineer how communities and organisations function to achieve their purpose. In other words, institutions are the frameworks that govern an organisation, a community or any group of people. Institutions are not the same as organisations per se (North, 1993). “Organisations are the players: groups of individuals bound by a common purpose to achieve objectives” (North, 1994 p.6); and these objectives are modelled by the prevalent institutional framework (see Scott, 2001; Hodgson, 2006).

3.2.1 The Institutional Construct and the Nigerian Context

In the Nigerian local communities, the institutional construct manifests in the traditional systems managed by the community stakeholders which includes the council of elders (headed by the local chief or a monarch in some communities), the youths, the women association and the elitist group (Ebeku, 2001; Okafor, 2003; Dhir, 2007; Eweje, 2007; Adegbite & Nakajima, 2012). These community stakeholders, are believed to be custodians of local traditions, norms and customs, and maintain the institutional frameworks in Nigerian local communities (Ahiakpor, 1992; Ebeku, 2001; Okafor, 2003; Adegbite & Nakajima, 2012). As hinted in Chapter 2, the Nigerian federal system of government supports the culture-based institutions inherent in local

communities, by providing judicial agencies such as the customary court system to adjudicate issues relating to local traditions, customs, norms and practices of local people (Ebeku, 2001; Okafor, 2003). Ebeku (2001) suggests, however, that despite these provisions, the magistrate court and the federal high court, respectively, can still overrule rulings made by the customary courts, especially where they contravene national and international laws.

Institutional theory is founded on the deeper aspects of social structure. According to North (1993) the evolution of tribes brought about the development of social structures with cultural systems that are based on common customs, taboos and myths. The present researcher includes on the list, shared values, community's interests and expectations, practices, customary rules and traditions (see also Aristotle, 2009; Ebeku, 2001; Wynn & Burkinshaw, 2008; Kitchen *et al*, 2009; Adegbite & Nakajima, 2012). As a result, local people develop a mental model by which they ascribe their own interpretation of value, hence how they express their interests and expectations. The mental model offers a clue to the culture-based institutions and how communities could be understood, approached and engaged. The present researcher, therefore, suggests that oil MNCs in communities of the LDCs could tap into the institutional frameworks enshrined in the local social structure, to develop a comprehensive and effective approach to managing company-community relations.

3.2.2 Foreign Oil MNCs, Institutional Frameworks and Nigerian Communities

The applicability of the institutional theory features in a wide range of social structures, ranging from micro interpersonal interactions to macro global frameworks (North, 1993; Scott, 2004). According to North (1993 p.4) as “tribes evolved into polities and economies, the diversity of experiences and learning, produced increasingly different societies and civilisations” (North, 1993 p.4). Consequently, “schemas, rules, norms and routines become established as...guidelines for social behaviour” (Scott, 2004 p.1). These elements of culture

are adopted, diffused and adapted overtime to become a far-reaching culture - and certain aspects of the culture contribute to what is known as a national culture (Hofstede, 1997; Scott, 2001; Hodgson, 2006), which in turn is also manifested in the development of an economic culture (North, 1993; Hofstede, 1997). According to Hofstede (1997) the creation of values in the workplace is influenced by the culture of the environment where the organisation is domiciled, of which the social structure plays a role in the behaviour of players in the country's economic system.

Based on the above premise, it can be argued that MNCs from developed countries, influenced by their home institutional frameworks, would take with them some core values, corporate cultures and business practices from their headquarters (Scott, 2001; Chang, 2008). Under such circumstances, what follows between the MNCs and local communities are 'values differences' and often 'clash of interests'. Consequently, foreign MNCs face a unique challenge of reconciling different institutional frameworks of both the domicile and host countries. Therefore, taking into account the local institutional framework, it is important that specific (i.e. localised) community relations approaches be developed by MNCs to manage company-community relations effectively. Scott (2001) in his book, *Institutions and Organisations* suggested that organisations (including business organisations) must localise their business models, practices and approaches to conform to local rules and values prevalent in the community where they operate.

The local rules, shared values, norms and practices within the institutional framework shape communities' interests and expectations and the demands and claims the stakeholders make. Carroll and Nasi (1997) refer to these demands and claims as 'moral claims' justifiable on moral (ethical) grounds. Authors have argued that companies that perform more are those that have been able to secure this sort of institutional support of key stakeholders in communities where they operate (Scott, 2001; Boutilier, 2009; Adegbite & Nakajima, 2012); in other

words, a social licence to operate (Nelsen, 2003; Slack, 2008; Thomson & Boutilier, 2011). The present researcher, therefore, argues that it is fundamental that MNCs understand the culture-based institutions enshrined in the social structure of host communities so they could use such knowledge to their advantage to design the most suitable community relations approach specific to meet the interests and expectations of stakeholders.

3.3 THE STAKEHOLDER THEORY AND MNCs' STAKEHOLDERS IN THE LDCs

The stakeholder theory started in 1963 when the Stanford Research Institute in the United States came up with the idea of 'stakeholders' as a generalisation of the stockholder idea which identified stockholders as the group to whom the company owes its responsibility (Elias *et al*, 2000). In the 1970s, a systems theorist, Ackoff (1974), argued that many societal problems could be solved by the redesign of important institutions with the support and interactions of stakeholders in the system. There is now a widespread consensus that stakeholder groups are important partners in the activities of companies, whose views are vital in companies' strategic decisions (Freeman, 1984; Carroll & Nasi, 1997).

According to leading authors, in the past, the separation thesis which is based on the notion that business and ethics are entirely separate, dominated business in society debates (Freeman, 1984; Donaldson & Preston, 1995; Carroll & Nasi, 1997). Freeman (1984), argued that a conceptual method was needed which does not clearly distinguish between the business and the ethical parts of decision making; and it is stakeholder theory that can provide useful framework for constructive debates in business in society. Stakeholder theorists argue that successful companies are those that are able to manage their stakeholder relations effectively (Andriof & Waddock, 2002; Philip, 2003; Freeman *et al*, 2010).

Proponents of the stakeholder theory have offered different definitions of who or what a stakeholder is. According to Freeman (1984 p.46) “a stakeholder in an organisation is any group or individual who can affect or is affected by the achievement of the organisation’s objectives”. Two leading authors, Carroll and Nasi, defined stakeholders as those individuals or groups who have a valid stake in the company. They argued that for an individual or a group to be considered a stakeholder, they should have a legitimate interest in what the company does and how it does it and such legitimate interests should be based on legal and/or moral grounds (Carroll & Nasi, 1997). The legal claims are backed by the prevailing legal system, whereas the moral claims are justifiable based on certain institutionalised ethical (or moral) principles prevalent in the physical environment (see Carroll & Nasi, 1997; Philip, 2003; Freeman *et al*, 2010). Other authors, Rhenman and Stymne (1965) cited in Freeman (2010 p.48) defined stakeholders as “the individuals and groups who are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence”.

Based on the above discussion and for the specific purpose of the present research, a stakeholder is defined as any group of individuals, an establishment or a single individual whose activity or existence contributes to, can affect or is affected, or benefits from the achievement of the company’s objectives; and whose involvement with the company can be justifiable either on a legal or moral grounds, or both. By anchoring on this definition by the present researcher, stakeholders of the MNCs in Nigeria can be identified as; suppliers, customers/consumers, creditors, host communities, government, industry regulators, industry players/competitors, shareholders, management/employees, external consultants, activist/rights groups, individuals acting on their own, non-governmental organisations (NGO), the media organisations, etc. These stakeholder groups communicate the interests and expectations modelled by the institutional frameworks prevalent in the environment in which

they function. Their existence affect or are affected by the functioning of the company's activities and processes (Mercier, 1999; Scott, 2001; Boutilier, 2009).

3.3.1 Categorisation of Stakeholder Groups

Proponents of the stakeholder idea categorised stakeholders into two traditional broad groups namely, internal and external stakeholders, based on the location from which they impact on or are impacted on by the company. Earlier stakeholder theorists put shareholders, management and staff as internal stakeholders; whereas customers, suppliers, communities, government, creditors, competitors, NGOs, the media, etc. are classified, as external stakeholders (Rhenman & Stymne, 1965; Freeman, 1984; Carroll & Nasi, 1997).

Further categorisation of stakeholder groups followed. For example, categorisations based on primary vs. secondary stakeholders (Carroll & Buchholtz, 2009), active vs. passive stakeholders (Yu, 2009), economic vs. social stakeholders (Boutilier, 2009), strategic vs ethical stakeholders (Philip, 2003) and core vs. environmental stakeholders (Zsolnai, 2005). The categorisation of stakeholders is necessary for identifying stakeholders' core interests and expectations (like the three main stakeholder groups in the Nigerian O&G debate in Chapter 2) and the level of influence they command.

Literature has shown that stakeholder categorisation is often based on whether the stakeholder is acting within or from outside the organisation. Practice, however, suggests that there are some stakeholders who are both inside and outside of the organisation, exercising dual functions. Take for example, external consultants, service contractors (e.g. a cleaning company), independent/academic researchers, etc. who have direct access into the company. This class of stakeholders are either inside or outside the company at different times, and they have on-going contracts with the company.

Based on the above premise, and for the relevance of this class of stakeholders to the present research as will be seen in subsequent Chapters in the discussions of the activities of the three oil MNCs, the present researcher hereby classifies this small and almost overlooked stakeholder group as ‘Mediante Stakeholders’, because they function both inside and outside of the company. The word ‘Mediante’ is multilingual and originates from the Latin word ‘Mediare’ meaning ‘*be in the middle of*’. In French and Italian it means, ‘*come between*’, and in Portuguese and Spanish it means ‘*through*’, ‘*via*’ or ‘*by means of*’. The word *Mediante* has been used in the present research to describe a specific stakeholder group who swing between inside and outside of the company, hence interact with multiple stakeholders in order to carry out their functions. In the course of providing services to help the client company achieve its objectives, this stakeholder group is given access to some confidential information about the company (and this access is always protected in a contract).

Despite not being given particular attention to by scholars, this unique stakeholder group is very active in the relations between oil MNCs and the Nigerian communities, as will be seen in subsequent Chapters (5 to 8). Figure 3.1 (below) details the stakeholder groups, including the *mediante* stakeholders. Also included is the emerging ‘online communities’, a new stakeholder group of the company (see also Appendix 4 for an extended discussion on the concept of community).

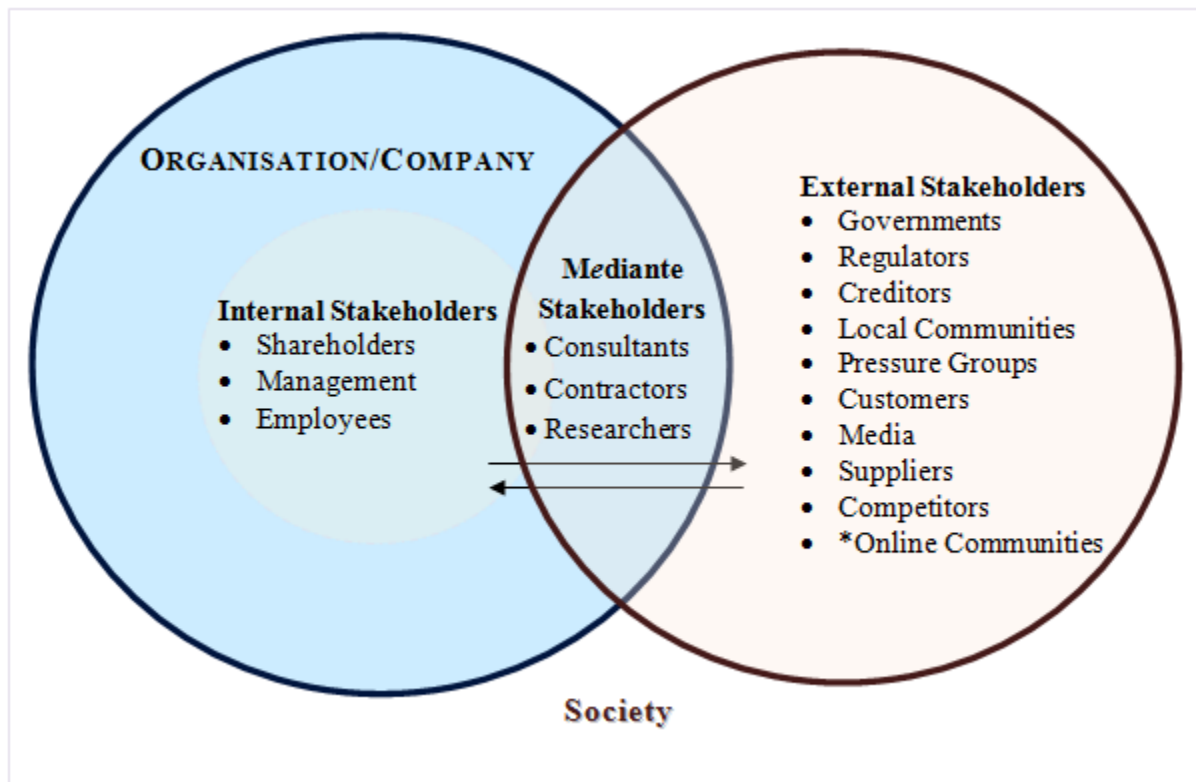


Figure 3.1: *Detailed Stakeholder Groups of the Company/Organisation*
 Source: *The Present Research (2013)*

According to the proponents of the stakeholder theory such as Carroll and Nasi (1997), the questions company managers now ask are: “Who are our stakeholders?”, ‘What are their stakes?’, ‘What opportunities or challenges do our stakeholders present to us?’, ‘What responsibilities (economic, legal, ethical and philanthropic) do we have to our stakeholders?’ and ‘What strategies or actions should we take to best respond to stakeholder challenges and opportunities?’” (p.47). It is believed by leading researchers in the field that these questions consolidate the very first steps in understanding stakeholder expectations of the company and how to manage them (Carrol & Nasi, 1997; Andriof & Waddock, 2002; Philip, 2003; Jamali, 2008; Freeman *et al*, 2010)

3.3.2 Stakeholder Expectations in Company-Community Relations in Nigeria

It was argued in Chapter 2, that the interests held by each stakeholder group inform the expectations it has of other stakeholders; therefore to meet stakeholders' expectations would

mean to understand what those expectations are (Dhir, 2007; Hamilton, 2011). Understanding stakeholder's expectations is also important for the company in terms of developing and managing social responsibility practices in host communities (Okafor, 2003; Obi, 2006; Head, 2007; Idemudia, 2007; Hamilton, 2011).

Literature suggest that members of MNCs' host communities are usually vocal about their expectations of employments, patronage of local businesses, and demands for more social amenities (Zandvliet & Anderson, 2009; Boutilier, 2009; Adegbite & Nakajima, 2012). The way and manner in which MNCs manage these expectations, factor in whether MNCs are getting it right or wrong with communities, and whether any effort made has positive or negative impacts (Zandvliet & Anderson, 2009; Lee, 2008; Andriof & Waddock, 2002).

In addition to providing jobs to local people, communities especially in the LDCs, expect MNCs to provide some basic social amenities, like access roads, pipe-borne water, rural electrification, etc. (as mentioned in Chapter 2) up to assisted healthcare delivery and educational facilities (Okoko, 1996; Okafor, 2003; Ite, 2004; Idemudia, 2007; Ako, Obokoh & Okonmah, 2009). These needs are important to communities but are not usually provided by most governments of the LDCs as a result of corruption (Ebeku, 2001; Dhir, 2007; Hamilton, 2011; Eluka, Chukwu & Mba, 2013).

The institutionalised corrupt practices in the LDCs have led to growing activities of the rights groups, joined by the media and NGOs. In Nigeria, for example, the awareness created by environmental activists (e.g. Amnesty International, Greenpeace, etc) and the media, has further increased communities' concerns about the impact of oil exploration activities on their surrounding environment, therefore communities are now also demanding that MNCs invest in ensuring sustainability of the environment (Adegbite, Amaeshi & Amao, 2011; Parker &

Khare, 2006; Ite, 2004). The present researcher found evidence of the existence of such expectation during the fieldwork - using interview questions Q21 and Q22 (see Appendix 1).

In company-community relations, as communities have expectations so do MNCs. According to literature, MNCs expect community stakeholders to reciprocate good behaviours by encouraging a non-hostile operating environment for MNCs’ staff and facilities, and by respecting MNCs’ legal licence to operate as a corporate citizen of the host country (McIntosh *et al*, 2003; Warhust, 2001; Chang, 2010). The expectations that MNCs have of communities go beyond non-hostile operating environment and respect for MNCs ‘legal licence to operate’.

Literature suggest that one of the advantages for MNCs in the LDCs includes regimes of lower taxes (Hsieh, 2004; Dunning & Lundan, 2008) and flexible economies that perhaps allow tax avoidance (Mansell, 2015). Therefore, MNCs in the LDCs expect a favourable taxing system from host governments, as well as favourable industry regulatory practices (Breton & Pesqueux, 2006; Mansell, 2015). Again, these expectations by MNCs as suggested in the literature were confirmed during the interviews, when oil MNC managers were asked the same interview questions Q21 and Q22. Table 3.2 below outlines the main expectations of Nigerian communities and those of oil MNC managers.

MAIN EXPECTATIONS	
COMMUNITY	<ul style="list-style-type: none"> • Employment Opportunities • Provision of Social Amenities • Company’s Concern for the Environment • Patronage of Local Businesses and Expertise
COMPANY	<ul style="list-style-type: none"> • A Safe Operating Environment to Meet Business Objectives • Community to respect company’s legal rights to operate • A Good Industry Regulatory Practices • A Favourably Lower Levying System (taxes, royalties, etc)

Table 3.2: *Company-Community Expectations*

Source: *The Present Research, Fieldwork Interviews in Nigeria (2011 to 2013)*

Based on the above discussions, the present researcher concludes that community stakeholders' expectations are as important as those of oil MNCs. Hence, to achieve a robust stakeholder engagement and relations management, a collective stakeholder representation to communicate stakeholders' interests and expectations is needed. Research suggest that there is a relationship between communication and gaining trust and commitment between stakeholder groups, for example between community stakeholders and oil MNCs representatives (e.g. Dhir, 2007; Lee, 2008; Zandvliet & Andersonm, 2009).

3.3.3 Communication between Stakeholder Groups: Company and Community

Stakeholders

Communication between stakeholder groups encourage further participation in the engagement process and help to identify and manage potential problems early enough (Dhir, 2007; Lee, 2008; Andriof & Waddock, 2002). Where MNCs act contrary to the above, it could lead to 'conflict of interests', which may lead to collapse of relations. According to Zandvliet and Anderson (2009 p.21) "of particular importance to communities is information about potential negative impacts of a company's presence and the company's plans for addressing these". Hence, where there is a communication gap, it creates a huge impact on existing relations between MNCs and local communities (Ebeku, 2001; Dhir, 2007; Zandvliet & Anderson, 2009). For example, if community people are uninformed of what MNCs' managers can and cannot agree to, then the expression of their interests would be unstructured to the company, and vice versa.

When community stakeholders feel they are well engaged and informed, and psychologically identify themselves with the MNC (Thomson & Boutilier, 2011), then they become less likely to join campaigns against the MNC. According to Zandvliet and Anderson (2009 p.20), "When managers speak with community representatives in public and on the record, rather

than behind closed doors, this quells speculation that some deals are being made and some people are receiving special favours". The claim by some community members of some MNCs giving special favours to specific groups in communities, was reported in Hamilton (2011) and Turner and Oshare (1994), where it was argued that it incited community violence, instead. Therefore, the present researcher argues that where there is lack of proper engagement, a collective community stakeholder representation becomes the platform for meeting stakeholders' expectations and gaining stakeholders' commitments.

3.4 COMMUNITY ENGAGEMENT FROM A THEORETICAL PERSPECTIVE

The term 'community' was first defined and applied by Aristotle (2009²³) in his treatise, '*Politics*' to mean, a group established by people based on shared values. Overtime, the meaning of community extended beyond people living in the same locality, to include the interactions and emotional attachments members have towards their group (Peak; 1978; Baumeister & Leary, 1995; Ergene, 2008). (See Appendix 4 for an extended discussion on the concept of community and community formation).

On the other hand, in defining the term 'engagement', authors have defined engagement as a decision to meet to evaluate options based on independently held interests and expectations of each party, in order to determine future actions suitable for all stakeholder groups involved (Andriof & Waddock, 2002; Rogers & Robinson, 2004; Lakin & Scheubel, 2010). Therefore, while the idea of community underscores internally shared values, interests and expectations among members; the idea of engagement advocates a decision by two or more parties to meet to articulate their unique internally shared values, interests and expectations, so as to define the future of a possible working relations. The above premise, therefore, establishes the argument for community engagement theory.

²³ The original Greek version was in 350 BCE. This is a translated work. See the bibliography for more details.

Literature suggest that community engagement theory has often been applied in community policing, healthcare delivery, higher education, sports development and community projects (Myhill, 2006; Rogers & Robinson, 2004; Burton *et al*, 2004; Lakin & Scheubel, 2010). Based on the works of Myhill (2006) and Lakin and Scheubel (2010), community engagement can be defined as the process of enabling the participation of residents and communities, at their chosen level, ranging from providing information and reassurance, to empowering them to identify and implement solutions to local problems and influence strategic priorities and decisions. According to Lakin and Scheubel (2010), community engagement in company-community relations entails that the engaging company and community or group to be engaged must have the willingness, capacity and opportunity to participate in the engagement process, and both the company and community must have a responsibility to engage.

In a review of community works in Britain, for example, Burton *et al* (2004) theorised that community engagement produces social cohesion, participation, and fosters social capital²⁴. To achieve these, community engagement encourages planning and delivery of community services that are seen as legitimate by those who participated in the decision-making process (Burton *et al*, 2004; Myhill, 2006; Lakin & Scheubel, 2010). Burns *et al* (2004) also reported that community definitions of needs, problems and solutions are different from those put forward by the organisation. Often this is manifested when the need for a comprehensive consultation and representation of stakeholders are not met. Under this circumstance, according to Burton *et al* (2004), community knowledge becomes an important resource, and widens the pool of experience and expertise available within the community. Therefore,

²⁴ A Social Capital is a social value derived from social network of people, and is, perhaps, capable of influencing economic values as well. The concept of social capital was used to explain the power of social networks in Boutilier (2009, pp.57).

community participation gives local residents the opportunity to develop skills and networks that they need to address social exclusion and solve other social problems.

Authors have argued that community engagement has helped to bring to the fore, and on time, issues (e.g. a growing frustration by a section of society) of which company and community may not be aware of (Rogers & Robinson, 2004; Myhill, 2006). According, Myhill (2006), a good rapport between the organisation/company and community increases confidence and trust, hence improves working relations. In Nigeria, for example, authors suggest that community engagement, were it was applied, had real effect on reducing conflict of interests, misjudgements, community protests, fears of lawsuits and withdrawal of social licence to operate (Dhir, 2007; Obi, 2009).

What the above premise implies is that poor implementation of community engagement could result in inequitable outcomes and unintended consequences. The present research relates this to the case in Nigeria between MNCs and host communities. The situation was that a range of factors – including lack of trust between MNCs and community stakeholders, different institutional frameworks, reliance on the old methods of engagement (as discussed in Chapter 2), etc., have led to collapse of relations between MNCs and host communities (Rogers & Robinson, 2004; Boutilier, 2009; Ebeku, 2011), which in turn threatens MNCs' social licence to operate in those communities (Thomson & Boutilier, 2011, Ebeku, 2011).

3.4.1 Community Shared Values, Social Contracts and the Community Concept

Aristotle's idea of community as an established group of people based on shared values, strengthens the significance of group cohesion among members and the existence of a social contract between members and the community itself. The social contract as applied to the

relationships among community members is supported by John Locke's perspective²⁵, which states that members enter willingly or naturally into a social contract with the community they are part of. According to John Locke²⁶, in the 'State of Nature', people are mutually and morally bounded by The Law of Nature, not to typically harm each other, but to agree to form a state (or a community) to support each other and to protect those shared values that they jointly uphold.

Along the same line of thought, Smith (2002), Boutilier (2009), and Kitchen, et al (2009) also concurred that the concept of community can be approached from the perspective of a shared value. Thus, the idea of belonging to a community has been used to bring together a number of elements such as; solidarity, commitment, mutuality and trust (Gardner, 1990). Community plays a crucial symbolic role in generating people's sense of belonging (Smith, 2002). In other words, the development of community shared values lies in its members' perception of what the institutional values are that the community holds on to. Therefore, members construct their sense of belonging to the community symbolically over time; making it a resource and repository of meaning and a source of their shared identity (Kitchen *et al*, 2009).

In company-community relations, for example oil MNCs and Nigerian communities, the social contract that community members naturally enter into with the community itself is a mutual social contract, or what the present researcher would refer to as the '*first* social contract'. However, for a community to cohabit side-by-side with the company in the same physical environment, there is a '*second* social contract' that community people naturally would share with the company. This social contract between company and community can be

²⁵ John Locke believed that people in society are morally bounded by The Law of Nature, not to harm each other, but would agree to form a state (*community*) to support each other and to protect those shared values that they jointly believe in.

²⁶ John Locke (1632-1704 AD) in his work, *Two Treatises of Government*, published 1689.

described from the perspective of Thomas Hobbes²⁷. Hobbes argued that in the ‘State of Nature’, people and states are brutish and antagonistic; and that self-interest dominated everyone’s life, and the absence of rights and contracts prevented society from harmony; hence the social contract provided individuals, community or states with the opportunity to forego some of their freedoms, prides and prejudices to become part of the community, so as to receive the community’s protection and support.

In MNC-community relations, the above conclusion translates into why MNCs would sort to protect their economic interests by investing part of their return on investment on social projects to secure the approval and support of host communities where they operate. For most MNCs, this situation is unavoidable. According to Lekin and Scheubel (2010 p.5), “if companies claim that they are doing good for society only out of their ethical conviction, stakeholders won’t believe them. If, on the other hand, companies only look for their business benefit and neglect the needs of society, stakeholders will be outraged – and the company will ultimately fail”. Therefore, MNCs would always be expected to show that their activities are legitimate, appropriate and responsible to continue to enjoy the support of the community.

As hinted in Chapter 2, the relations between MNCs and communities is often suspicious, antagonistic and with blames (Ebeku, 2001; Dhir, 2007), as well as lack trust and surety (Chang, 2008; Jahansoozi, 2007), hence characterising Hobbes’ perspective of the social contract. So, for community people, MNCs would have to undergo a social contract with them (i.e. some sort of approval) which is psychological. It is the psychological endorsement of the social contract by the community that gives the company a social licence to operate, which is different from the legal licences companies obtain from the host government through legal contracts (Slack, 2008; Nelsen, 2003).

²⁷ Thomas Hobbes (1588-1679 AD) in his book titled ‘[Leviathan](#)’ published in 1651.

3.4.2 Community Engagement and the Company's Social Licence to Operate

A social licence to operate (SLO) is a concept mainly used within the extractive/mining industry (Nelsen, 2003; Slack, 2008; Thomson & Boutilier, 2011). It implies that companies 'earn' social approval, acceptability, credibility and legitimacy, hence the right to enter a region and extract its resources responsibly (Dimaggio & Powell, 1983; Meyer, 1994; Suchman, 1995; Nelsen, 2003). A social licence to operate is not issued by the government or industry regulators. It is granted only by the very community where the company operates. In such case, local people endorse a social licence to operate. And also, a social licence to operate cannot be bought with money. It can only be earned. It is an approval to operate and to become a corporate citizen of the community (McIntosh *et al*, 2003; Warhust, 2001).

Thomson and Boutilier (2011) defined a social licence to operate (SLO) as a community's perceptions of the acceptability of a company and its local operations. In their study which investigated how social licence to operate is earned in a mining community, Thomson and Boutilier (2011) identified four levels of the SLO in what they called the pyramid model of the SLO, as seen in figure 3.2 below.

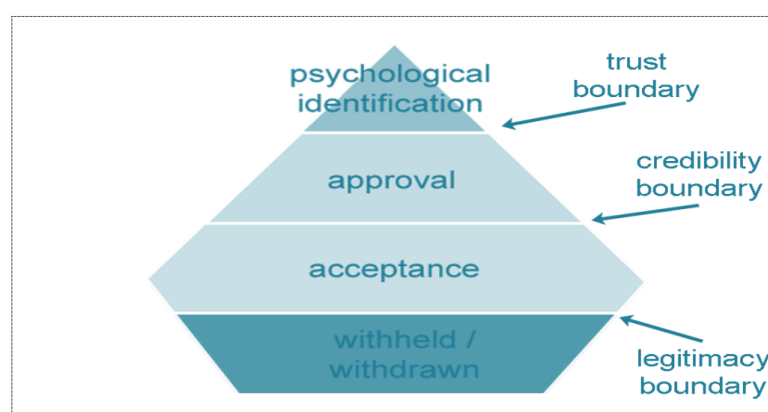


Figure 3.2: *The Pyramid Model of SLO*
Source: Thomson and Boutilier (2011 p.2)

According to Thomson and Boutilier (2011) the moment a mining MNC enters a local community; first, it faces the challenge of having the SLO withheld, as community members

at that point, yet try to establish the MNC's legitimacy. After the MNC is able to demonstrate that its activities are legitimate and appropriate, the community then gives its indication to accept the MNC into its lands pending further approvals. As time goes on, and as the MNC is able to prove its credibility, it receives full approval, which goes on to the point when trust is established. At that point, community members begin to develop some level of psychologically identification with the MNC, and vice versa.

To authors like McIntosh *et al* (2003) and Warhust, (2001), the psychological identification implies when MNCs become identified as true corporate citizens of the host community. At which stage mutual trust is instituted, respect for an established social contract is maintained, and a transparent communication structure recognised. The community people, at this point, willingly, without being forced or influenced by money, endorse the MNC's social licence to operate (Slack, 2008; Nelsen, 2003; McIntosh *et al*, 2003; Thomson & Boutilier, 2011) as an earned respect, and as a social contract which exists psychologically between the MNC and the host community.

According to authors, MNCs engage community in dialogue with the intent to demonstrate that their actions are legitimate and appropriate, and with the expectation that host communities would acknowledge their good intentions and reciprocate by granting a social licence to operate (Nelsen, 2003; Chang, 2008; Thomson & Boutilier, 2011). Therefore, it can be argued that at the psychological identification stage there is reciprocity between company and community.

In some communities it has proven too hard for MNCs to reach the psychological identification stage - for example in Nigeria, between oil MNCs and local communities. Often oil MNCs have been accused of polluting and neglecting farmlands and community waters, involvement in the use of military personnel against local protesters, and often engage

selected (not elected) individuals in their engagement processes which has caused more intra-community conflicts (Ebeku, 2001; Braide, 2003; Blowfield & Frynas, 2005; Eweje, 2007; Ako, Obokoh & Okonmah, 2009). Literature suggests that MNCs that lack the legitimacy needed for a SLO are more vulnerable to frequent confrontations from and conflict of interests with communities (Meyer & Rowan, 1991; Suchman, 1995; Nelsen, 2003; Boutilier, 2009).

3.5 The Analytical Construct and Relational Elements in the Theoretical Framework

The analytical construct is founded on a philosophy that institutional theory, stakeholder theory and community engagement theory are interrelated, in the sense that each, through different viewpoints, addresses relational issues within and between company and community, and jointly offer a theoretical model for the contextualisation and rationalisation of the present research.

A synergy of the three theories captures the institutional milieu in which stakeholders interact in the process and practice of engagement between MNCs and Nigerian communities. According to authors, institutional practices frame stakeholders' interactions and characterise a community or company, whose common interests are shared by its members (Scott, 2001; Hodgson, 2006; Morgan & Kristensen, 2006). Scott (2001) further argued that institutional practices are cultural, and culture encompasses the social rules by which value is created.

The relationship between the concept of value and the interest individuals and groups express, is embodied in the work of Otis Lee, titled, '*Value and Interest*'. The paper argued that "Interest depends on value...so far as there is a dependence" (Lee, 1945 p.142), and that the basis of value is derived from the cultural circumstances through which value is created (Lee, 1945). Based on this premise, to understand value would require understanding the

culture-based institutions which, as argued in the present research, inform the interests and expectations stakeholders advocate; therefore, confirming interest as a function of value.

Based on the above discussions, it can be argued further that those interests company and community pursue are those that are most valued by their members, in other words, those ‘valued interests’. The present researcher describes a ‘valued interest’ as an interest that is of intrinsic value to stakeholders or companies and will continue to be of value to them. For example, in Chapter 2 (subsection 2.3.2), it emerged that in Nigeria the valued interests shared by the G5 were predominantly economic interests, interests shared by the political leaders were politico-economic interests, and interests shared by communities were socioeconomic interests. Under such circumstance, the role of company and community stakeholders has been to communicate those valued interests modelled by their culture-based institutions and upheld by their members. Hence, valued interest is a critical relational element in the analysis of the theoretical framework.

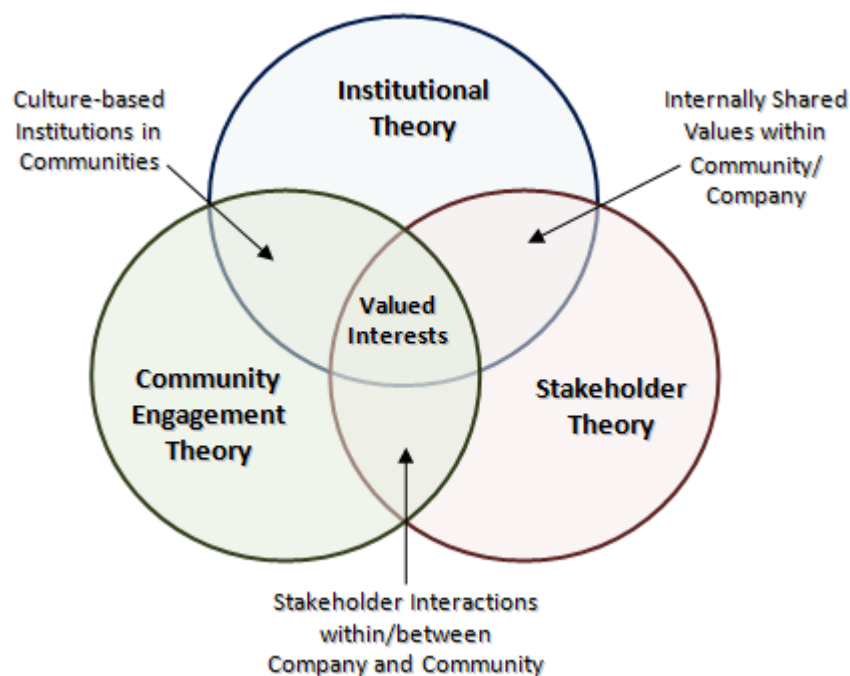


Figure 3.3: *The Tripartite Theoretical Framework and the Emerged concepts*
Source: *The Present Research (2013)*

It was argued in Chapter 2, that the interests held by community and company inform the expectations each has of the other; and to meet stakeholders' expectations would mean to understand what those expectations are (Dhir, 2007; Hamilton, 2011). In this Chapter (in subsection 3.3.2), the present researcher, by using interview questions Q21 and Q22, identified those expectations that oil MNCs and Nigerian communities have (see Table 3.2 above). Based on the above premises, the present researcher argues that by understanding stakeholders' expectations it is therefore possible to develop methods of engagement to be used.

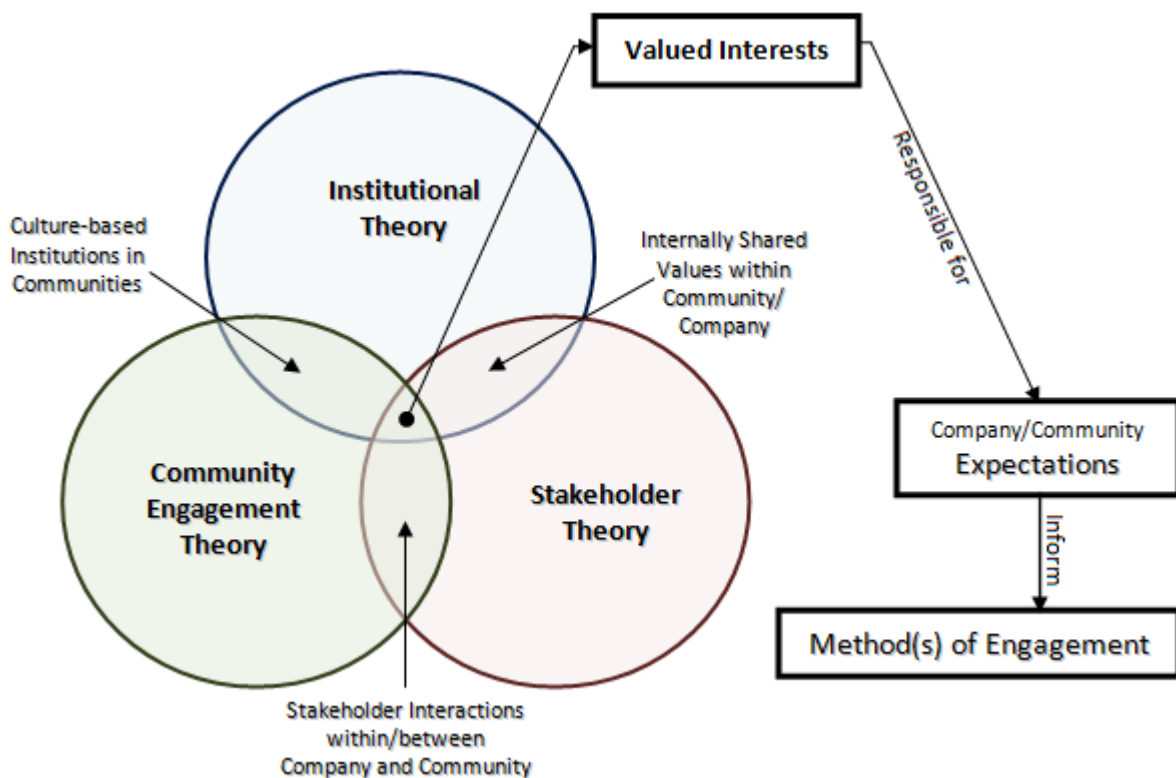


Figure 3.4: *How the Tripartite Theoretical Framework Translates into Practice*
 Source: *The Present Research (2013)*

The need to communicate those valued interests that are common to members of a community or company, is what brings together company and community stakeholders into the engagement process (Lee, 1945; Riukas, 1998; Scott, 2001; Andriof & Waddock, 2002).

To this end, the present research contends that internally shared values, practices and norms that are part of the culture-based institutions, shape community's, as well as company's valued interests and expectations and the claims that stakeholders make; therefore, providing clues to how communities could be understood, approached and engaged.

3.5.1 Summary of the Theoretical Framework

The Chapter focused on developing a theoretical framework to corroborate and associate the concepts identified in the previous Chapter. Literature suggested that modern theories such as; institutional theory, stakeholder theory and community engagement theory, could offer new insights into relational issues between oil MNCs and Nigerian communities. So the present researcher reviewed fundamental debates involving these theories, which were then applied to the case in Nigeria between oil MNCs and communities.

The three theories used are interrelated in the sense that each, through different viewpoints, addresses relational issues between company and community, and explored the concepts of valued interests and expectations as relational concepts in the theoretical framework. The institutional theory was applied to examine the context and culture-based institutions that influence community relations approaches in Nigeria. The stakeholder theory was used to examine the role of stakeholders and their interactions that continue to model social responsibility practices by oil MNCs in Nigeria; and the community engagement theory was applied to examine how the understanding of internally shared values could inform community engagement strategies used by oil MNCs in Nigerian communities. A synergy of the three theories established the framework for the present research.

The applicability and explanatory potentials of the findings from the literature will be tested empirically based on the fieldwork exercise conducted in Nigeria and discussed further in the discussion Chapters. While Chapter 5 will draw from the initial enquiry of MNCs' archives

earlier conducted to add to the literature on the topic, Chapters 6, 7 and 8 will each focus on discussing the three research main themes - community engagement strategies, community relations approaches and social responsibility practices, used by Eni SpA, Total SA and RD Shell in Nigeria. Therefore, the next Chapter will now discuss the methodological consideration employed in the generation of the empirical data for the present research.

CHAPTER FOUR

4.0

RESEARCH METHODOLOGY

This Chapter presents the methodological considerations deployed in the present research and the rationale behind them. The criteria used for selecting the focused region and the oil MNCs are explained and justified. The Chapter goes further to review the methods of data collection, data sources, sampling and data analysis techniques, the epistemological factors that informed the choice of the research methods and the ethical dilemmas encountered while conducting the fieldwork. This Chapter covers key methodological nuances such as how respondents were selected, what specific methods were used and why; and how access was negotiated and granted. The data collection and analysis methods used were largely guided by the research aims and objectives in Chapter one.

4.1 Rationalisation of the Methodological Choices

Philosophical and methodological considerations are fundamental in determining and understanding which paradigm a research should be designed and conducted with (Krauss, 2005; Guba & Lincoln, 1994). According to authors, a research paradigm is a set of assumptions about the *best* way to pursue knowledge in a field regarding research philosophy, data-gathering methods and data analysis (Hackley, 2005; Easterby-Smith *et al.*, 2005). In an alternative view, a paradigm has been defined as a basic belief system or world view that guides the understanding of a specific knowledge and the interpretation of it (Guba & Lincoln, 1994; Krauss, 2005; Carter & Little, 2007).

The identification of a paradigm for a research involving society or a part of it, serves as its starting point. According to Saunders, Lewis and Thornhill (2009) the goal of the social researcher (such as the interpretivist) is to understand the fundamental meanings attached to the life of an organisation or community under investigation; and that the concern of the

social researcher is to understand and interpret what is going on inside the subjects (i.e. the participants).

The present research adopted the interpretive philosophical paradigm. The notions of the interpretive philosophical paradigm are that: (i) knowledge is established through the meanings attached to the phenomena studied, (ii) researchers interact with the subjects to obtain data, (iii) enquiry changes both the researcher and the subject and (iv) knowledge derived is dependent on context and time (Krauss, 2005; Cousins, 2002). For example, the present researcher believes that studying the views of MNCs managers and those of host communities would offer insight into how the relations between company and community works in Nigeria; hence, could provide solutions to some aspects of the relations that currently need improving between oil MNCs and host communities. Therefore, by investigating into the experiences of oil MNCs managers and host community members should help the researcher establish knowledge of the relations between MNCs and communities, shape the researcher's understanding of the relations, so as to inform the best methods of engagement and relations management between oil MNCs and host communities.

To understand social realities, such as how oil MNCs engage with host communities, a qualitative researcher (such as the present researcher) starts with epistemological positions espoused in social construction to establish a philosophical framework for the investigation. According to Carter and Little (2007), Pascale (2010) and Schwandt (2000), the framework for a qualitative research is founded on epistemology, methodology and method. Epistemology is the philosophy of knowledge - how we come to know what we know (Krauss, 2005; Pascale, 2010), and the justification of what we know (Carter & Little, 2007). In figure 4.1 below, Carter and Little (2007) demonstrated the relationship between epistemology, methodology, method and knowledge.

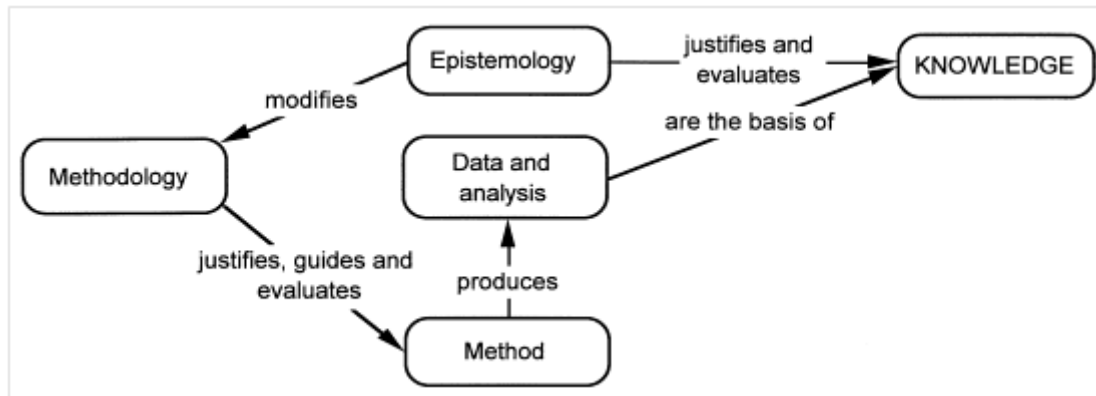


Figure 4.1: *The Relationship between Epistemology, Methodology, and Method*
 Source: Carter and Little (2007)

Epistemology explains the flexibility and diversity that exist in qualitative research practice (Pascale, 2010). Methodology describes and justifies methods for gathering evidence (Schwandt, 2001) and not the methods themselves (Kaplan, 1964; Carter & Little, 2007). In the views of Krauss (2005) and *Social Research Methods* (2006), a methodology identifies the specific methods used to obtain knowledge to understand our world better.

4.2 The Research Method

Jankowicz (2000) defined a research method as a systematic and orderly approach taken towards the collection and analysis of data, so that information can be obtained from those data. As a research investigating a key area of ‘business in society’, the present researcher employed the qualitative research paradigm using a cross-sectional design approach to investigate and further enhance the understanding of the challenges oil MNCs face in doing business in the Nigerian host communities since the discovery of oil in 1956.

In the views of Jackson (2010) and Altheide (1996), qualitative studies focus on phenomena that occur in a natural setting; for example in a social or economic environment. When conducting a qualitative research, researchers who choose this paradigm are more interested in interpreting and making sense of what they have observed using mainly texts, and sometimes may include pictures and diagrams to help create a mental image of what they

observed and felt. Like most qualitative researchers, the epistemological orientation of the present researcher, is based on the idea that there is no absolute view on the best way knowledge can be sought after (e.g. Jackson, 2010), but rather there are multiple paradigms that could be used to construct and explain social realities (e.g. Altheide, 1996; Cousins, 2002). For instance, the interactions between MNCs managers and community people cannot be constructively narrated using some sort of defined equations and numbers because of the difficulty in predicting the rationale for human actions and interactions. Therefore, the choice of a qualitative paradigm for the present research strongly supports and enhances the investigation towards achieving the research objectives earlier stated in Chapter one.

Advocates of the qualitative paradigm believe in flexibility in research and ability to explore data from different perspective to create meanings through them, whereas quantitative researchers believe that this tendency towards ‘flexibility’ and lack of systematic and strict procedural arrangement of how research should be designed, poses a threat to the reliability of research, which qualitative researchers argued is a source of strength. Pascale (2010), for example, has argued that qualitative social enquiry premised on the model of the natural sciences is not able to fully apprehend social processes. Pascale (2010) challenged the norm which says that academic research, including management and social science research, must have some scientific evidence to be considered valid, and therefore encouraged qualitative researchers to focus on creating both critiques and solutions for the kinds of challenges management and social science researchers face in producing consistent knowledge about today’s world.

Based on the above arguments by Altheide (1996), Cousins (2002), Jackson (2010) and Pascale (2010), the present researcher believes it is appropriate to use multiple paradigms in constructing and explaining the social realities and their management implications in the relations between MNCs and host communities. Thus, by using the qualitative research

approach, a cross-sectional design was applied (as in Chapter 5) to further enhance the understanding of individual oil MNC studied in the present research.

The cross-sectional design was used to synthesis the experiences of Eni SpA, Total SA and RD Shell in community relations and engagement with their Nigerian host communities. As a cross-sectional design approach, the emphasis here is on producing general findings, with attention given to the contexts of each of the oil MNCs. According to Bryman and Bell (2011), a cross-sectional research design entails the collection of data on more than one case²⁸ and at a single point in time in order to collect a body of reliable data in connection with two or more variables, which are then examined to detect patterns of association.

Cross-sectional research design is broadly applied in public health research (Levin, 2006); however, Bryman (2004) and De Vaus (2001) have argued that it is also generally employed in qualitative research including management and social sciences research, evidenced by the use of semi-structured or unstructured interviews with a given number of participants, and where the research is interested in exploring current practices and related experiences, using views of a selected population sample.

The use of a cross-sectional design was necessary to express the slight variations in the approaches used by and experiences of the three oil MNCs. With little distinctions in their methods of community engagement, social responsibility practices and community relations approaches - a cross-sectional design became useful for examining a small group of MNCs in the same oil-and-gas industry, especially where the selected MNCs operate exactly in the same local communities and mostly engage with exactly the same stakeholder type.

²⁸ Case as used here does not imply a Case Study as a Research Design, conducted over a period of time. Instead, it refers to a specific phenomenum that is part of a collection. For example, the activities of an organisation being studied alongside those of other organisations in a cross-sectional research design.

4.2.1 How the Research Methods and Choices Evolved

Different research methods and techniques have been applied to further enhance the investigation into and understanding of the challenges the three oil MNCs (Eni SpA, Total SA and RD Shell) face in doing business in Nigerian host communities. Among the G5²⁹ oil MNCs in Nigeria, the selected trio are European companies. The sampling idea was also intended to reflect on the long relationship that exists between Europe and West Africa, specifically Western Europe and Nigeria (as discussed in Chapter 2); and to see how this long relationship impacts on the relations between oil MNCs and host communities in Nigeria.

Initially, it was intended to apply the archival research method and guided in-depth interviews with community chiefs and monarchs, but after the first fieldwork exercise it became necessary also to include leaders of community social groups, such as leaders of the community development committees (CDC), oil and gas landlord families³⁰, the community elitist group, the women association and leaders of the youths association. This idea became a matter for consideration after one of the community chiefs who was interviewed pointed out that other community social groups such as the community youths, the elitist group and the oil and gas landlord families, influence the community's relations with oil MNCs. He said;

“Some community chiefs have been involved with oil companies, some taking gift bribes behind closed doors, such that it becomes hard for them to say anything bad about the companies because of the rapport they have. When this happens, you see the community elites and the youths coming to ask very serious questions, and even the oil landlord families who are the owners of the lands where these oil wells are located, coming to make specific demands” (ECR01, 2012) - a community chief, Eni's host community.

²⁹ The G5 - is a group of five oil MNCs in Nigeria namely; Eni-Philip, ChevronTexaco, ExxonMobil, Total E&P and Royal Dutch Shell - all of which are in various joint venture (JV) deals with the Nigerian National Petroleum Corporation (NNPC).

³⁰ Traditionally, there is a communal land tenure system in Nigeria local communities. Despite the Land Use Act enacted by the military regime in 1978 that says all lands belong to the government, the communal land tenure system is still very active in Nigeria as lands were still owned by families, clans and communities - as found by the present researcher during the fieldwork exercise.

The interview at the early stage of the fieldwork with one of the community chiefs suggested it would be appropriate also to consider speaking to some leaders of community-based social groups who also understand the activities of the oil MNCs and are taking an active part in company-community negotiations. Attempting to engage these additional community stakeholder groups was planned to offer an additional perspective to the discussion of the processes of engagement between company and community.

That piece of information (above) led to the inclusion of a wider community representation in the sample population. This additional class of sample population did not only offer an additional perspective to the field data but was also used as a validation data to validate the interview data obtained from the oil MNCs' managers and host community chiefs and monarchs. Based on this idea of an additional class of participants, a purposeful sampling technique was applied to generate the overall sample population, so that only participants with a high level of involvement in and knowledge about the relations between oil MNCs and host communities, were purposefully sampled.

While the research methods and choices evolved, the research structure also followed a pattern to accommodate the evolving ideas and at the same time maintain a logical flow of the emerging research ideas and findings. The structure of the research was designed to identify what the problems are in the relations between oil MNCs and host communities in Nigeria, and moved on to specify what the aims of the present research are and the processes of achieving those aims (via the objectives). The concepts development and a theoretical framework contained in Chapters 2 and 3, offered theoretical grounding and explanation to the phenomena in the present research. The aims and objectives provided the platform for the choice of research methods employed. Also, the statement of the problems followed by the aims and objectives, theoretical framework and methodological choices made, informed the

theme for the interview questions, which were designed to generate specific field data for analysis. The type of field data generated informed the choice of method of analysis. See figure 4.2 below.

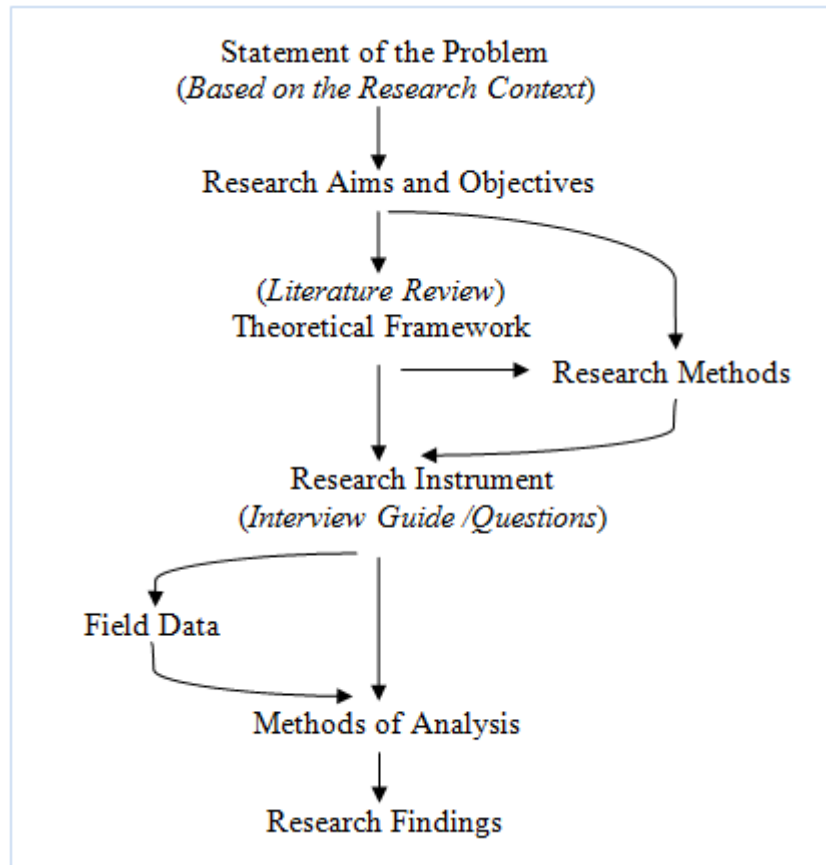


Figure 4.2: Research Philosophy for the present research
Source: *The Present Research (2011)*

The flowchart (above) demonstrates how the thesis structure was logically developed, with one research ‘position’ informing the next line of research decision. The methodological framework was based on a validation approach where different research methods are one after another used to support the findings of a previous research method. After the initial literature review on the topic, the order of the research strategy progressed with the archival research and then the in-depth interviews. The reason for the initial archival enquiry was to explore a variety of archived materials on the topic, so as to grasp a firsthand knowledge of what has and was going on around the topic area being investigated.

4.3 Data Sources and Collection Procedures

It is required by the University of Central Lancashire in the United Kingdom that all research activities involving staff and research students go through the Research Ethics Committee for risks assessment and approval. Several factors are considered before the Ethical Approval is granted. The exercise included an evaluation of health and safety issues, and environmental issues relating to the fieldwork - which included social, political and environmental contexts assessments.

As part of the risk evaluation, the intended tools for data collection and analysis were also assessed. In the case of the present research, the aims and objectives and the research instrument (the Interview Guide. See Appendix 1) were evaluated against the risks, the time required for completion and suitability of the researcher. Having gone through the risks evaluation, the 'ethical approval' was granted and followed through. See details in Figure 4.3.



MEMORANDUM

27th August, 2010

To: Izidor, Nnadozie

From: Liz McCarthy
On Behalf of the Faculty of Management Ethics Committee

c.c.: Jane Griffiths
Pete Thomas

Application for Ethical Approval

Following your application for ethical approval of your Research Degree, I am pleased to advise that the Faculty of Management Ethics Committee have **approved** your application for Ethical approval.

However, they would advise that all ethical aspects of the research are monitored closely in particular the period when the field work will be taking place. They also request that a thorough 'Risk Assessment' be undertaken prior to the field work taking place.

If you require further information please do not hesitate to contact me.

Regards.

Liz McCarthy

On behalf of the Faculty of Management Ethics Committee

Email: EMccarthy1@uclan.ac.uk

OR

Margaret Fisher

Email: MFisher@uclan.ac.uk

Tel: +441772892708

Figure 4.3 *Research Ethical Approval*

Source: *The Graduate Research School, University of Central Lancashire, UK*

Like most qualitative research enquiry, a wide variety of sources and data collection techniques were deployed. Both primary and secondary sources of data were used - with primary data being raw information obtained from the direct source. The secondary data were information already generated and organised by some other author(s) or organisation and not originally collected by the researcher (Bougie & Sekaran, 2010) - for example, literature materials such as academic texts and journals, newspapers and archived materials from industry reports, company newsletters, company CSR reports and corporate website contents. The present researcher used a primary research in the form of in-depth interviews to advance the conclusions of the archival research conducted earlier.

4.3.1 The Initial Archival Research (A Secondary Research)

A significant amount of literature were reviewed which included secondary data from the public domain, independent publications and company archive materials from Eni SpA, Total SA and RD Shell. Apart from the MNCs' archives, other public archives were accessed and

their contents used in different parts of this thesis. They include the Nigerian National Petroleum Corporation (NNPC) publications, the U.S. Energy Information Administration (EIA) publication, the BBC News online archive, ThisDay (Nigerian) Newspaper, CIA: The World Factbook (on Nigeria), the CSR Europe, the Human Rights Watch (HRW), the (Nigerian) Tribune online archive and the Niger Delta Herald. These materials especially those from the Nigerian media like the ThisDay newspaper, the Tribune newspaper and the Niger Delta Herald, added textual materials from a third person's perspective - a different perspective from those of the MNCs and communities. Also, the independent publications like those of the Human Rights Watch, the U.S. Energy Information Administration and the BBC, provided additional independent perspective to the relations between oil MNCs and their Nigerian host communities, and supported already available literature.

The archival enquiry was considered necessary as a background research to gain insight through publicly available materials without getting too involved with the direct research subjects. The archival exercise was guided by the stated research aims and objectives in Chapter one. The specific aim of the archival exercise was to develop ideas and initial understanding of the circumstances surrounding community relations and engagement between oil MNCs and host communities in Nigeria. According to Gallo (2009), an archival research involves analysing studies conducted by other researchers. In the archival analysis exercise, the derived data were classified as secondary data because they were not originally created specifically for the present research, even though a greater amount of the archive materials were direct from the three oil MNCs themselves.

Jackson (2011) has argued that archival analysis can also be conducted based on the contents of newspapers, magazines and/or organisation's archived newsletters, annual reports and special reports. In this thesis, the outcomes of the archival enquiry became the central themes of Chapter 5. Below in Table 4.1, are details of the three oil MNCs' archives accessed.

SOURCE	ARCHIVED MATERIALS ASSESSED				Objective	Sampling Strategy	What was investigated	Analysis Method
	PAPER DOCUMENTS			ONLINE CONTENTS				
	Instrument(s) of Engagement	Codes of Practices	Newsletters, Magazines and Periodic Reports	e-Archives (Accessed in May 2012)				
Eni SpA	Memorandum of Understanding (MOU) with host communities (1999-2011)	Code of Business Ethics in Nigeria (2011)	Eni's Way Magazine (2007-2010 editions)	Speeches and Interviews Archive (2006-2011)	To initially develop some in-depth understanding of the topic and its context, and to use such to develop the research instrument; so that the primary research should build on the initial archival research.	The sampling was based on the collection and assessment of contractual and non-contractual documents between MNCs and communities (e.g. MOUs), MNCs' codes of practices and other textual narratives, focusing on the relations between MNCs and communities.	The activities of oil MNCs in host communities were the focus of the archival exercise, including their experiences and practices in the Nigerian NDR.	Integrated content analysis (i.e. the outcome of the archival exercise was analysed in line with the concepts and themes developed in the literature review Chapters 2-3).
		The Mission Statement (2011)	NAOC News (2007-2011 editions)	Press Releases e-Archive (2001-2011)				
Total SA	Memorandum of Understanding with communities (MOU) (1999-2012)	Code of Business Ethics	Partnership Magazine (1 st to 21 st edition, 2008-2011)	Press Releases (2005-2011)				
		Total's Mission Statement (2014)	Neighbours Newsletter (1 st to 21 st edition, 2008-2011)	Company News (2006-2011)				
			CSR Report (2007 to 2011 editions)	Media Analysis (2006-2011)				
RD Shell	Global Memorandum of Understanding (GMoU) (2011)	Code of Conducts and Ethics (2013)	Shell's Sustainability Reports (1998-2009 editions)	Paul Black's <u>video interview</u> with Shell Nigeria former Chair, Basil Omiyi.				
		The Mission Statement (2014)						

Table 4.1: *Archival Data Sources*

Source: *Head Offices of Total SA, RD Shell, and Eni SpA, in Port Harcourt City, Nigeria (2012)*

The archival exercise focused on possible archives that contain significant information that inform how oil MNCs conduct their community relations practices and the methods³¹ used to engage local communities, as well as the views of oil MNC managers and community people. Both oil MNCs’ archives and grassroots and national newspaper archives were used in the archival enquiry, which did not only offer insight into the research topic, but also produced substantial materials for the description and understanding of the internal structures of the three oil MNCs and provided information for evaluating MNCs’ community engagement strategies, community relations approaches and social responsibility practices.

In the archival enquiry, some keywords/phrases identified in the literature review, were used in the contents search exercise. For the paper documents, the table of contents served as a guide to identifying the keywords/phrases needed for the exercise; and for the e-publications, the keywords/phrases were typed into the embedded search engine to extract only the most relevant contents. Table 4.2 (below) shows the summative keywords/phrases used, after identifying the right archive source suitable for the exercise.

Keywords and Phrases Used in the Archival Search or Put in the Search Engines		
Oil company	Community projects	Community participation
Host community	Community Relations	Community engagement
Community chief	Community partnership	Sustainable development
Traditional ruler	Community negotiation	Social responsibility
Community youths	Community involvement	Community MoU

Table 4.2 *Keywords and Phrases Used in the Archival Search or Put in the Search Engines*

In spite of archival research having such advantage as time-saving due to readily available researched materials, some scholars have argued that there is hardly any guarantee that it would yield the much expected outcome (e.g. Gallo, 2009). For example, while conducting

³¹ Methods as used in the present research refer to procedures, instruments, approaches, business models and established practices used by oil MNCs in Nigeria to engage local community stakeholders in dialogues.

the archival enquiry, the high expectation that a major part of host community's and public opinions on the topic would come from the news media archives, was not completely so, as there were limited information relating to oil MNCs' methods of community engagement, community relations approaches and social responsibility practices amongst a large collection of newspaper articles that focused mainly on the crises in the oil region, lawsuits, corruption and oil criminalities, kidnaps and cases of attacks on oil communities by the security forces. As observed by the researcher, these events characterise regular news headlines in the Nigerian Niger Delta oil region; hence, to get newspaper articles that focused on the identified themes was proving extremely difficult.

Nonetheless, a few newspaper articles were identified that focused on headlines relating to completed Community Development Projects (CDPs) and ongoing CDPs in local communities. Thus, it was possible to identify those CDPs undertaken by the oil MNCs and those by the government, and also which MNC (from the perspective of host communities and the general public) received social approval for being more socially responsible. On the other hand, publications from Eni SpA, Total SA and RD Shell including their e-archives contributed more to the archival enquiry, providing substantial materials for contextualising oil MNCs in Nigeria (as will be seen in Chapter 5), and helped to develop additional concepts plus most popular industry jargons. The oil MNCs' archives, independent publications and the news media provided the materials for completing the archival enquiry. At that point it became necessary to progress the research from secondary to primary research.

According to Gallo (2009), an archival research supplements other qualitative research methods by providing researchers with independently created data to corroborate findings derived from those other methods. Hence, archival research is mostly applied in both mixed and multi methods, even though it is commonly associated with qualitative research methods (Gallo, 2009). The archival enquiry provided an extensive insight into the research, and so

prepared the ground for the primary research. While the archival enquiry was being conducted, potential respondents and contacts were being identified during the visits to the field, and these identified contacts were then followed up in the subsequent primary research.

4.3.2 The Primary Research

“Researchers who undertake primary research...are interested in social criticism³² and transformation, hence it is common for their investigations to progress from the micro-level (with data collected on how people interact communicatively within a specific context) to the macro, where researchers seek to identify the broad social and cultural structures which influence communication”, Daymon and Holloway (2011, p.105).

Primary research involves the collection of original primary data (Kolin, 2010). Qualitative researchers often undertake a primary research after they have gained some insight into the topic by collecting secondary data (Kolin, 2010; Daymon & Holloway, 2011). In the present research, the primary research involved the collection of original data from both the oil MNCs’ managers and host community people through in-depth interviews. The interviews with company managers and community people were necessary to understand the community engagement strategies, community relations approaches and social responsibility practices between companies and communities. The interview questions were designed in respect of the research aims and objectives in Chapter 1, and the literature review outcomes.

4.3.2.1 The Interview Technique

Easterby-Smith *et al* (2002) pointed out that in-depth interviews are important ingredients of the social constructionist perspective that help to immerse the researcher into the worlds of the subjects to see things from the perspectives of the subjects. Jankowicz (2000) had argued that understanding the respondents intended meaning is the jewel of the qualitative research,

³² ‘Social criticisms’ as used in this context refers to the appreciation and critical analysis of social phenomena.

and is vital to the qualitative research enquiry. The present researcher wanted to understand the relations and engagement between oil MNCs and host communities in the troubled oil region of Nigeria from the perspectives of both MNCs and communities, and from any other possible perspective. It was on this basis that the interview technique was adopted. Detailed characteristics of the interview participants are discussed in subsection 4.4.2 below.

4.3.2.2 Access Negotiation and Fieldwork Challenges

For the in-depth interviews with company managers and community representatives, different procedures were required for access negotiation with the three different oil MNCs under investigation (i.e. Eni SpA, Total SA and RD Shell). For the interviews, after making contacts via email and telephone to the three oil MNCs, on arriving in Nigeria there were bureaucratic bottlenecks. For example, with the research ethical approval and recommendation letter from the university, at the headquarters of Eni SpA, the present researcher was asked to undergo the ‘research permit approval processes’ at the Federal Ministry of Petroleum in the Department of Petroleum Resources (DPR). It was after this permit was obtained that the present researcher was able to gain access into the highly secured headquarters of Eni SpA in Port Harcourt, Nigeria. Evidence of access approval into the three oil MNCs are provided in Appendix 2.

On the first day after access was finally granted, a member of staff was assigned to oversee the fieldwork activities and to provide the present researcher with the Eni’s code of ethics for researchers before handing out the necessary materials. The code of ethics in Eni SpA for visiting researchers emphasised ‘confidentiality’ and ‘fairness of communication’. After accepting and assuring to respect the codes, the rest of the visits went very well and the staff were cooperative and also willing to talk about of Eni’s PR and CSR activities.

At Total SA, it was different. On getting to The Total SA's regional headquarters in Port Harcourt, a copy of the official acceptance letter that was emailed to the present researcher prior to arrival and a consent letter from the university were requested. After access was granted the present researcher was assigned a member of staff in the Community Relations and Sustainable Development division (similar to that of Eni SpA), who oversaw the fieldwork activities. A similar code of ethics for visiting researchers also applied in Total SA. The staff were cooperative and open to talk about their relations with host communities and even provided the present researcher with a private sitting area to go through some of the company's archived materials and to ask questions.

Getting access into RD Shell required more time. Efforts to contact Shell prior to arrival in Nigeria were not successful. After two trips to Nigeria, there was still no access into Shell. The present researcher had to consult the university research supervisory team who recommended a member of staff within the university³³, a former Shell consultant in The Hague. This contact introduced the present researcher to Shell's External Communication Director for Nigeria in The Hague, who then introduced the present researcher to the Director of Social Investment in Shell Nigeria. At each of these contacts 'clarity of purpose' was first asked for. Finally, Shell granted a conditional access based on the provision of a research access permit from the DPR - a similar process with Eni SpA.

In most of 2011 when RD Shell was not responding to the request for a fieldwork access, the present researcher learned through the news media that Shell Nigeria was battling with serious host community cases and public reputation crisis. Perhaps, that explains why there was a delay in the response to the access request. Most of the archival research conducted on RD Shell, was done through Shell's rich online archive, focusing on CSR and community partnerships, and also Shell's documented interviews on the company's corporate website.

³³ University, referring to University of Central Lancashire, Preston, United Kingdom - study host University

During visits to Shell Nigeria, the present researcher was assigned the Head of Social Audit, as a guide throughout the visits to Shell's headquarters in Port Harcourt, Nigeria.

4.4 Sampling and Data Analysis Techniques

A major task in a fieldwork research is to map the sample population and then find a suitable technique for analysing the field data generated. The present research followed a purposeful sampling approach in selecting its sample population, which included in-depth interviews participants. Mapping the context for the fieldwork exercises was also done using a purposeful sampling approach. Hence, places where oil and gas exploration activities are concentrated were given priority. For the selected oil MNCs, a cluster sampling approach was used to select a certain group of oil MNCs in a cluster that share much similar background.

4.4.1 Selection Criteria for Oil MNCs and the Focused Region

In Nigeria, currently, there are 53 oil-and-gas (O&G) exploration and production companies, including 25 foreign oil-and-gas MNCs and 28 domestic oil-and-gas (servicing) companies, according to the NOG³⁴ (2011) report. Out of the 53 companies, five are the most dominant, and currently control about 85% of the Nigerian oil-and-gas industry and are in joint venture deals with each other. These five powerful oil corporations constitute what can be known as 'The G5³⁵ oil MNCs in Nigeria'. They are RD Shell, Eni SpA and Total (all European companies), and ChevronTexaco and ExxonMobil (both American companies).

The European companies were chosen over the American companies because of their number to help generate a much wider information base for understanding and analysing methods of engagement in company-community relations between oil MNCs and Nigerian communities.

The sampling idea was also intended to reflect on the age long relations between Western Europe and West Africa, and Nigeria. It should also be noted that the selected three oil MNCs

³⁴ NOG - Nigeria Oil & Gas ([online](#)) is an energy information website (not part of the Nigerian O&G Industry)

³⁵ G5 - Group of Five oil MNCs in Nigeria: Eni-Philip, Chevron-Texaco, Exxon-Mobil, Total E&P and Royal Dutch Shell.

are among the first generation oil MNCs in Nigeria and have been in contact with oil communities for a long period, some of them, since 1954 as compared to the second generation of oil and gas exploration and servicing companies that followed much later in the 1990s when the Nigerian oil and gas industry was liberalised³⁶.

The Niger Delta was selected primarily because it is the region in Nigeria with oil and gas resources. The States that make up the Niger Delta oil region are Bayelsa, Rivers, Delta, Edo, Akwa-Ibom, Cross-River, Imo, Abia and Ondo States. To maintain focus, a purposeful sampling was conducted to carefully eliminate the least oil producing States (such as Edo, Cross-River, Imo, Abia and Ondo States) and to focus mainly on the four major oil producing States (which are Rivers State, Bayelsa State, Delta State and Akwa-Ibom State). However, going by the selected three MNCs (Eni SpA, Total SA and RD Shell), it was found that among the four major oil producing States, Total SA does not fully operate in Bayelsa State and Delta State, neither does Eni SpA operate in Akwa-Ibom State, whereas all three oil MNCs operate in Rivers State, with Rivers State capital city of Port Harcourt as the regional headquarters of the Nigerian oil rich Niger Delta (see map in Appendix 3). Therefore, local communities in Rivers State, were selected for the in-depth interviews.

4.4.2 Interview Sample Characteristics

A total of 36 interviews were planned with top managers of the three oil MNCs - 12 interviews each. In two MNCs, it proved quite difficult to achieve this target. Participants of the in-depth interviews included senior managers in community relations, PR, sustainable development, social audit and media relations departments. The in-depth interview sessions lasted for 55±15 minutes. A separate set of in-depth interviews with local community representatives followed interviews with oil MNCs' managers. A target of 36 interviews in host communities was set,

³⁶ Liberalisation of the Nigerian oil and gas economy occurred from 1999, when more doors were opened for foreign and indigenous companies as a result of the transition from continued military rule to democracy.

but only 30 interviews were achieved. Two respondents could not stay till finish due to their personal schedules, so they were excluded from the data-set used. The reason for this set of interviews with community leaders was to confirm what oil company managers say they do, and also to explore the opinions of host communities on how they feel oil MNCs should engage them, and vice versa. Table 4.3 shows details of the sample characteristics.

Sample Grouping	Anticipated Sample	Actual Sample
Eni-AGIP Staff in the Public Affairs (PAF) division including Community Relations, Lands, & Scholarships	12	9
TOTAL Staff in Sustainable Dev. (SD), Community Relations Team, Government Affairs & their sub-units	12	12
SHELL Staff in the Social Investment team, Audit, Academics and the GMoU Dev. & Implementation Team	12	10
Eni-AGIP's Host Communities: Chiefs/Monarchs and Leaders of Community Social Associations	12	12
TOTAL's Host Communities: Chiefs/Monarchs & Leaders of Community Social Associations	12	8
SHELL's Host Communities: Chiefs/Monarchs & Leaders of Community Social Associations	12	9
Total	72	60

Table 4.3: Participants sample characteristics

Participants of the in-depth interviews in host communities were monarchs and community chiefs, heads of community development committees, the elitist association, youths and women association leaders who are actively involved in engagement activities with oil MNCs on-behalf of their communities. Interviews with the three oil MNCs included the various departments mentioned in Table 4.3 above. The interview data generated from both company and community participants were then analysed accordingly.

4.4.3 Data Analysis Approach

The data analysis approach employed, involved the coding of ideas and concepts that emerged from the literature review, archival enquiry and fieldwork logbook, into main and sub themes and analysed within a qualitative framework. In this approach, main themes were developed based on the research aims and objectives, and were focused on how to understand and interpret the phenomena embodied in the present research.

According to Fulcher (2012) in qualitative analysis, the main topic of interest is the underlying social structures in the discourse, of which the researcher attempts to identify themes, ideas, concepts and views within the text itself. In doing so, main and sub themes are developed using a coding system. Altheide (1996) pointed out that a coding system for qualitative data analysis follows a recursive and reflexive movement between concept development, sampling-data, collecting-data, coding-data, and analysis-interpretation.

In the coding scheme adopted, it was intended that the interview questions and the derived field data be made into themes and subthemes in accordance with the research aims and objectives and key debates highlighted in the literature review. Therefore, the categorisation of data was based on the identification and codification of certain themes and key concepts that establish the links between the contents of the literature and interviews and the research aims and objectives (see Bryman & Bell, 2007, Fulcher, 2012).

4.4.4 Thematisation and Coding of Concepts and Ideas for Analysis and Discussion

According to Saldana (2009 p.3), ‘a code in qualitative inquiry is most often a word, short phrase or a full sentence that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data’. In the present research, the first phase of the thematisation and coding process started from the research

aims and objectives in Chapter 1, of which three main themes were identified, namely; (i.) community engagement strategies, (ii.) community relations approaches, and (iii.) social responsibility practices by the three oil MNCs in Nigerian host communities. These main themes are hereby encoded as follows for the purpose of this thesis:

MT-1: Community engagement strategies used by the oil MNCs and their implications

MT-2: Community relations approaches used within the Nigerian oil and gas industry

MT-3: Social responsibility practices adopted by the three oil MNCs and their impacts

In the second phase of the thematisation and coding process, for each of the main themes, subthemes were created as a result of emerging concepts, terminologies and summative phrases from the research data itself (Hsieh & Shannon, 2005). For example, from the first main theme (MT-1) the following subthemes (STs) emerged:

MT-1: Community Engagement Strategies used by the oil MNCs and their implications

ST1-1: Development of Strategies of engagement

ST1-2: Methods of engagement

ST1-3: Sustainability of the methods/strategies used

‘ST’ represents a ‘subtheme’, and the ‘1’ in ‘ST1’ indicates which main theme the ‘ST’ is a component. Hence, all ST1s are subthemes under the first main theme (MT-1). This same pattern applied to the MT-2 and MT-3, as will be shown below. The subthemes (ST1s) were then linked to the Research Instrument (see Appendix 1) using specific interview questions. According to Saldana (2012), coding is not only about labelling texts, it is also about ‘linking’ from data to ideas, and to data. This linking activity of the STs with certain interview questions on the Research Instrument formed the third phase of the coding process. For example, the ST1s were linked to the interview questions (Qn), as shown below:

ST1-1: Development of Strategies for engagement. (Linked to Q3 and Q4)

Q3: How do you engage with these stakeholders from the communities/company? What are the stages or phases involved in the engagement process?

Q4: Could you tell me how the engagement team is constituted? Who are the people selected from your community/company?

ST1-2: Methods of engagement. (Linked to Q5, Q6 and Q7)

Q5: What can you describe as the instruments, methods or strategies used to engage communities/company in dialogues?

Q6: How do you think the communities/company feel about your methods or strategies used to engage them in dialogues? How do you think they feel about it?

Q7: Now, how do you feel about the approaches, methods or strategies used by the communities/company to engage with you in dialogues?

ST1-3: Sustainability of the methods/strategies used. (Linked to Q8 and Q9)

Q8: What do you think the communities/company should change or improve about their approach, methods or strategies of engagement?

Q9: How has the method of engagement evolved? How was it done before? Was it different?

The above thematisation and coding scheme was applied across the three oil MNCs, and the analyses and discussion of the MT-1 with its ST1s are contained in Chapter 6 of this thesis.

The same procedure established for the MT-1 was used to develop the thematisation and coding scheme for the second main theme (MT-2). Hence, those emerging subthemes (STs) from the research that directly corroborate the MT-2 were coded as ST2s, with the '2' signifying a subtheme of the MT-2, as shown below.

MT-2: Community Relations Approach used within the Nigerian Oil and Gas Industry

ST2-1: Involvement in Community

ST2-2: Company-community Expectations

Again, the emerged ST2s were linked to the Research Instrument using specific interview questions (Qn). Each time, in the coding process, there were rephrasing, recoding and remodification activities to ensure consistency, therefore involved re-reading the transcripts, fieldwork notes, as well as reflecting on the research aims and objectives (RAOs). The same procedure of linking STs with interview question (Qn) was applied in ST2s, for the MT-2.

ST2-1: Involvement in Community. (Linked to Q14)

Q14: How much do you feel the company is involved in what communities do? In what ways has (*your*) company taken part in the social life of community people?

ST2-2: Company-community Expectations. (Linked to Q21 and Q22)

Q21: Do you think your community/company has identified the expectations (specific needs) of the community/company? What are these needs and expectations of the communities/company?

Q22: What are the challenges in meeting these needs and expectations of the communities/company? And also, do you think they have been met?

The second main theme (MT-2) which focused on the Community Relations Approaches used in the Nigerian oil and gas industry and its subthemes were made into a Chapter. Its analysis and discussion formed the entire Chapter 7 of this thesis.

The third main theme (MT-3) followed the same pattern as MT-1 and MT-2. At each point, the discussion of the MTs and their respective STs was done across each of Eni SpA, Total SA and RD Shell. The MT-3 which is contained in Chapter 8, focused on the ‘Social Responsibility Practices’ main theme (MT-3) and its emerging ST3s.

MT-3: Social Responsibility Practices adopted by the three oil MNCs and their Impacts

ST3-1: Community Partnership.

ST3-2: Community Development.

As done in ST1s and ST2s, subthemes (ST3s) under the third main theme (MT-3) were linked to specific questions for the purpose of generating specific data for the MT-3.

ST3-1: Community Partnership

Q16: These days, companies say they are partners with communities. In which ways has (your) company partnered with communities, and have made use of potentials in communities, like the use of the services of local businesses and talents to implement its plans for the community?

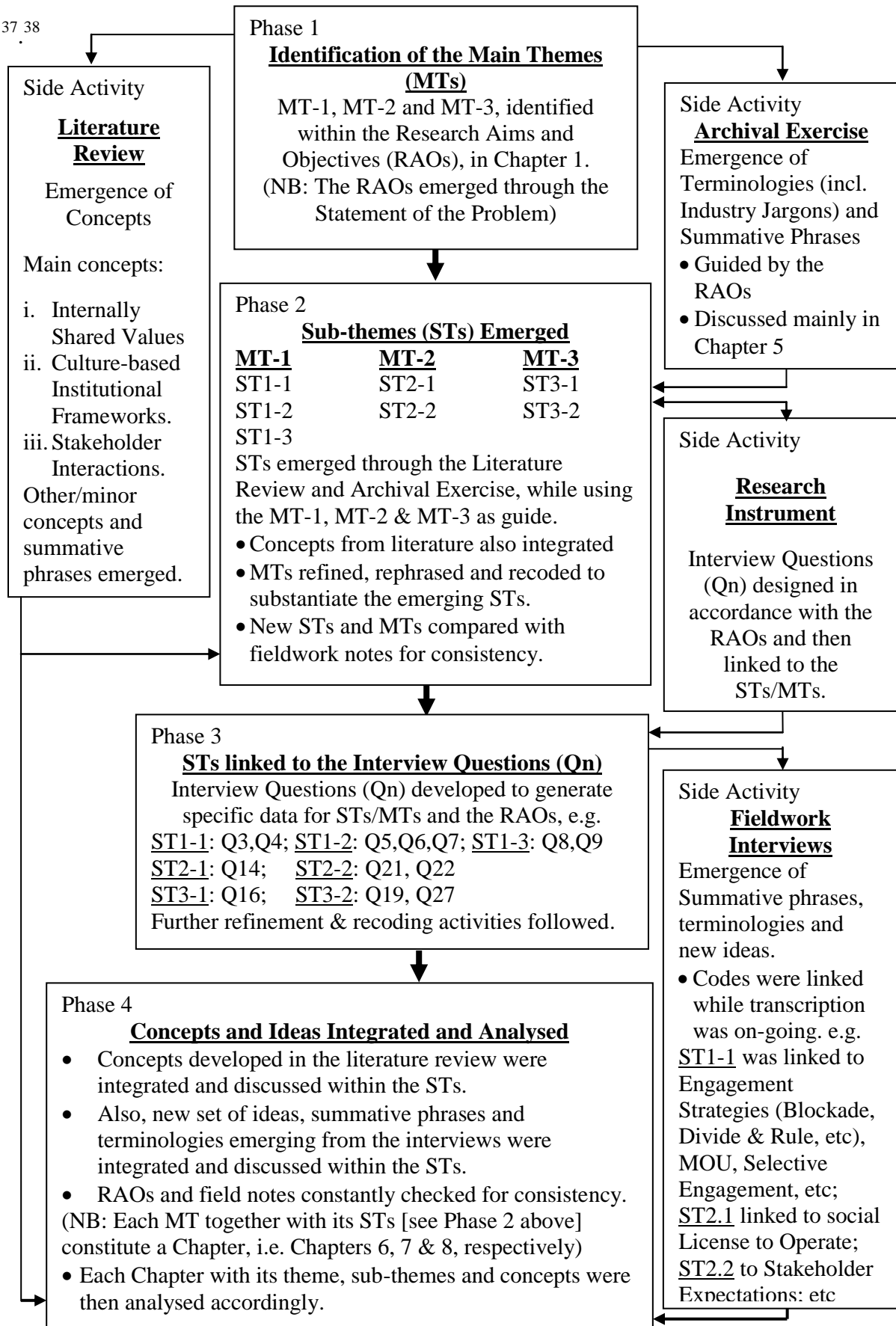
ST3-2: Community Development

Q19: Do you see community development as a major aspect of the company’s social responsibility practices? What other things do you think are the (social) responsibilities of the company?

Q27: What area of community development projects, programmes, schemes and other activities is (your/the) company doing in (your) communities? What are the focus areas?

The linking of the STs with the interview questions (Appendix 1) was intended to feed into the MTs and then to the research aims and objectives (RAOs).

The final phase of the thematisation and coding process was reached with the integration of the emerged concepts, summative phrases and new ideas from the literature, archival enquiry and the interviews, into the discussion of the three main themes (MTs) and their STs. The fourth phase also involved further rephrasing, recoding and restructuring to ensure consistency; hence involved re-reading the transcripts, fieldwork notes over and over, and reflecting on the RAOs. The procedure, once established, was applied in all three discussion Chapters (6-8). See below (Figure 4.4) how the thematisation and coding process evolved.



37 Figure 4.4: *The Thematization and Coding Process*
38 Source: *The Present Researcher (2012)*

The thematisation and coding process involved reading all the interview transcripts and field notes repeatedly back and forth, to achieve immersion and obtain a sense of the ideas (Hsieh & Shannon, 2005). The coding of the transcripts which took place in phases 3 and 4 was done by allocating key words/phrases - that capture key ideas or concepts - to the responses generated using the interview questions. The allocated words/phrases were directly linked to the predetermined sub/themes (Saldana, 2012; Hsieh & Shannon, 2005).

The allocation of words/phrases was done directly on the transcribed texts, together with some notes to it. According to Hsieh and Shannon (2005 p.1279) in a qualitative content analysis, the “researcher approaches the text by making notes of his or her first impressions, thoughts, and initial analysis. As this process continues, labels for codes emerge that are reflective of more than one key thought. This often comes directly from the text...” In the coding process, concepts and ideas were constantly checked for consistency with the STs and the MTs.

As shown in Figure 4.4, summative phrases, terminologies and new ideas that emerged from the ‘Fieldwork Interviews’ and the concepts that emerged from the ‘Literature Review’ were linked with the STs. These concepts, summative phrases, terminologies and new ideas that emerged from the literature and field data are discussed as sub-headings under the main themes that form the discussion Chapters (6, 7 and 8).

A separate coding activity involved assigning to different sections of the sampled population unique codes for the purpose of identification. Detailed identities of the respondents interviewed are code-named and only made available to the examiners on a separate sheet of paper at the viva voce, for verification and afterwards returned to the researcher. As a result of this label coding, real names of the respondents - both company and community respondents, were replaced with unique code names. See details below.

EMR - *Eni Manager Respondents*
TMR - *Total Manager Respondents*
SMR - *Shell Manager Respondents*

ECR - *Eni Community Respondents*
TCR - *Total Community Respondents*
SCR - *Shell Community Respondents*

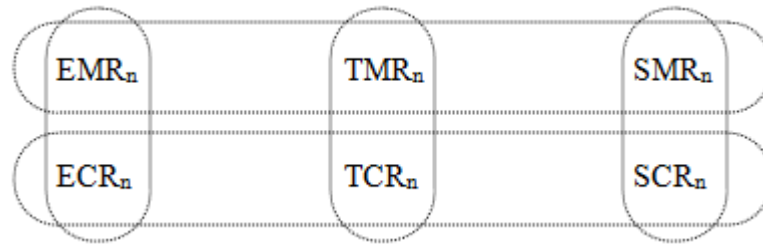


Figure 4.5: Coding of Respondents for Identification
Source: *The Present Research (2013)*

From the above, label codes replaced names of respondents, and serial numbers included to indicate the order of occurrence of the interviews. For example, Eni's manager-respondents were coded, EMR01, EMR02, EMR03, and so on; while Eni's community-respondents were coded ECR01, ECR02, ECR03, respectively in that order. The same pattern applied to all Total SA related respondents (TMRs and TCRs) and all RD Shell related respondents (SMRs and SCR), as is being seen referenced in this thesis. From the above illustration, vertically across the bars represent individual cases of each of the oil MNCs; whereas horizontally across the bars offers industry views between oil MNCs and host communities.

In subsequent Chapters the analysis and discussion of the themes, subthemes, concepts and ideas that emerged from the research helped to critically evaluate community engagement strategies, community relations approaches and social responsibility practices used by the three oil MNCs.

4.5 Summary of the Methodological Framework

The methodological framework used in the present research followed a pattern which allowed one research method to supplement and advance the outcomes of a previously applied research method. As demonstrated, the order of research methods used started with a review of academic literature on the topic which was supplemented by a secondary research in the

form of an archival enquiry and then progressed to a primary research involving in-depth interviews with oil MNCs' managers. This was later extended to interviews with communities' leaders and some community social groups, which were used to substantiate the data already generated through interviews with oil MNCs' managers mainly in the PR divisions, community relations and allied departments of Eni SpA, Total SA and RD Shell. The literature review, archival enquiry and in-depth interviews generated concepts and ideas that were coded into themes and sub-themes, as demonstrated above.

The reason for the archival enquiry, which was at the initial stage of the research, was to first explore a variety of archive materials on the topic, so as to acquire a contextualised knowledge around the topic of the present research. Apart from advancing the literature review and archival enquiry, the in-depth interviews were intended to immerse the present researcher into the worlds of the subjects, to see things from the perspectives of the subjects so as to interpret practical realities in company-community relations and engagement between oil MNCs and Nigerian communities. The next Chapter (i.e. Chapter 5) will be looking at the contextualisation of individual oil MNCs by applying the archival data to the community engagement strategies, community relations approaches and social responsibility practices used by Eni SpA, Total SA and RD Shell.

CHAPTER FIVE

5.0 THE ACTIVITIES OF ENI SPA, TOTAL SA AND RD SHELL IN NIGERIA: AN ARCHIVAL

ENQUIRY AND ANALYSIS

5.1 Introduction

This Chapter contextualises each of the three oil MNCs – Eni SpA, Total SA and RD Shell, by means of an archival enquiry. It explores backgrounds to the three MNCs' activities by reviewing company archive materials, such as; company memos, Gazettes, newsletters, CSR audit reports, special reports and other publications, to understand oil MNCs' different forms of relations with communities, and how their different methods of engagement were developed. Simultaneously, as the Chapter progresses, the outcomes of the literature review are compared with the outcomes of the archival enquiry and then discussed, thus underpinning further discussions in subsequent Chapters.

5.2 ENI IN NIGERIA: THE NIGERIAN AGIP OIL COMPANY (NAOC)

5.2.1 Eni SpA³⁹: Company Background

The Eni group is among the world's six largest publicly traded oil, gas and energy MNCs and currently Italy's largest corporation, having its presence in about 91 countries (Eni, 2011_a).

In 1926 the Italian government incorporated Agip⁴⁰ SpA in Rome to deal in automotive gasoline and diesel retailing; and by 1936, Agip SpA had expanded into oil refining in and outside Italy (Eni, 2011_a, Eni, 2013). To implement a national energy strategy based on the concentration of all activities in the energy sector into one group, the Italian government

³⁹ ENI SpA – *Ente Nazionale Idrocarburi* (ENI), translated as National Hydrocarbon Agency, and SpA is an acronym for *Società per Azioni* (SpA), translated as 'Society for Stock or Joint-Stock Holding'.

⁴⁰ AGIP SpA – '*Azienda Generale Italiana Petroli*' meaning Italian General Petroleum Company.

created Eni SpA in 1953 to go into petroleum exploration and production (Eni, 2013). Both Agip SpA and Eni SpA partnered in several activities. Then in 2003, Eni SpA acquired Agip SpA to form the Eni Group (Eni, 2013). The group deals in engineering, oilfield services and construction (both offshore and onshore) through Saipem SpA - a subsidiary with Eni's 43% interest (Eni, 2013). As an oil, gas and energy MNC, Eni SpA has also established itself in electricity power generation through gas utilisation (Eni, 2013).

5.2.2 Eni SpA in Nigeria

The Eni Group entered Nigeria in 1962 through a wholly owned Agip SpA subsidiary – the Nigerian Agip Oil Company (NAOC) Ltd (following the receipt of Oil Production Licence [OPL] from the Nigerian government in settlements of rents and royalties) to explore and mine crude oil in Nigeria (Eni, 2011_a). AGIP (the name Eni SpA is locally called in Nigeria), produced its first oil in 1965 at the Ebocha oil field (Eni, 2011_b) and then in commercial quantity at the Ebocha and Mbede oil wells in 1970 and 1972, respectively (Eni, 2011_a). Other oil fields were subsequently discovered, such as; Kwale, Okpai, Akri, Obiafu and Obrikom etc. (Eni, 2011_a). The Ebocha and Mbede communities in Rivers and Imo States, respectively, became Eni's first Nigerian host communities (see the NDR Map - Appendix 3).

AGIP (or Eni SpA in Nigeria) operates on land, swamp and offshore areas of the NDR under a joint venture (JV) arrangement comprising the NNPC⁴¹ (60%), AGIP (20%) and Conoco-Phillips (20%) with concessions in the NDR (UN, 2006). The Eni group operates subsidiaries in specialist areas, under the names; AGIP Energy & Natural Resources Ltd - for shallow waters (offshore) operations; Nigerian AGIP Exploration Ltd - for deep-water operations; and Nigerian AGIP Oil Company Ltd - for onshore (land & swamp) operations (Eni, 2011_a).

⁴¹ NNPC - Nigerian National Petroleum Corporation

Saipem SpA, which is Eni SpA's major subsidiary, started its activities in Nigeria through Agip SpA in 1965, providing a range of services to the O&G industry. Saipem SpA's subsidiaries include; Saipem Nigeria Ltd - for drilling operations, Saipem Contracting Nigeria Ltd - for onshore constructions, and Saibos Ltd - for offshore construction and installations (Eni's Way, 2002). All of these subsidiaries make up the Eni Group in Nigeria.

5.2.3 Eni SpA's Declaration of Commitment to the Nigerian Communities

According to the achieve records studied, the Eni SpA's mission statement says:

"We are major integrated energy company, committed to growth in the activities of finding, producing, transportation, transforming and marketing of oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity" (Eni, 2008_a).

It was based on the group's mission statement that its current code of ethics was developed in 2008 by the Eni board, to focus on three main areas, namely; sustainable development, corporate responsibility, and protection and promotion of human rights (Eni, 2008_a, Eni, 2011_a). According to Eni (2008_a) the general principles in the code of ethics were drafted to suit the different stakeholders of the company. This, from a theoretical perspective, implies that Eni's promise of commitment to creating value for stakeholders was as a direct result of stakeholders' expectations and growing social pressures on MNCs to get involved in social responsibility initiatives (Breton & Pesqueux, 2006; Gyves & O'Higgins, 2008).

In Chapter 2 of this thesis, it was argued that companies get involved in social projects not because they would naturally want to but because society implicitly expects it of them (Gyves & O'Higgins, 2008). Hence, companies engage in social responsibility initiatives with the intent to demonstrate that their actions are legitimate and appropriate, and with the expectation that society would acknowledge their efforts and approve of their activities

(Hofstede, 1997; Gyves & O'Higgins, 2008). Like most MNCs, Eni SpA responded in the same manner. Lakin and Scheubel (2010) refer to this as the '*enlightened self-interest*' - a situation when MNCs suddenly become philanthropic towards communities, solely out of their ethical convictions to further their economic interests.

Archive materials available through Eni Nigeria further claimed that specific attention is given to community projects, with a commitment to socioeconomic goods for communities, to inform and consult them on issues of interest, to sustain non-profit activities and to ensure that Eni not only respect the needs of communities, but also actively participate in initiatives in their favour (Eni, April 2008_a, Eni, 2011_b). However, it should be noted that the archival records were documented with the intent to also feed into official documents. How authentic these claims are in practice, would only be measured by how much of these claims are confirmed by the community stakeholders including local leaders and other community representatives, as will be seen discussed further in this thesis.

5.2.4 Eni's Approach to Community Stakeholder Management in Nigeria

Regarding stakeholder mapping, Eni categorises its host communities into two broad groups, namely - core and transit communities (Eni, 2011_a), what Carroll and Buchholtz (2009) would refer to as primary and secondary stakeholders. Communities hosting Eni's drilling facilities and oil wells are grouped as core communities, including communities where Eni's staff and facilities are accommodated, such as Omoku township and Agip Village in Port Harcourt city. Communities where Eni's facilities pass through, like O&G pipelines and access roads to Eni's facilities, are grouped as transit communities - for example, Umusadege and Ogbe communities; and also oil terminal and coastline communities, such as Bonny and neighbouring communities (Jitoboh, 2011; Eni, 2011_a, Eluka *et al*, 2013). See Table 5.1 below.

Eni's Host Communities Grouped	
<i>Host communities (Core)</i>	<i>Transit Communities</i>
<ul style="list-style-type: none"> • Oil Deposited Communities • Eni's Facilities Land Areas • Staff Residential Land Areas 	<ul style="list-style-type: none"> • Pipeline Transit Communities • Oil Terminal Communities • Coastline Communities

Table 5.1 *Eni's Host Communities Grouped*

Source: *The Present Research (2011)*

In Eni's terms, community stakeholders refer to the community traditional rulers, landlord families, the community development committee (CDC), youths and women associations in Eni's core and transit communities (Eni, 2011_b, Jitoboh, 2011; Eluka *et al*, 2013). The fieldwork, however, by using interview questions Q1 and Q2 (see Appendix 1), revealed that Eni prioritises communities based on the frequency of communication and their level of persistence in expressing their interests and expectations. For example, the present researcher found that more vocal and persistent communities of Obrikom and Omoku received more attention and regular engagements with the MNC than the less vocal and less persistent communities of Okwizu and Kwali communities, despite these communities being classed as core communities. One of the respondents in Eni's host community who was interviewed highlighted this trend. According to him:

“Agip (i.e. Eni in Nigeria) should give to the community what is due (to) them as agreed...and not wait until community people cry out for it” (ECR02, 2013).

This approach to community stakeholder management reinforces the argument that companies more often than not, respond to stakeholders demands not because they wanted to but because of social pressures to do so (Breton & Pesqueux, 2006; Gyves & O'Higgins, 2008). Theoretically, the implication in the case of Eni Nigeria is that the prioritisation of community stakeholders is based on the amount of social pressure and influence exerted on the company (Gyves & O'Higgins, 2008), rather than simply based on core or transit communities, as suggested by the archive materials available through Eni Nigeria.

5.2.5 Eni's Community Relations Activities and Involvement in Social Projects

It was argued in Chapter 3, that local communities in the LDCs are usually vocal about their expectations of employments, patronage of local businesses and demands for assisted social projects from MNCs (Boutilier, 2009; Adegbite & Nakajima, 2012), and that the manner in which MNCs manage these expectations, factor in whether MNCs are getting it right or wrong with communities (Lee, 2008; Zandvliet & Anderson, 2009).

To meet host communities' expectations by attempting to secure the institutional support of host communities and a social licence to operate (Thomson & Boutilier, 2011; Adegbite & Nakajima, 2012), Eni embarked on a number of social projects in Nigeria. According to Eni's report its social projects have impacted on local capacity building through local skills development, job creation, the local economy through partnerships, and impacted on human capital development through scholarship awards (Eni's Way, 2002; EniNigeriaNews, 2010; Eni, 2011_a). The present researcher investigated these claims further by interviewing community members who are at the receiving end of the social projects, and details of which are integrated within the following subheadings.

5.2.5 (a) Eni's Bursary and Scholarship Schemes

Eni's records show that the company currently award secondary school bursaries and university scholarships to residents of its host communities. It stated that 327 communities are on the scheme and the number of bursaries recipients increased from 1,600 in 1999/2000 to 2,059 in 2009/2010 and continued to increase, and the value also increased from ₦12,000 (naira⁴²) to ₦30,000 (equivalent to \$198) per year (Eni, 2011_b; Eni, 2014). The university scholarship awards also rose from the initial ₦4,500 in 1992 to ₦15,000 in 1998; from

⁴² The naira (₦) is the name of the monetary unit of Nigeria.

₦30,000 in 1999 to ₦50,000 in 2000; and from ₦75,000 in 2004 and to the present ₦100,000 (equivalent to \$600) per award per year since 2006 (Eni, 2011_b; Eni, 2014).

A member of Eni's staff in the scholarship team who was interviewed confirmed the value of the awards, and when asked if Eni ensures the right candidates get the awards, here is what the member of staff explained;

“The screening for the host community awards is conducted by the CDC⁴³, so Eni is unable to guarantee that the screenings were conducted based on merit” (EMR07, 2011).

In a section of the Eni's report (Eni, 2011_b) it says that ‘more than 2,300 Nigerians benefited from the Eni's scholarship schemes, and some awardees have attended the advanced training programme in oil and gas management at Scuola Mattei in Milan’, coordinated by Eni SpA. The report further stated that ‘for the last decade, 17% of the students attending the school have come from Nigeria, and some are currently following Masters degree courses as part of their training to become future managers in the Nigerian oil and gas industry’ (Eni, 2011_b).

The above detail from the Eni's archive materials was followed up during the interviews. It emerged that Eni's community respondents (ECRs) who were interviewed had a contrary view to it, and completely opposed the claim, explaining that Eni does not currently give or has given foreign scholarships to Nigerians, except for the national scholarship schemes it currently awards; and that the beneficiaries of the foreign scholarships mentioned in Eni's report were indeed newly recruited Eni staff who are usually sent to Milan for a year training (masters) course, preparing them for a career in Eni (e.g. ECR05, 2013; ECR09, 2013). In a repeat visit to Eni's office in Port Harcourt, an interview with a member of Eni's scholarship team (EMR07, 2013), confirmed the claim by Eni's community respondents ECR05 and

⁴³ CDC - The Community Development Committee is set up by the community for development activities.

ECR09, that Eni has not started awarding overseas scholarships to Nigerians, in contrast to the company's documented claim.

5.2.5 (b) Eni's Partnership Activities and Job Creation in Host Communities

By using interview questions Q21 and Q22 (in Appendix 1), job creation was identified as one of the expectations host communities have of MNCs; and also MNCs' willingness to patronise local businesses and expertise, as discussed in Chapter 3 (and in Table 3.2).

According to the Eni's Magazine (Eni's Way, 2002), Eni has provided skills acquisition training courses for youths in its host communities, which at the start, enrolled 400 community youths on different courses in carpentry, hairdressing, brick-laying and computing. A community respondent who was interviewed confirmed the information.

“At least, the skills acquisition is working. At the end of their training, AGIP gives them a starter pack each and money to start off on their own. Though the money is not so big, some wise kids still made good use of it” (ECR08, 2013).

Other Eni's social projects are aimed at creating jobs and boosting the local economy, according to its reports. For example, the Cassava Processing Mill project in collaboration with Omoku Cooperative Society and Integrated Systems Ltd for the improvement of garri (flour) production, of which after its completion, 4 women have been hired (Eni, 2011_b).

There is also the Cottage Industry and Plantain Flour House project in collaboration with Mgbede Farmers' Cooperative Society and D-Emmason Engineering Ltd for the improvement of bread production, banana flour and palm oil production. More than 6 residents were employed, and the cooperative also won the “Farmer of the Year Award” (Eni's Way, 2002; Eni, 2011_b). According to Eni, these partnership projects have contributed

in boosting the local economy and created jobs in the local labour market (EniNigeriaNews, 2010; Eni, 2011_a; Eni, 2011_b).

Eni's memos and other archive materials studied, highlighted a new strategy by the company of using local expertise to fill most of its technical and managerial roles, as a way of contributing to the Nigerian public through job creation and human capital development (Eni, 2011_a; Eni, 2011_b). According to Eni's reports, Eni Nigeria had a reputation for recruiting Nigerians into casual and junior staff positions and all technical and senior managerial positions were filled by foreign staff, and only very few indigenous staff reached senior positions, at the time (Eni, 2011_b). As argued in Chapter 3, the above practice highlights an aspect of the underlying mistrust between some foreign MNCs and the local population (Dhir, 2007; Jahansoozi, 2007; Chang, 2008; Obi, 2009). Therefore, the idea behind Eni's nationalisation of its managerial positions to develop professionalism so the twice-paid expatriate workforce may be progressively replaced by Nigerian staff at both technical and managerial levels, was as a result of a new requirement by the Nigerian government.

According to Eni's report, by 2010, about 90% of its almost 5,000 staff in Nigeria were Nigerians, including 63 senior staff from Nigeria as compared to only 6 senior staff from Nigeria in 2004 (Eni, 2011_b); therefore, confirming Gyves and O'Higgins' (2008) argument in Chapter 2, that businesses act in certain ways out of social pressure to placate stakeholders.

5.2.5 (c) The Green River Project (GRP)

Eni's Green River Project (GRP), launched in 1987, remains the most significant community development (CD) project in the NDR in the area of food production, according to Eni's reports NaocNews (2003) and Eni (2011_b). It consists of an integrated, modular rural development programme designed to create a sustainable agriculture and food production to serve the local population in the NDR (Eni, 2011_b).

The project involves the production and distribution of genetically modified seeds that are resistant to pests and diseases as well as soil analysis and land conservation; and also the introduction of fish farming and training; the creation of cooperatives to ensure technical innovations and knowledge sharing; the equipment of production centres for local food production; and the introduction of large scale mechanised farming in rural communities (Eni, 2011_b; Nlerum *et al*, 2012). Though there are discrepancies in Eni's community relations and engagement approaches, community respondents who were interviewed have applauded Eni's contribution through the GRP (e.g. ECR02, 2013; ECR11, 2013).

Regarding meeting the needs in host communities in food production and processing, Nigerian academics such as Jitoboh (2011), Nlerum *et al* (2012) and Eluka *et al* (2013), corroborated Eni's contribution to rural agricultural extension programme in the NDR, as a framework for rural agricultural development. In a later section the Eni's GRP as a community development and engagement framework is compared with those of other MNCs.

5.2.5 (d) The Microcredit Scheme

The aim of the microcredit scheme, according to Eni's report, is to assist local entrepreneurs getting access to loans from the Central Bank of Nigeria and the UBA Bank who are also partners in the scheme, and to provide training to farmers (Eni, 2011_b). The participants are local cooperatives in agro, animal-breeding and fish-farming businesses (Jitoboh, 2011; Nlerum *et al*, 2012). The present researcher used interview question Q16 (Appendix 1) to ask the opinions of community residents about Eni's partnership claim with the community and local businesses. A clergy in Omoku community, who is also in the agro business, said:

“AGIP has its own farm (referring to the Eni's GRP). They give cassava stems and seedlings to farmers and also provide training. We hear about the microcredit, but we haven't seen who received it. But I know of the AGIP's annual

awards to best farmers". (When asked how much it is worth. He said) *"It is worth ₦30,000 per award (\$185), and AGIP does the nomination"* (ECR02, 2013).

The above account contradicts Eni's archive information that about 30 cooperatives have benefited from the scheme, receiving small loans of about \$3,000-\$4,000 each, a total of over \$100,000 per year (Eni, 2011_b). Note also Eni's values, quoted in US dollars. On a repeat visit to Eni's office in Port Harcourt, a member of staff (EMR05, 2013), explained that the microcredits are given to the farmers through the CDC, and that communities have a responsibility to produce names of who benefits from the scheme.

5.2.6 Summary of Eni's Activities in Nigeria Based on the Archival Enquiry

Though mixed views exist about who receives the Eni's microcredit facilities, there is evidence that some local agro-businesses receive some form of financial assistance from Eni as well as skills training. The interviews revealed discrepancies in the archive materials studied, such as Eni's claims of overseas scholarship awards and the microcredit facilities. These information tend to suggest that Eni's published reports, perhaps, were embellished to help boost the company's social responsibility ratings. These materials are published in the cities and online and the majority of local people do not have access to what has been published about them (ECR02, 2013).

By using interview questions Q1 and Q2, the present researcher found that more vocal and persistent communities of Obrikom and Omoku have regular engagements with Eni than the less persistent Okwizu and Kwali communities, despite these communities being classed as core communities by Eni's classification; thus, confirming Gyves and O'Higgins (2008) that the prioritisation of stakeholders is based on the amount of social pressure and influence each exerts on the company.

The Green River Project (GRP) was identified as Eni's development framework in host communities. In terms of meeting the needs of communities in food production and processing, the GRP has been commended by Nigerian academics such as Jitoboh (2011), Nlerum *et al* (2012) and Eluka *et al* (2013) who argued that the GRP has contribution to rural agricultural extension programme, and serves as a framework for rural agricultural development in the NDR.

5.3 TOTAL IN NIGERIA: TOTAL E&P NIGERIA GROUP (TEPNG)

5.3.1 Total SA: A Brief Background

The Total group is the 4th publicly traded O&G MNC, present in 130 countries, and focuses its business operations in three specialist areas: oil, gas and chemicals (TotalDiary, 2011)

Total SA⁴⁴ was first incorporated on 28 March 1924 by the French government, as '*Compagnie Française des Pétroles (CFP)*' interpreted as '*French Petroleum Company*', and it was at a time when the French government opted for a national petroleum company with the support of 90 banks and companies instead of a joint venture partnership with Royal Dutch Shell (TotalNigeria, 2011). Total SA, initially entered Nigeria in 1956 as Total Nigeria RC:1396, a private company, to market petroleum products, and in 1978 went public to become Total Nigeria Plc (TotalNigeria, 2011). During this period in 1962, SAFRAP⁴⁵, another French company involved in research and oil exploration also entered Nigeria. SAFRAP Nigeria later became Elf Nigeria in 1974 following the group's worldwide change of name (Alike, 2010). Then in 1981, Elf Petroleum Nigeria Ltd was formed to go beyond

⁴⁴ SA is acronym for '*Societe Anonyme*'.

⁴⁵ SAFRAP is '*Societe Anonyme Francaise des Recherches et d'Exploitation de Petrole*', interpreted as '*French Anonymous Society of Research and Exploitation of Oil*' (See Frynas, 2000).

research and oil exploration into the marketing of petroleum products, lubricants and chemicals and reporting to Elf Aquitaine SA in France (TotalNigeria, 2011; Total, 2013).

The present Total E&P Nigeria⁴⁶ was created through two successive mergers; the first when Total SA France joined with Belgian oil company, Petrofina, in 1999 to form TotalFina, and the second when TotalFina merged with Elf Aquitaine SA in 2000 to form TotalFinaElf (Total, 2013). The implication of these mergers was that the old Total Nigeria and Elf Nigeria became Total E&P Nigeria Group (TEPNG) on May 6, 2003. The new Total SA reflects the prestigious Franco-Belgian oil and gas legacy that dates back to the 1920s (Total, 2013).

5.2.2 Total SA's Operations in Nigeria

After its first Oil Production Licence (OPL) 35 Onshore Niger Delta was issued by the Nigerian government in 1962, together with the Oil Mining Licence (OML) 58, Total SA began oil exploration and in 1966 started production at the Obagi oil field, in Egi community, in Rivers State (Total, 2013). Obagi village and the entire Egi Community became Total's first and main host community in Nigeria. Total SA further discovered oil fields onshore within the NDR and offshore NDR coastal areas.

The Total group has subsidiaries in the upstream operations, namely Total E&P Nigeria Ltd, Total Upstream Nigeria Ltd and Total E&P Deepwater AtoH; and in the downstream area it has Total Nigeria Plc (TotalNigeria, 2011). In the liquefied natural gas (LNG) programme, the group has two subsidiaries - Total LNG Nigeria Ltd (with 15% equity in the Nigeria LNG) and Brass Holding Company (with 17% equity in the Brass LNG Project) (Total, 2013).

According to the Companydatabase (2009) Total Nigeria Plc is the largest oil and gas pump marketer in Nigeria, with 15% market share, and over 500 retail outlets, 10 liquefied

⁴⁶ Total E&P (*Exploration & Production*) Nigeria Limited; abbreviated TEPNG

petroleum gas (LPG) bottling plants, three chemical and lubricant blending plants, and operates from four aviation depots and other facilities within Nigeria.

5.3.3 TOTAL's Mission Statement and Commitment to Host Communities

In its mission statement, Total SA summarised its commitment to Nigerians and its staff, and pledged that the fulfilment of its commitments to communities will serve as key indicators and a reflection of Total's commitment to high ethical standards and corporate citizenship (Total, 2010_a; CSR Globe, 2011_a). It reads:

'Our mission is to maximise Nigeria's energy resources to create value for Nigerians, our shareholders and other stakeholders, partners, and employees through the application of Total's superior technology, high ethical standards, good corporate citizenship, promotion of sustainable development of communities around our operations and Nigerian content in all major activities and excellent environmental practices to the safe exploration, development and production of oil and gas'.

This Chapter and subsequent Chapters will be assessing how the company conducts its activities along the lines of these commitments, by accessing the accounts of host communities who are at the receiving end, and whose relations and engagement with the company is the main focus of the present research.

5.3.4 Total SA's Approach to Community Stakeholder Management

According to Total's archives studied, Total classifies host communities as those whose lands the company has oil mining licence and active O&G exploration and mining activities (Total, 2007_a; Total, 2011_a). To corroborate this method of classifying stakeholders, it was also found in archive materials that in terms of mapping for effective stakeholder management (as

in Carroll, 1989) Total, groups communities based on the company's licence registrations for specific geographic areas - for example, the OML85 communities, OPL35 communities and many others, were phrase used in the archive documents studied (e.g. Total, 2011_a; Total, 2013). These codenamed communities are where Total has its upstream onshore activities.

Apart from the upstream host communities, there are the pipeline communities; and in its offshore/deepwater activities, Total has coastline communities as well (Total, 2011_a). Total classifies its coastline communities based on the names of the affected local government areas. (In Eni's classification, both the coastline and pipeline communities are categorised as transit communities). In practice, despite the different classifications, Total considers the upstream onshore host communities as its main stakeholders whereas the pipeline and coastline communities are considered secondary stakeholders. As discussed in Chapter 3 (subsection 3.3.1), theoretically, it can be established that Total classifies its host communities based on primary and secondary host communities (Carroll & Buchholtz, 2009).

5.3.4 (a) Total's Community Relations Activities in Host Communities

According to Total's report, the company supports initiatives that promote the development of individuals, institutional and collective capacities (Total, 2007_a). The company asserts that its community relations approach is designed to empower local communities to define their own collective future, through initiatives in the areas of infrastructural development, healthcare, education, microcredit schemes for local businesses, and that these initiatives strengthen the local economy and empower community residents (Total, 2007_a; Total, 2011_a).

As a member of the UN Global Compact, Total SA emphasises on standard methods of measuring its role in community development initiatives, and employs the services of the French ESSEC Iréné Institute, to assess its corporate social responsibility performances in Nigeria (Total, 2010_a).

The company also claims its social responsibility initiatives are built on transparency, stakeholder dialogue and integrity, in the conduct of its activities in Nigeria (TotalNigeria, 2011; Total, 2013). A community respondent who was interviewed, corroborated this claim, when he was asked, Q7: ‘How do you feel about the approaches, method used by the company to engage and relate with your community?’ Here is what he said.

“Our community is okay with the current approach. Some of our neighbouring communities still struggle to communicate with the oil companies, and sometimes they get so frustrated and begin to block the roads” (Researcher: You mean, they protest?)
“Yes! But Egi and TOTAL have gone beyond ‘Blockade’” (Researcher: Why did you say that?) *“Because we have a MoU with TOTAL and there’s a monitoring committee”*
(Researcher: What do they do?) *“They make sure the terms of the MoU are respected”*
(TCR01, 2013).

According to the information contained in The Total Diary (2011), the company through its upstream subsidiaries, is providing skills development training for local youths, scholarship awards, employment, and upgrade of rural infrastructure. These initiatives are intended to meet communities’ expectations, and are outlined in the memorandum of understanding (MoU) between Total and its Nigerian communities. As seen in the interview account by TCR01 (2013) above, the MoU monitoring committees are created to ensure compliance with the articles of the MoU, hence guarding a consistent company-community relations approach that takes into account the valued interests and expectations of each of the parties involved.

The question is - how did the relations between Total SA and its Nigerian communities get to this point? In Chapter 3 it was argued that companies get involved in social projects outside of their economic interests, because of the social pressure to do so (Breton & Pesqueux, 2006; Gyves & O’Higgins, 2008). And here is The Total group arguing that its community

development (CD) initiatives ‘are not just for work guarantees but because it is the right thing to do’ (see Total, 2007_a). Therefore, the next subsection reviews how the community engagement activities evolved between Total and its host communities, and if the company’s past, in any way, informed its present community relations and engagement practices.

5.3.5 Total SA’s Community Engagement Activities: The Metamorphosis

Archive materials studied, hinted that Total’s ongoing dialogue with communities remains critical in averting confrontations from host communities (Total, 2010_a), which in turn has boosted Total’s social licence to operate in host communities (see Thomson & Boutilier, 2011; Nelsen, 2003). The company claims that its ‘common ground approach’ to community stakeholder engagement paid off (Total, 2007_a; Total, 2010_a). But how did it all start? The archival enquiry together with an interview with the chairman of the oil and gas landlord families in Total’s host community (TCR01, 2013), using interview question Q9, provided historical background to how the company’s community engagement strategies evolved.

5.3.5 (a) Community Engagement Before 1993

For thirty years (1962-1993) Total operated in Egi community, which is its first and main host community, and had peaceful relations and no clash of interests with community members (TotalNigeria, 2011). At the time then, the company made contacts with ‘*the Eze*’ (i.e. community ruler) who also introduced his council of elders to the company (TCR01, 2013).

Total SA used a local negotiator to identify who the community ruler was, and to know a little about the local customs, such as the giving of gifts - locally called ‘*Kola*’ (TCR01, 2013). After the first meeting, ‘*the Eze*’ informed the community about the company, and

from that point relations with community was anchored on the community ruler and few individuals - who often clutched all that were given to the entire community (TCR01, 2013).

Some of the local rulers at the time had basic Western education and were simply satisfied with the gift items (e.g. large cash money, live cows, foreign wines, bags of grains, and other items) the company handed-out to them, during the annual harvest festivals (TCR01, 2013).

Under this old method of engagement with communities, MNCs decided what community projects they feel communities needed, and no proper consultations were made (TotalNigeria, 2011; TCR01, 2013). According to Nigerian authors, whatever oil MNCs did for communities, they did so as 'community assistance' and not as a 'social responsibility' activity (Idemudia, 2007; Eweje, 2007; Ite 2006). This philanthropic approach to community relations continued throughout the period (1962-1993) (Jahansoozi, Eyita & Izidor, 2012).

Problems started when some community members started questioning what host communities had benefited from the oil exploration and exploitation activities in their lands (e.g. Ake, 1989). These questions aroused consciousness among community youths who felt they needed to be engaged too and be employed by the MNC (see Appendix 3). Thus, there was pandemonium in 1993 between Total and community, as their 'valued interests' clashed.

The company wanted the status-quo to continue as they were not ready for new changes (TotalNigeria, 2011), but community stakeholders were already making moral claims (see Carroll & Buchholtz, 2009). According to TCR01 (2013), community youths could not be placated by community rulers who Total relied on for support; hence a protest was staged and all Total's oil flow stations were shut-down for several weeks. News of the Egi community protest reached Lagos and then Paris. Total SA agreed to sit on a roundtable with community stakeholders and new plans for the future were drawn (TotalNigeria, 2011; TCR01, 2013).

5.3.5 (b) Transformation of Community Engagement after the 1993 Protest

After the 1993 protest, Total re-evaluated its community relations approach. As a result, new management teams such as the sustainable development division, including the community relations department and capacity development, were created to address communities' 'interests and expectations' which included assisted rural infrastructural projects, such as access roads, water and electricity supply and youths employment (TotalNigeria, 2011). Several post-1993 meetings with community representatives, led to the drafting of the first memorandum of understanding between Total and local communities (Total, 2007_a). The aftermath of the 1993 protest also led to the development of: i) a new approach to community relations; ii) new frameworks for community engagement such as the Stakeholder Relationship Management (SRM+) tool; iii) the integration of the Nigerian local contents requirements; and iv) several partnership activities with local businesses.

5.3.6 Total's Memoranda of Understanding (MoU)

The MoU outlines company-community expectations - (expectations as outlined in Chapter 3, subsection 3.3.2). Total's MoU with communities, details communities expectations such as infrastructural developments for communities, scholarship schemes at different levels of education, skill acquisition programmes, employment quotas for each of the community groups mentioned in the MoU, and microcredit facilities to help boost the local economy (Total, 2010_a). It also details how Total expects communities to behave (Total, 2010_a). According to Chandler (2013) under a MoU agreement each party has a responsibility to abide by its tenets and a commitment to respect the interests and expectations of the other party (Chapter 3).

During the MoU formulation stage, Total's negotiating team meets with the community stakeholders and representatives from the government who serve as witnesses and also

signatories to the MoU. Below is how Total’s MoU formulation committee is constituted, using the Egi community’s MoU with Total.

Stakeholders	Number of Representatives
Egi Youths Federation (EYF)	6
Egi People’s Assembly (<i>The Elites</i>)	4
Local Government Council (Ogba-Egbema-Ndoni LGC)	1
National Petroleum Investment Mgmt. Services (NAPIMS)	1
The Company (TOTAL Nigeria)	5
Rivers State Government	1
Egi Women Welfare Association (EWWA)	2
Total	20

Table 5.2: *The MoU Implementation, Monitoring and Evaluation Committee*
Source: *Total (2011_b)*

NAPIMS, witnesses for the Nigerian federal government. As mentioned earlier, it is the responsibility of the MoU Implementation, Monitoring and Evaluation Committee (MIMEC) to make sure that the specifications of the MoU are executed accordingly (Total, 2011_b; TCR01, 2013). In section 5.5 below, the implications of the MoU agreement between MNCs and communities are discussed and analysed in the lights of their legality and authenticity and why they are being used as engagement instruments.

5.3.7 The Stakeholder Relationship Management (SRM+) Tool

The stakeholder relationship management (SRM+) tool is a community relations methodology developed by Total SA to enhance dialogue and continuously improve relations with communities (Total, 2010_a). Launched in 2004, the SRM+ tool is based on listening to and consensus building with external stakeholders to better understand and meet their needs and expectations through effective long-term programs. According to Total’s report (Total, 2010_a) the SRM+ has made relations with communities move beyond the ‘*handout*’ mentality (i.e. communities totally depending on company’s assistance) to a co-development approach marked by community ownership of processes, projects and programs.

According to a CSR report, feedbacks from site managers revealed that many were already dealing informally with stakeholder expectations; and because Total's managers did not have the resources to satisfy these expectations, they needed appropriate guidance to manage community relations and define community priorities, to measure their expectations and prepare corresponding local action plans for the short and long term (CSR Globe, 2011_b).

CSR Globe (2011_b) reported that in 2005, Total conducted a trial at more than 20 of its industrial and commercial facilities, including facilities in Egi Community. At each pilot site, a local internal working group was setup to enable employees to share their views on key community issues and local people; and subsequent to this, external consultation was carried out with key stakeholders, making it possible for the working group to measure the gap between internal and external perceptions of key community issues (CSR Globe, 2011_b).

A significant feature of the SRM+ is that it provided site managers with guidance when they engaged in dialogue with community people (Total, 2010_a). More importantly, site managers had an overview of the priority issues to be integrated into their local action plans (CSR Globe, 2011_b; Total, 2010_a). In the subsequent sections, Total's SRM+ is compared with other community relations methodologies used by other MNCs in the Nigerian communities.

5.3.8 Summary of Total's Activities in Nigeria Based on the Archival Enquiry

Archive materials suggested that Total's past experience in Nigeria may have influenced its strong commitment to social projects in host communities. Therefore, the present researcher investigated how Total's community engagement practices evolved and if the company's past, actually informed its present community relations and engagement practices. It emerged that after a serious community protest, Total was socially pressured to completely change its approach to community relations and engagement.

The archival enquiry also implied, that Total's ongoing interactions with community stakeholders remain significant in averting confrontations from host communities (Total, 2010_a), which in turn has boosted Total's social licence to operate in host communities (Thomson & Boutilier, 2011; Nelsen, 2003). The company claims that its 'common ground approach' to community stakeholder engagement, which it has adopted after the 1993 community protest, has contributed to its successes with communities (Total, 2007_a; Total, 2010_a). Post 1993 protest also brought about the SRM+ which has made relations with communities move beyond communities totally depending on company's assistance to community ownership of processes, projects and programs.

5.4 SHELL NIGERIA: SHELL PETROLEUM AND DEVELOPMENT COMPANY

5.4.1 The Royal Dutch Shell: A Brief Background

The Royal Dutch Shell group is an Anglo-Dutch corporation owned by the holding companies - the Royal Dutch Petroleum Company in the Netherlands and the Shell Transport and Trading Company Plc in the UK (CorporateWatch, 2013). It began with a shopkeeper in London, Marcus Samuel, who in 1833 embarked on expanding his business by importing oriental shells from Asia due to the demand at the time and sold to Londoners and Europeans for interior designs and other artworks (Shell, 2013_a; CorporateWatch, 2013).

In 1886 when the internal combustion engine became popular with Karl Benz, the demand for oil became high and oil was scarce in most part of Europe (Shell, 2013_a). Mr Samuel, again, diversified into oil shipments across the seas. About the same period, in 1890, the Royal Dutch Petroleum Company was registered in The Hague to explore petroleum oil in

the Netherlands East Indies. In 1897, the Samuel Brothers⁴⁷, already took over the business from their father and formally incorporated it as the Shell Transport and Trading Company Ltd, in London (Shell, 2013_a).

Then in 1903, to protect themselves against the dominant players like the Rockefellers' Standard Oil Company and the Rothschilds' Bnito Company⁴⁸ (Shell, 2013_a), the Royal Dutch Petroleum Company went into joint holding deal with the Shell Transport and Trading Company Ltd to form a sales organisation called the Asiatic Petroleum Company and in 1907 the two companies formed a merger of all their operations, though their interests still varied (CorporateWatch, 2013). After the merger, the Royal Dutch Company and Shell Company held 60% and 40% shares, respectively, of the following three subsidiaries - which are themselves holding companies for further operating subsidiaries:

- Shell Petroleum NV (Netherlands)
- Shell Petroleum Company Ltd (UK)
- Shell Petroleum Inc. (USA)

The three companies above and their operating subsidiaries are managed worldwide under the name Shell International (Shell, 2013_a).

The Royal Dutch (RD) Shell group rapidly expanded globally (Shell, 2013_a). As the company expanded ambitiously across the globe, allegations against the group's activities started gathering up - allegations ranging from the inappropriate dumping of toxic wastes, pollution of the environment through oil spillages, human rights violations, to involvement with national politics of oil rich States (Greenpeace, 2009; CorporateWatch, 2013). These allegations have marred the group's reputation in recent years.

⁴⁷ The Samuel Brothers - Marcus Samuel Jnr and Sam Samuel - are the two sons of Marcus Samuel.

⁴⁸ Bnito was a French company also known as 'Caspian and Black Sea Oil Company', later acquired by Shell in 1911

5.4.2 RD Shell in Nigeria

The RD Shell company was registered in Nigeria as Shell D'Arcy in 1937, but only started producing oil in commercial quantity in 1956 (Shell, 2011_a). Thus, the first Nigerian oil export in 1958 was from Shell's Oloibiri field, in Bayelsa State in the NDR, and the Shell group formed specialist subsidiaries in the oil business years after that.

Today, RD Shell produces O&G from land and swamps in the Niger Delta Region (NDR) and from deepwater reserves, some 120 kilometres off the coast. In 2010, the total production from Shell's operations averaged 925kboe/d. The company also has an interest in Nigeria's Liquefied Natural Gas (LNG) plant at Bonny, which exports all over the world (Shell, 2011_a).

The RD Shell group is the largest O&G MNC in Nigeria. It is the operator of the joint venture (JV) between the government-owned Nigerian National Petroleum Corporation NNPC (55%), RD Shell (30%), Total SA (10%), and Eni SpA (5%). The RD Shell group has its own subsidiaries and they are the oldest energy companies in Nigeria. They are:

- The Shell Petroleum Development Company of Nigeria (SPDC) Ltd
- Shell Nigeria Exploration and Production Company (SNEPCo) Ltd
- Nigeria Liquefied Natural Gas Company (NLNG) Ltd
- Shell Nigeria Gas (SNG) Ltd

5.4.3 The RD Shell's Business Objectives, Core Values and Principles

According to the Shell General Business Principles report (SGBP, 2010) the group's objectives are:

'To engage efficiently, responsibly and profitably in oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world's growing demand for energy'.

After the well reported tragic Shell-Ogoni crisis of 1993 (also in Appendix 3), Shell Nigeria, re-affirmed its commitment to Nigerians and its host communities, to correct a corporate reputation damaged by corporate wrongdoings. RD Shell seems to often find itself on the defensive. Hence, in the RD Shell's Code of Conduct⁴⁹ (SCoC, 2013), there is a quote that says;

'Reputations are hard won and easily lost. We can all play a part in protecting and building Shell's reputation. Be sure'.

Archived materials studied suggest that RD Shell is making commitments to communities in which it operates, and these commitments are expressed in the SGBP report, reflecting how RD Shell wishes to 'relate' and 'engage' with local communities wherever it operates.

On Community Relations - RD Shell made a commitment in a statement, saying that the Shell group aims to be good neighbours by continuously improving the ways in which it contributes directly or indirectly to the general wellbeing of the communities within which it operates; that the Shell group will manage the social impacts of its business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from Shell's activities; and in addition, that the Shell group takes a constructive interest in societal matters, directly or indirectly related to the group's business (SCoC, 2013).

On Community Engagement - RD Shell attests to recognising that regular dialogue and engagement with stakeholders is important; and that the group commits to reporting of its performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality; and also that in its interactions

⁴⁹ Shell Code of Conduct, is available [[Online](#)] on the group page

with employees, business partners and local communities, it seeks to listen and respond to them honestly and responsibly (SCoC, 2013).

5.4.4 Community Engagement Before the 1993 Shell-Ogoni Crisis

As one of the MNCs during the colonial era, RD Shell was quick to apply the *Indirect Rule* approach in its engagement with local communities, even though the Indirect Rule already met difficulties when applied by the colonial administrators to rule local communities in Nigeria (Ibeanu, 1997; Ebeku, 2001). RD Shell approached local communities only through the community leaders/rulers and few individuals within the rulers' council of chiefs. Authors have argued that this approach became a cause of and attribute to the problems RD Shell has today with its Nigerian host communities in the NDR (Ibeanu, 1997; Ebeku, 2001).

However, it should also be noted that community engagement in RD Shell has undergone transformations - those that are inspired not by RD Shell but by social pressures from the physical environment in which RD Shell operates. A senior member of the RD Shell's GMoU committee was interviewed during the fieldwork, using interview question Q9: "*How has the method of engagement evolved? How was it done before? Was it different?*" The member of staff narrated how RD Shell engaged and related with host communities, in the beginning. According to this respondent:

"Shell's corporate social responsibility started way back in the 1950s when the company first started (in Nigeria). During that time, Shell approached community rulers to give scholarships to people from the community, and some of them are now working as senior managers in Shell. In those days, Shell also got involved in communities by offering some 'Community Assistances' so that communities would allow the company to operate freely. What used to happen was that the Shell team would sit in the office and come up with an idea that the community needs new

classroom blocks and Shell would go to the community school and build new classroom blocks. The community traditional rulers would never say no, because they just want to accept all available offers made by Shell. Often, other members of the community saw Shell as being ignorant of their need. The impact is not felt, because in some cases the community at that time, just don't need brand new classroom blocks but something else. And this was due to lack of engagement and (community) participation at that time” (SMR01, 2013).

The above narrative explains how RD Shell engaged and related with host communities. Communities in the NDR exist in an institutionalised democratic society where every member of the community is a stake-holder and whose opinion is equally as important as anyone else's. The fieldwork revealed that in the NDR, it is not enough to engage just a few persons in the community and feel that everything is alright. It was only a matter of time, and then the locals started feeling that their interests are not being fully represented by those who represent them and that they could make their opinions heard in more comprehensive consultative forums. The situation culminated in a protest in 1993 when the Ogoni community raised a voice to RD Shell - not through their kings, but through the people themselves, under the name - Movement for the Survival of the Ogoni People (MOSOP) (Ibeanu, 1997; Ebeku, 2001; Hamilton, 2011).

The aftermath was a huge tragedy⁵⁰ that led to the killing (by hanging) of nine Ogoni community activists in 1995, including the famous playwright and activist Ken Saro-Wiwa, among numerous Ogonis who lost their lives, lands and properties (Hamilton, 2011). It was a remarkable point in the history of the RD Shell group that exposed the activities of the group in Nigeria to the closer observation of the entire world.

⁵⁰ Ogoni Tragedy online video documentary at: <http://www.youtube.com/watch?v=I9Gwf8UcgS0>

5.4.4 (a) RD Shell and the Battle for Reputation

In the 1990s, the conflict of interests between RD Shell and its host communities increased, because of a breakdown of relations. Community people started asking why they have been sidelined from the oil wealth and why RD Shell has not engaged them properly in dialogues (Ibeanu, 1997; Ebeku, 2001; Dhir, 2007). As discussed earlier, from the Umuechem community protest in 1990 to the Ogoni community uprising in 1993, the relations between RD Shell and its NDR host communities broke down. According to Hamilton (2011), a repeat of the same incidence in Ogoni community after the Umuechem community incidence clearly demonstrates RD Shell's arrogance to host communities and confirms host communities claim of being ignored and treated with disrespect by RD Shell.

That was the beginning of RD Shell's reputation crisis. Lessons were not learnt from the Shell vs Umuechem⁵¹ community, until the Shell vs Ogoni community. Many industry observers argue that RD Shell underestimated the power of Nigeria host communities and the media (see Ebeku, 2001; Dhir, 2007). Years later, several other allegations started to emerge against the RD Shell group in Nigeria - allegations such as; use of heavy security personnel to oppress and intimidation, involvement in the killing of community activists, oil spillages and environmental damages, inciting of community violence (locally called '*Divide and Rule*'), and also tax avoidance worth \$2bn⁵² and industry manipulation practices (Ibeanu, 1997; Ebeku, 2001; Hamilton, 2011). Therefore, RD Shell has, in recent times, continued to build a new public image for itself.

With damaged public reputation, RD Shell has continued in self-defence of the allegations against it. The Shell Nigeria management describes the unrest situation in the NDR as a worrying criminal movement, which feeds on massive thefts of crude oil (see Shell, 2011_d),

⁵¹ Umuechem community planned a peaceful protest to Shell but met the army who killed locals (HRW, 1999)

⁵² Shell Tax Avoidance worth \$2bn was identified 2008 by the Nigerian government, and reported also by BBC News; available online at: <http://news.bbc.co.uk/2/hi/africa/7412189.stm> [Accessed 16/08/2013]

and that heavily armed and well organised militant groups from oil communities attack O&G facilities, shut down operations, kidnap staff and sabotage pipelines (Shell, 2011_d). Rival gangs and ethnic groups have clashed violently in several of the NDR communities. Shell (2011_d) claims that criminal barges take stolen oil products to tankers waiting offshore for export, and there is also a massive illegal refining business based on stolen crude oil. There are allegations that some politicians are also involved in the illegal oil bunkering business. According to Mutiu Sunmonu - Chairman/MD of Shell in Nigeria, cited in Shell (2011_d, pp.2), 'It is difficult to estimate how much oil is stolen'.

Though RD Shell continues to blame its reputation crisis on some desperate individuals who the company claims have taken the law into their own hands by stealing from RD Shell's products, the company has after the Ogoni uprising, increased its efforts to rebrand its public image.

5.4.4 (b) RD Shell's Community Engagement Approach after the Shell-Ogoni Crisis

After the Shell-Ogoni crisis, RD Shell adopted some transformational measures to rebuild its reputation. RD Shell adopted an approach of engaging and managing relations with host communities through a joint partnership framework that features local/global NGOs and government agencies, to try to rebuild trust and ensure transparency in its activities in NDR host communities. The approach is called the tri-sector partnership approach or multi-sector partnership model - a model advocated in the work of Alyson Warhurst in Warwick Business School in the UK in 2001.

According to Warhurst (2001 pp.57), 'The idea of a tri-sector partnership agreement is to address areas of concern by establishing agreed partnership goals, monitoring and reporting systems and collaborative activities. Such partnership agreements may pre- or post-date the project development phase and be used as a mechanism to ensure communication and

participation in relevant decision making, or the funding of social investment programmes: for example, through foundations'. The tri-sector partnerships approach advocates methods for managing over-time project-level partnerships between the company, government agencies or intergovernmental organisations and communities or civil society organisations.

The tri-sector partnership model was then applied in the case of RD Shell in Nigeria in the work of Uwem Ite, a Nigerian, who was at Lancaster University in the UK. Ite (2007) argued that to succeed, sustainable development in the NDR requires significant collaborative effort, which is beyond the responsibility of the RD Shell. All the stakeholders in the development of the NDR must recognise and accept the fact that no single actor in the development process (i.e. government, business, civil society, etc) or a sector of the economy (i.e. private or public) can be expected to provide all the solutions to the social, economic and environmental problems of the NDR. According to Ite (2006 pp.13), "This implies that Shell's SCD⁵³ strategy on its own would not guarantee or deliver sustainable development in the Niger Delta. A tri-sector partnership approach and framework between Shell, the Nigerian government and civil society is the best and logical way forward for considering, planning and delivering sustainable community development in the Niger Delta".

The tri-sector partnership approach became the framework used to develop the new RD Shell Global Memorandum of Understanding (GMOU). Uwem Ite, who is now a senior manager in Shell Nigeria, also became a member of the team that helped to develop the Shell GMOU model, using the tri-sector approach. The approach introduced by the GMOU replaces the previous approach whereby RD Shell agreed to 100s of separate development projects with individual communities and managed them separately (Shell, 2013_b). Instead of engaging with communities individually, communities are grouped into clusters and represented in a

⁵³ SCD - an abbreviation for Sustainable Community Development

cluster development board (CDB) which negotiates and engages with RD Shell and other community development agencies such as government agencies and specialist NGOs.

According to Shell (2013_b pp.1) “Every aspect of the GMoU is executed in partnership with communities and close to a dozen facilitating not-for-profit organisations”. The same report further stated that, specialist (not-for-profit) NGOs handle sensitisation and communication of the GMoU model to the communities and develop the capacity of CDB members on community development processes (Shell, 2013_b). At the time of the fieldwork interview, the present researcher investigated this finding from the archival enquiry and the rationale for the use of the specialist NGOs by RD Shell in engagement activities with communities. Two senior members of the RD Shell’s GMoU team provided the following responses.

“Often we have used the services of NGOs to negotiate and engage host communities. This is due to the insecurity in most of the host communities - mainly the use of violence and strife against Shell’s staff. It is also for the safety of our staff” (SMR03, 2013)

“Our partner-NGOs use the GMoU to conduct assessments for us in host communities. We provide the NGOs with the information and training they need, and they report to us. These are development NGOs. (Researcher: ‘Who are these NGOs?’) There is the Youth Advancement Initiative, Ampez Centre for Environment & Development, Daaton Consult, and others. They work with us” (SMR02, 2013)

The implication of this form of mediated engagement is that the supposed role of RD Shell in the engagement process is entrusted to the development NGOs who serve as the ‘mediante stakeholders’ in this case (see Subsection 3.3.1). Respondent SMR02 (2013) highlighted ‘information sharing’ and mutual understanding between RD Shell and the specialist NGOs who provide company-community engagement services to Shell Nigeria. According to Shell (2013_b pp.1), “the not-for-profit NGOs in partnership with RD Shell also ensure quality delivery of the GMoU projects and programmes”.

Therefore, given the damaged reputation of Shell Nigeria, it can be argued, based on the account of SMR03 (2013) that a mediated engagement strategy serves the best interests of Shell Nigeria, as it yet struggles to rebuild relations with its infuriated host communities, like the Ogoni and Umuechem communities (as in Section 2.4).

5.4.5 The MOUs: Specific Project MoUs (spMoUs) and the Global MoU (GMoU)

According to archive materials studied, RD Shell claims to have invested millions of dollars in social projects and programmes in the NDR communities (Shell, 2013_b). Based on the same report, in the earlier 1960s, RD Shell's social investment activities were focused on rural agricultural development and scholarships, but these projects/programmes have been extended to include community healthcare supports, roads and civil infrastructure, water projects, microcredits for small businesses and education infrastructure (Shell, 2013_b).

Furthermore, the archival data suggested that in the 1960s RD Shell adopted a community relations practice of approaching its host communities individually based on which community hosted RD Shell's facilities (Shell, 2011_d; Shell, 2013_b). Accordingly, between the late 1980s and the early 1990s, RD Shell started having what it calls the Specific Project MoUs (spMoUs) with individual communities where RD Shell's O&G projects are sited (SMR01, 2013). The spMoUs specified what the project is, its extent, the terms of negotiation of entry, expectations of RD Shell and what the community would benefit in return from the RD Shell's activities on their land and/or waters.

The problem with this approach, according to some Shell staff interviewed, was that communities were also receiving similar development projects from other community development (CD) agents (e.g. government agencies, NGOs and other MNCs) at the same time, which not only undermined Shell's effort to contribute to CD but also created complexity and lack of transparency. A member of Shell's GMoU development team, who

was interviewed during the fieldwork, explained the nature of RD Shell's community relations and engagement activities;

“It’s like the Oliver Twist style...the more you give the more they ask. They see Shell as a surrogate government. What we’re doing is governance instead of CSR, because communities do not see the government. So it is who they see, they go to. We started with community assistance in the form of infrastructures, that’s what we called it. But the impact was not felt. Either as a result of (community) having too many infrastructures or we’re not actually giving them what they needed. The problem was, if you go to the community, local contractors⁵⁴ would know quite alright that AGIP has built 5 classroom blocks for them, CHEVRON is about to build 8 classroom blocks, and here comes SHELL with 12 classroom blocks, all in one community, for about 200 pupils, 24 classroom blocks; but the community would say, ‘Bring it’. Not because they don’t know there is a problem with that, but because they would say, ‘This one we have seen, let us have it also’. That is why we (Shell) started asking, ‘How about the impact?’”

(SMR01, 2013) - Shell’s GMoU Team.

Based on the above described situation, RD Shell needed an instrument that would reduce complexity and clash of CD projects by different CD agents (SMR01, 2013). In 2006, through its SPDC subsidiary, RD Shell introduced a new framework for working with communities, called the global Memorandum of Understanding (GMoU). The GMoU is a written statement between the RD Shell and a group (or cluster) of several communities. The model for the GMoU is represented in the diagram in Figure 5.1 and further illustrated in Table 5.3 below.

⁵⁴ Local contractors, here, imply the ‘Mediante Stakeholder’ described in Chapter 3 (subsection 3.3.1). They are local business operators and their services are sorted by the oil MNCs.

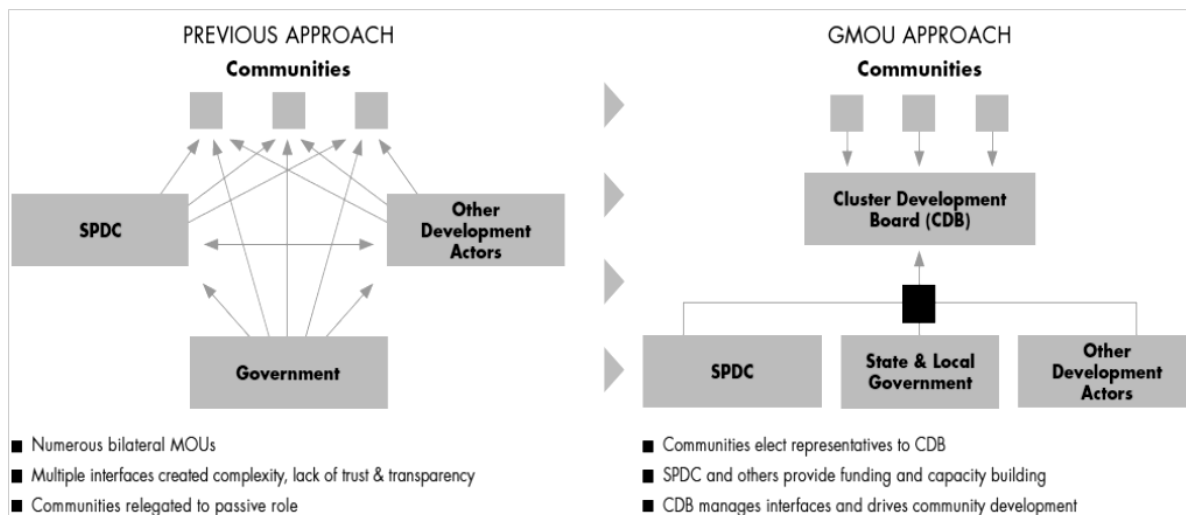


Figure 5.1: *The RD Shell GMoU Chart*

Source: Shell (2013_b), 'Shell in Nigeria: Global Memorandum of Understanding'.

PREVIOUS APPROACH	GMOU APPROACH	RESULT
Multiple bilateral agreements with individual communities	Single agreement with cluster of communities	<ul style="list-style-type: none"> ■ More representative and transparent interface ■ Promotes cohesion and cooperation
SPDC assumes direct responsibility for development	Communities take the key decisions	<ul style="list-style-type: none"> ■ Increased local ownership and accountability ■ Increased participation, including from women
Limited capacity building	Build community capacity to drive own development	<ul style="list-style-type: none"> ■ Encourages innovation and learning ■ Creates platform for other development actors

Table 5.3: *The RD Shell GMoU Illustration Chart*

Source: Shell (2013_b), 'Shell in Nigeria: Global Memorandum of Understanding'.

The clusters are based on local governments or ethnic lines, as advised by the State Government (Shell, 2013_b). The administrative structure of the GMoU implementation team, includes a 10-person Community Trust, a community development board (CDB) and a Steering Committee chaired by the State Government (Shell, 2013_b). The CDB functions as the main supervisory team (just like Total's MoU Implementation Committee), to ensure that projects and programmes included in the GMoU are implemented. The GMoU brings together representatives of RD Shell, the State and local governments, and not-for-profit organisations (i.e. development NGOs), as its governing team (Shell, 2013_b).

By the end of 2012, RD Shell had signed agreements with 33 GMoU clusters, covering 349 communities, about 35% of the local communities hosting Shell's business operations in the NDR (Shell, 2013_b). Shell (2013_b) also claims that in 2012, a total of 723 projects were successfully completed through spMoUs and the GMoU.

For example, the Degema 3 Cluster Development Foundation in Rivers State launched a transport scheme called 'the Transport-to-Wealth program', in partnership with Skye Bank in 2010 (SMR02, 2013; Shell, 2013_b). Under the scheme, 100 people became owners/drivers of brand new taxis on a lease basis. After an initial equity contribution, beneficiaries became owners of the vehicles (SMR02, 2013). A total of about \$1.5 million out of the GMoU funds provided by the RD Shell was used for this project, claimed the same report (Shell, 2013_b).

According to Shell (2013_b), another community where the GMoU framework has produced results is the Oyigbo community. By using the GMoU framework, the Shell Afam VI Power Plant produced 15 engineering graduates through an intensive 2-year training programme, and aims at training another 30 youths over a 5-year period. The training focuses on operations and maintenance of the Shell power plant and its auxiliary facilities (Shell, 2013_b).

Under the terms of the GMoU, the CDB decides the CD project(s) while RD Shell, on behalf of its joint venture partners, provides funding for a 5-year period, and access to CD experts to develop the capacity of the CDBs into development foundations (Shell, 2011_d; Shell, 2013_b). According to archive materials studied, the GMoU prompted a feeling of ownership amongst host communities, as they are responsible for implementing their own projects (Shell, 2011_d; Shell, 2013_b). The transparency and accountability in the Shell GMoU model, as argued by RD Shell, provided a platform for other local and international donor agencies to fund development projects directly through the CDBs (Shell, 2013_b).

5.4.5 (a) RD Shell and the Nigerian Content Initiative

After the parliamentary approval of the Nigerian Oil and Gas Industry Content Development Act (NOGICDA) in 2010, the management of Shell Nigeria have been focusing on sourcing the products and service expertise of local contractors, and hiring workers from its host communities (Shell, 2011_c). The NOGICDA of 2010 is designed to enhance the level of participation of Nigerians and Nigerian companies in the country's O&G industry. The Nigerian government clearly established its intention to increase indigenous participation in the industry regarding human, material and economic resources. As expressed in the act, O&G companies are expected to have a unit or department assigned to promote the Nigerian Contents initiative. Thus, the RD Shell's Nigerian Content Strategy currently promotes the use of locally manufactured goods and Nigerian services companies in productions, projects and well engineering.

Transferring skills and technology to Nigerians is a big part of what Shell subsidiaries in Nigeria contribute to the Nigerian Content development. According to RD Shell's report (Shell, 2011_c), 'Our focus is on helping to increase the capacity of Nigerians and local companies in a range of O&G industry activities, from design and engineering, to exploration and drilling'. This initiative supports the Nigerian government's effort to increase Nigerian content participation in the industry. Thus, it also makes business sense for the RD Shell group in Nigeria, and by developing a skilled Nigerian, the workforce can lower operation costs over the long term while adding value to local companies, which to RD Shell, is good for the country and good for business.

The RD Shell's record shows that in 2010 alone, the RD Shell group has awarded contracts worth more than \$947 million to Nigerian companies, which represents more than 96% of the overall number of contracts and amounted to over 94% of the total amount the group spends

on contracts (Shell, 2011_c). By the end of the same year (2010) SPDC and SNEPCo had employed around 6,000 direct employees and contractors, and 90% of them were Nigerians. On the group's Nigerian website, RD Shell has continued to advertise jobs to recruit professionals of Nigerian descent both residing in Nigeria and abroad.

5.4.5 (b) Patronage of Nigerian Indigenous Companies

As part of the Nigerian contents initiative to get involved in the O&G industry services, Nigerian entrepreneurs and local technologies and talents, the RD Shell group has partnered with a number of Nigerian companies and entrepreneurs. Since 2010, SNEPCo and SPDC have been awarding contracts to Nigerian indigenous companies such as Caverton Helicopters Ltd worth \$694 million for helicopter and associated services, Sonar Ltd worth \$26.7 million for ocean bottom node seismic acquisition, Sovereign Trust Insurance for the Bonga deepwater operations insurance policy worth \$7.6 million, Dorman Long Engineering worth \$41 million for field maintenance, and Baywood Continental Ltd worth \$28 million for integrated pipeline pigging and corrosion control; and a lot more indigenous companies and entrepreneurs offering human resources and training services, oil field equipment and technology services, manpower development, and financial services.

5.4.5 (c) Shell's Sponsored Training and Skills Acquisition Schemes

According to Shell (2011_c) the Shell Skill Acquisition Scheme has trained over 1900 service providers in general contracting processes, developed eight local dredging companies, awarded over 10 postgraduate scholarships to three top UK universities, and trained over 3,300 more people in a range of skills including entrepreneurship, scaffolding, project management, HSE⁵⁵, welding and local catering. SPDC and SNEPCo collaborate with UN Trade and Investment group to organise trade missions in London, during which over 20 Niger Delta vendors met with 150 British companies to help foster partnership. At least 10

⁵⁵ Health, Safety and Environment (HSE)

partnerships have emerged from this effort (Shell, 2011_c). The Social Investment team in RD Shell is working with communities to create more community based schemes.

5.4.5 (d) Education, Talent Development and Graduate Research

In academic research and development in Nigeria, the RD Shell contributes by offering sabbaticals and internships at the Shell office in Port Harcourt to graduate students in Nigerian universities, to develop new concepts in underground evaluation techniques, using the latest technologies (Shell, 2011_c). In addition to 1000s of scholarships and bursaries that SPDC awards to Nigerian students every year, the RD Shell also runs the Shell Intensive Training Programme (SITP) for graduate employees - a one year course that prepares new employees for the type of work they will perform when they later join the RD Shell to work on specific projects (Shell, 2011_c).

5.4.6 Summary of Shell's Activities in Nigerian Based on the Archival Enquiry

RD Shell's activities in Nigeria have been marred by series of allegations such as, arrogance to host communities, use of heavy security personnel to oppress and intimidation, involvement in the killing of community activists, oil spillages and environmental damages, strategically inciting community violence (locally called '*Divide and Rule*'), and even tax avoidance worth \$2bn⁵⁶ and industry manipulation (Ibeanu, 1997; Ebeku, 2001; Hamilton, 2011). As a result, RD Shell has, in recent times, continued to build a new public image for itself.

Shell's GMoU promises transparency and accountability, but it also advocates a layered approach where instead of engaging directly with host communities the RD Shell engages with the cluster development board (CDB) on behalf of the communities. Such layered representation perhaps undermines the possibility of direct engagement even where direct

⁵⁶ Shell Tax Avoidance worth \$2bn was identified 2008 by the Nigerian government, and reported also by BBC News; available online at: <http://news.bbc.co.uk/2/hi/africa/7412189.stm> [Accessed 16/08/2013]

engagement is necessary, and increases the possibility of third-party information. The NGOs which are part of the CDB also manage and communicate the GMoU requirements and its implementation to the communities on behalf of the Shell group.

According to Shell's report (Shell, 2013_b, pp.1), 'the NGOs handle sensitisation and communication of the GMoU model to the communities and develop the capacity of CDB members on community development processes. They also ensure quality delivery of the GMoU projects and programmes' (Shell, 2013_b, pp.1). The role and involvement of the RD Shell in the engagement process seems to be delegated to the development NGOs. Perhaps it could be that such a mediated engagement approach is suitable for the Shell group, since it is still going through reconciliation with many of its host communities.

5.5 The Oil MNCs and the Instruments of Community Engagement

The instruments of community engagement as inferred in this thesis refer to the guidelines, contracts and/or frameworks developed by the oil MNCs in collaboration with community stakeholders for strategic engagement with host communities through dialogues, and for the sake of managing relations between company and community, so as to earn and/or sustain the oil MNC's social licence to operate. As discussed in Chapter 3, Myhill (2006) and Lakin and Scheubel (2010), argued that community engagement is the process of enabling the participation of community people in dialogues. Thus, in engaging with host communities, community people become empowered to identify and implement solutions to local problems for both the present and the future.

Lakin and Scheubel (2010) added that both company and community must have a shared responsibility to engage and participate in the engagement processes (of developing and sustaining the guidelines, frameworks and/or contracts that establish the terms and conditions of the relations). It is also worthy of note that the decision to engage local communities, can

influence a company's strategic priorities and decision making regarding how it relates with its host communities. Therefore engagement is a good prospect for the company but also has the potential of 'initially ruffling-up things'⁵⁷, exposing concealed grievances, before remedying them (Lakin & Scheubel, 2010). Either way is dependent on and jointly influenced by the way the terms and conditions of the contract between company and community were written and respected in what is called the memorandum of understanding (MoU).

5.5.1 The Implications of the Memorandum of Understanding

In a social contract between company and community (see Chapter 3), where the terms and conditions of the relations are written down in the form of an agreement to express a convergence of interests and expectations between the parties involved, it becomes a 'memorandum of understanding' (MoU). A MoU is a bilateral or multilateral agreement between two or more parties (Batra, 1997; Chandler 2013; Babwani, 2013). MoUs are often used in situations where the parties involved do not want to commit to legal obligations or in situations where the parties cannot create a legally enforceable agreement (Batra, 1997; Babwani, 2013). Hence, it is often used in situations where one party is *manipulatively* hesitant to commit to a legally enforceable contract.

Ordinarily, MoUs are not legally binding, in part because one party or both parties do not want to deal with the ramifications of a binding contract (Chandler, 2013). The present researcher is of the view that MoUs are spelt out 'social contracts' written down on paper. One basic aspect of the MoU is that it does not normally involve the exchange of money (Babwani, 2013), because it is not a 'business contract'. Therefore, a MoU is an agreement that spells out the terms of a pact, or a 'relations agreement' and is used as a framework for

⁵⁷ To engage also has the potential of first ruffling-up things, exposing concealed grievances, before remedying them. This side of the attributes of engagement is common with companies that have behaved badly to its host community in the past or whose conducts lack transparency, trust and consistency.

managing relations between parties. But where a MoU involves the exchange of money or some sort of funding and directives are stated as to how the money should be used, then the MoU can be seen to have acquired some legal accent, thus *legally* binding and can be used in the court of law or a tribunal (Babwani, 2013; Chandler, 2013).

Based on the above discussion, it can be argued therefore that one major reason why governments and organisations including multinational companies opt for MoUs, is because MoUs are simpler and cheaper in terms of cost, more flexible than formal contracts, and if carefully written could provide some legal advantages and leverage to get away with wrongdoing, where possible. Therefore, parties to the agreement (especially those being defensive and not wanting to be taken advantage of) often attempt to influence the language of the MoU to resemble a contract without the risks of actually getting into some contractual obligations. For example, in the context of the oil MNCs and Nigerian host communities, as will be seen in this thesis, a MoU goes beyond its basic meaning as just a mutual agreement of intents, to a penned social contract that can be used in both private and international courts.

MoUs are often between government and non-government agencies, organisations and host communities, government and local communities, an individual or group and another group or organisation (Batra, 1997). Whether a MoU constitutes a binding contract or not, depends on the patterns of wording used - that is, if there are clearly defined legal elements in the texts of the document. According to Chandler (2013), a judge reviewing a MoU would look for four key elements that normally define a contract: an **offer**, **acceptance** of the offer, an **intention** to be legally bound, and **considerations** (the benefits that each party bargains for as part of a contract). A judge would weigh these factors when considering whether a MoU is actually enforceable. If the MoU's terms are clear and coherent and reinforced by consideration, then a judge would likely find the MoU to be a binding agreement, irrespective of what it is called (Chandler, 2013).

Chandler (2013) further argued that under public international law, MoUs fall under the broad category of treaties and should be registered in the UN Treaty Database⁵⁸. This is to avoid ‘secret diplomacies’ involving governments, corporations and top individuals. In reality, despite the UN’s warning of sanction, MoUs are sometimes kept confidential and unregistered in law courts (Batra, 1997; Chandler 2013). Hence, MoUs that are not registered in any court of law may not be enforceable, on the ground that no obligations under the law have been created. Thus, a MoU can also acquire a legal accent and be fully enforceable if it is registered in a court of law or an authorised authority, irrespective of how untailed the contents may be in legal terms. In such case, it becomes a binding agreement in its own right.

Based on the above discussion, the present researcher recommends that after the initial draft of a MoU, it is appropriate that representatives of the parties meet in person to negotiate and fine-tune the MoU to address each party’s demands, valued interests, expectations and responsibilities. The MoU perhaps should also document contact information for each party’s representative(s), set dates for performance reviews, and create processes for dispute resolution (Batra, 1997; Chandler 2013). Other specific terms and conditions of the agreement are usually included too, such as when the agreement begins, how long it lasts and how one or all entities can terminate the MOU agreement. Figure 6.5 below, is an outline of a typical MoU template as well as the type used by oil MNCs and host communities in the Nigerian oil region.

⁵⁸ UN Treaty Database is available online at: <http://treaties.un.org/>

Title
Rationale/Scope
<ul style="list-style-type: none"> • <i>Purpose statement and partnership justification</i>
Goals/Objectives
<ul style="list-style-type: none"> • <i>Clearly stated goals/objectives</i>
Contracting Parties/Organisations
<ul style="list-style-type: none"> • <i>Names, titles, and parties/organisations</i>
Roles/Responsibilities, and Expectations/Commitments
<ul style="list-style-type: none"> • <i>The main body of the MoU</i>
Meetings and Procedures
<ul style="list-style-type: none"> • <i>Ways and manners for conducting meetings</i>
Communication, Information Sharing and Consultation Processes
<ul style="list-style-type: none"> • <i>How information is to be managed including confidentiality</i>
Conflict Resolution
<ul style="list-style-type: none"> • <i>Procedures for resolving any conflict of interests</i>
Review and Evaluation
<ul style="list-style-type: none"> • <i>When to review met objectives, and the lifespan of the MoU</i>
Resources Involved/Available
<ul style="list-style-type: none"> • <i>Equipment, resources, money, materials involved or available</i>
Declaration/Authorisation
<ul style="list-style-type: none"> • <i>Full Names, Signatures, and Date</i>

Figure 5.2: A MoU template designed to depict the types used by oil MNCs and host community in the Nigerian NDR

Source: Developed by the present researcher using different archive materials (2013)

Figure 5.2 is a MoU template developed by the present researcher based on the archive materials studied - which included copies of MoUs used by Eni SpA, Total SA and RD Shell and their host communities in Nigeria.

In Chapter 2 (section 2.2), it was argued that one of the benefits for MNCs in the LDCs is that most of the LDCs have unstable governments and a weak taxation system (Fawzi, 2011). Therefore, based on the MoU discussion above, it can be argued further that one of the reasons why the oil MNCs opted for MoUs, is to create legal ambiguities and leverage to get away with any corporate misconduct that may occur. Perhaps, oil MNCs do not want to deal

with the ramifications of a binding contract, and because MoUs are not usually legally binding, they were opted for.

The idea of MoUs in the Nigerian O&G industry was first developed and applied by RD Shell. This was learned during the fieldwork through a senior member of Shell's GMoU team who was interviewed. Also, a senior manager in Total SA in Port Harcourt confirmed Shell's claim, when he was asked the same interview question Q11: 'Tell me about the MoU? How was it developed?' Below are the responses obtained:

"When we did our MoU, the other companies were asking us for a copy of it. We refused to give them a copy of our MoU model. But we know they went to our host communities and were able to see a copy of our model, which they used to develop their models" (SMR01, Shell's GMoU Team, Port Harcourt, 19June2013).

"We didn't start the MoU. The idea of MoUs was from Shell. Shell was the first to start using the MoU, and then everyone else started using it" (TMR04, 2013) - Total's Community Partnership Team.

It should also be noted that the current MoUs used by the oil MNCs and their Nigerian host communities have changed over time, from a simple statement of intents to a more detailed and constructively written agreement - also a relations management framework. Babwani (2013) and Chandler (2013) have argued that MoUs do not 'ordinarily' involve the exchange of money. However, the type of MoUs that has been used in the relations between oil MNCs and Nigerian host communities have advanced to include sections that detail different funding allocations for community development (CD) projects.

In TOTAL Nigeria, the CD projects funding allocation is called '*the Development Envelope*', in RD Shell it is called the '*GMoU Projects Cumulative Funding*', and in Eni Nigeria it is

referred to as ‘*Community Projects Budget*’. The present researcher found in the archive materials studied that details of CD project activities were contained in the MoU documents studied, stating where resources are put and the duration assigned to each CD project. Therefore, based on this finding, it can be argued that the MoUs between oil MNCs and Nigerian host communities do possess some legal credence, thus are legally binding (see Chandler, 2013; Babwani, 2013). According to Chandler (2013), for a MoU to constitute a binding contract, its wording must contain some clearly defined legal elements and should address the following:

- An offer (*which includes the goals and rationale for the agreement*),
- An acceptance of the offer (*which is demonstrated by the endorsement with signatures of parties to the agreement*),
- An **intention** (*to be bounded in a relationship and to maintain an understanding*); and
- A **consideration** (*demonstrated by the statements of who gets what, when, and how*).

In the case of the MoUs between oil MNCs and Nigerian host communities, all four of these key elements were demonstrated in the MoU documents studied as part of the fieldwork. Due to future uncertainties, parties to the MoU tend to be more defensive, wanting more leverage and not wanting to be taken advantage of, thus attempt to influence the wording of the MoU to look like a contract without the risk of actual contractual obligations. For example, in the Nigerian NDR, the desire by parties to be protected by the contents of the MoU has advanced the MoU to its current formats. As revealed during the interviews, parties to the MoU carefully choose what contents, terms, clauses and phrases they agree to, to be included in the MoU, starting from the time of consultations and negotiations to the drafting stages of the MoU documents (TCR01, 2013).

The fieldwork also revealed that during the consultations and negotiation stages of the MoU, lobbying activities are involved on both sides between the MNC's negotiation team and key community stakeholders (including the community development committee (CDC) and representatives of the elitist group, youths and women).

After the initial draft, representatives of both parties continue to meet to negotiate the terms of the demands, the valued interests, expectations and responsibilities of each party and how these could be met or compromised, before a final MoU document is produced. According to TCR01 (2013), a CDC member who was interviewed, "the process of developing a new MoU could take a month and up to a few months, in some cases".

The MoU as an instrument of engagement proves significant in company-community relations in Nigeria. Therefore, it is important to discuss the implications of the MoU agreements between MNCs and communities and to analyse their different MoUs used.

5.5.2 Implications of the Instruments of Engagement by Eni SpA, Total and RD Shell

Interview questions Q5, Q10, Q11, Q12 and Q13 (see Appendix 1) focused on the identification, description, development, relevance and respectability, respectively, of the instruments of engagement used in the relations between company and community. Both the archival analysis and the subsequent fieldwork interviews have suggested that the MoUs of all three oil MNCs studied have the same potential and serve the same purpose. However slight differences exist in their scopes and applicability. While it is evident that Eni SpA, Total SA and RD Shell have specific MoUs, evidence suggests that some generic community engagement frameworks also exist.

Some oil MNCs have had the scope of their MoUs extended whereas some have created a new one thereby reducing the scope and applicability of the original MoU (i.e. the specific community engagement MoU). For example, RD Shell before the introduction of its generic

GMoU, had specific project MoUs. According to RD Shell staff who were interviewed (SMR01, 2013; SMR06, 2013) the problem with the first MoUs was that communities were receiving identical CD projects from different development actors. Therefore, the idea of the GMoU is to bring all the development actors (companies, government and NGOs) together to raise a mutual fund towards CD projects, to reduce unwanted projects, waste of resources, save costs and maintain transparency in the system (SMR01, 2013). The implication of the new GMoU was that the scope and applicability of the initial MoUs were reduced to focus on specific projects only (see Table 5.4 below). When interviewed using interview question Q12, below are the reactions from community members.

“The (specific) MoU says Shell will train some of our youths from secondary school to university level, provide works for the youths, construct roads, electricity and water. They also said they will empower us by giving us loans to finance our businesses, but we don’t see any loans. No one of us is working in Shell. The scholarship scheme ended, with just 2 scholarships given at Secondary School level. Shell abandoned the schemes. Shell should monitor the progress with scholarship awardees; and help to provide student industrial opportunities for the Scholarship awardees” (SCR01, 2013) - Fmr. CDC member, Shell’s Odagua Community.

“The MoU (not the GMoU) is drafted by Shell, and our community is asked to sign it. Shell executes the MoU slowly, because they feel the GMoU also benefits our community. The GMoU is working, but Shell should increase the GMoU budget. With the GMoU, we are sure of a community project on a yearly basis. Because of the shortage of funds, our community often has to take from the budget of subsequent year to complete current year’s projects, because the budget is not always enough for the projects” (SCR02, 2013) - A Prince, Eche Community.

The above respondents suggest that RD Shell pays more attention to the GMoU than the specific project MoUs. A senior manager in Shell Nigeria who was interviewed explained what the Global MoU (GMoU) is to Shell.

“The GMoU is an interface model. It states the responsibilities of the parties involved, and it states the budget for the projects to be completed within the 5 years lifespan of the GMoU. That is its relevance. Host communities are asked to produce community reps called the Community Trusts, and then these Community Trusts represent their communities in the Cluster Development Board (CDB). The Cluster Development Board develops the community development plans, also known as the Cluster-wide Projects.” (SMR01, 2013) - Shell GMoU Team.

For RD Shell, the GMoU is an instrument of engagement and a generic framework for company-community relations. A member staff in Shell Nigeria confirmed this by explaining the use of the adjective ‘global’ (the ‘G’ in the GMoU) to mean a generic framework for Shell’s community relations and engagement with its host communities (SMR04, 2013).

Another generic community engagement framework is The Total SRM+ Tool. As discussed (in subsection 5.3.7) above, the stakeholder relationship management (SRM+) is a framework developed by Total SA to enhance dialogues and continuously improve relations with communities. Its applicability is based on stakeholder mapping for an effective stakeholder engagement by listening to community people through Total’s field staff who are in constant contact with local communities. Total SA believes that the SRM+ has helped to move beyond the ‘handout’ mentality to a co-development approach through community partnerships in processes, projects and programs (Total, 2010_a; CSR Global, 2011_b). However, as significant as the SRM+ may be to Total SA, community people appear to know little or none about the SRM+, as revealed during the interviews with Total’s community respondents TCR02 (2013)

and TCR03(2013); instead the community MoU is more popular amongst host communities. For Total SA, the SRM+ is a global framework that is understood at the company’s executive level and used locally as a guide for the development of its company-community relations and engagement (see Total, 2010_a; CSR Global, 2011_b).

Oil MNC	Instruments of Engagement	
	Specific Engagement Instrument	Generic Engagement Framework
Eni SpA (Agip)	Community MoU	*GRP
Total SA	Community MoU	SRM+
RD Shell	Specific Project MoU	GMoU

Table 5.4: *Instruments and Frameworks for Community Engagement*
Source: *The Present Research (2013)*

In Eni SpA, the MoU is barely modified instead the company invested in the expansion of its community agricultural programme - the Green River Project (GRP) - which the company sees as an extended framework for community development and engagement. Eni’s argument is that since host communities’ main occupation is farming that community development and engagement should be viewed from the perspective of agricultural development programmes in partnership with host communities (NaocNews, 2003; Eni, 2011_b). Below are comments from a member of Eni’s host community and an Eni staff regarding the Eni’s GRP.

“AGIP (Eni) has a farm run by the Green River Project division of the company. They give cassava stems to local farmers, and they partner with these farmers as well, and sometimes offer training too. In this area (of agriculture), AGIP is doing a lot of activities with rural farming schemes” (ECR02, 2013) - A Farmer, Omoku Community.

“We (Eni Nigeria) have partnered with communities and have contributed to their lives in a great deal. We are involved in scholarships to our host communities, microcredit schemes worth over ₦20 millions, the Green River Project - which is an agricultural extension programme we are running in our host communities. We also have the Skill

Acquisition programmes for which we partner with local business in training and allied services” (EMR08, 2013) - Eni’s Public Affairs.

For Eni Nigeria, the GRP is a framework for community development and engagement. Eni’s argument for the GRP has been that since the majority of its host communities are local farmers, it would be appropriate to engage them through their main activities by providing them with extensive agricultural programmes, schemes and supplies through the GRP.

5.5.3 Summary of the Archival Enquiry and Analysis

The Chapter presented the archival enquiry employed to contextualise the three oil MNCs - Eni SpA, Total SA and RD Shell.

The archive materials studied, highlighted that Eni categorises its community stakeholders into core and transit communities, with the core communities considered as the most affected by Eni’s activities (Eni, 2011_a). By using interview questions Q1 and Q2 (Appendix 1), the fieldwork, however, revealed that in practice, Eni prioritises communities based on their level of persistence in expressing their interests and expectations. For example, Eni regularly engaged communities that are more persistent than communities that are less persistent - despite some of the less persistent communities classed as core by Eni. Also, respondent ECR02 (2013) pointed out that Eni should give to communities what has been agreed and not wait until communities cry out for it. The practice in Eni Nigeria, by theoretical implication, corroborates Gyves and O’Higgins (2008) argument that the prioritisation of stakeholders is dependent on the amount of social pressure and influence stakeholders exert on the company.

On CSR initiatives, according to the Eni’s Magazine (Eni’s Way, 2002), Eni has provided skills acquisition training courses for community youths, which at the start, enrolled 400 youths on different courses in carpentry, hairdressing, brick-laying and computing. A

community respondent (ECR08, 2013), who was interviewed corroborated this claim, by hinting that the skill acquisition training has helped some youths set up their own businesses.

Though, mixed views exist as to who receives the microcredit facilities and what the monetary values are, there is evidence that some local agro businesses receive some form of financial assistance from Eni (ECR02, 2013; ECR08, 2013). Evidence from Eni's archive materials were tested against evidence from the interviews. It emerged that Eni's reports, often embellished the figures to help boost the company's social responsibility rating (e.g. Eni, 2011_b versus ECR02, 2013). It further emerged that Eni's archive materials are published in the city at Eni's headquarters and online; hence some local people are unaware of what has been published about them (ECR02, 2013). In terms of meeting communities' needs in food production and processing, Eni's green river project (GRP), however, has been applauded by Nigerian academics such as Jitoboh (2011), Nlerum *et al* (2012) and Eluka *et al* (2013), who argued that the GRP has contribution to rural agricultural extension programme in the NDR, and serves as a framework for rural agricultural development.

In the case of Total Nigeria, archive materials studied show that the company is involved in a range of community relations, community engagement and social responsibility activities in Nigeria (CSR Globe, 2011_b; Total, 2010_a). Total's activities include providing skills development training for local youths, scholarship awards, employment, and upgrade of rural infrastructure. These initiatives are intended to meet communities' expectations, and are outlined in the memorandum of understanding (MoU) between Total Nigeria and its Nigerian communities. As seen in the interview account by TCR01 (2013), the MoU monitoring committee is created to ensure compliance with the articles of the MoU, hence guarding a consistent company-community relations approach that takes into account the valued interests and expectations of each of the parties involved.

Archive materials suggested that Total's past experience in Nigeria may have influenced its strong commitment to social projects in host communities. Therefore, the present researcher investigated how Total's community engagement practices evolved and if the company's past, actually informed its present community relations and engagement practices. It emerged that after a serious community protest, Total Nigeria was *socially* pressured into changing its approach to community relations and engagement.

Archive materials studied, implied that Total's ongoing interactions with community stakeholders remain significant in averting confrontations from host communities (Total, 2010_a), which in turn has boosted Total's social licence to operate in host communities (Thomson & Boutilier, 2011; Nelsen, 2003). Total claims that its 'common ground approach' to community stakeholder engagement, which it has developed after the 1993 community protest, has contributed to its successes with communities (Total, 2007_a; Total, 2010_a). The common ground approach is based on reciprocal respect for each other's valued interests and expectations. It is not the same as Porter's business-society 'shared value strategy' which is based on having common values shared by both business and society, which the present research argued is practically difficult to achieve (Chapter 2, subsection 2.3.2).

'Post 1993 Protest' brought about improved approaches to community relations and frameworks for community engagement, such as the Stakeholder Relationship Management (SRM+) tool, which is based on building consensus with communities to identify their expectations and how to address them. According to Total's report (Total, 2010_a) the SRM+ has proved successful and has made relations with communities move beyond the '*handout*' mentality (i.e. communities totally depending on Total's assistance) to a co-development approach marked by community ownership of processes, projects and programs.

Archive materials and data generated through interviews, suggested that Shell Nigeria's activities are marred by series of allegations. Allegations such as, arrogant behaviour towards host communities, use of heavily armed security with intent to intimidate, involvement in the killing of community activists, oil spillages and environmental damages, accusations of inciting community violence (locally called '*Divide and Rule*'), and also tax avoidance worth \$2bn⁵⁹ and industry manipulation accusations (Ibeanu, 1997; Ebeku, 2001; Hamilton, 2011). As a result, RD Shell has, in recent times, embarked on rebranding itself.

One of the company's efforts to rebrand its public image is its new GMoU that promises transparency and accountability but also advocates a layered approach where instead of engaging directly with host communities RD Shell engages with the cluster development board (CDB) on behalf of the communities. The present researcher argued that such layered representation undermines a direct engagement even where a direct engagement is necessary, hence increases the possibility of third-party information (Subsection 5.4.6).

According to Shell's report (Shell, 2013_b pp.1) 'the NGOs handle sensitisation and communication of the GMoU model to the communities and develop the capacity of CDB members on community development processes. They also ensure quality delivery of the GMoU projects and programmes' (Shell, 2013_b pp.1). The implication is that the supposed role of RD Shell in the engagement process is entrusted to the 'mediante stakeholders' - in this case, the development NGOs working with RD Shell (see Subsection 5.4.4 [b]). Respondent SMR02 (2013) highlighted 'information sharing' and some sort of mutual understanding between RD Shell and the specialist NGOs - which are characteristic elements of the 'mediante stakeholders' as discussed in Chapter 3, subsection 3.3.1.

⁵⁹ Shell Tax Avoidance worth \$2bn was identified 2008 by the Nigerian government, and reported also by BBC News; available online at: <http://news.bbc.co.uk/2/hi/africa/7412189.stm> [Accessed 16/08/2013]

Therefore, given the damaged reputation of Shell Nigeria, it was argued, based on the account of SMR03 (2013) that a mediated engagement strategy does serve the best interests of Shell Nigeria, as it yet tries to rebuild relations with its infuriated host communities, like the Ogoni and Umuechem communities in Nigeria.

The archival enquiry into Eni SpA, Total SA and RD Shell presented the contextual background and activities of the three oil MNCs in Nigeria, setting the tune for further discussions in subsequent Chapters.

CHAPTER SIX

6.0 COMMUNITY ENGAGEMENT STRATEGIES USED BY ENI, TOTAL AND SHELL IN NIGERIA

6.1 Introduction

This Chapter focuses on the community engagement strategies used by Eni SpA, Total SA and RD Shell in the Nigerian NDR. By community engagement strategies, as used in this thesis, the present researcher refers to those methods, approaches, actions or inactions and/or corporate behaviours deployed by the oil MNCs in their engagement processes with host communities to establish new relations, sustain existing relations or repair damaged relations.

As mentioned in the methodology in Chapter 4, and based on the research aims and objectives in Chapter 1, three main themes (MTs) were identified and coded for the purpose of analyses and discussions. These main themes form the focus areas of the present research.

They are:

MT-1: Community engagement strategies used by the oil MNCs and their implications

MT-2: Community relations approaches within the Nigerian oil and gas (O&G) industry

MT-3: Social responsibility practices adopted by the three oil MNCs and their impacts

The analysis and discussion of the first main theme (**MT-1**) and its sub-themes (ST1s) will form the focus of this Chapter 6. This will be done by applying the ideas and concepts that emerged from the literature review, archival analysis and the in-depth interviews to the discussion of the MT-1 and its sub-themes. The present researcher will give attention to the development, application and processes of community engagement strategies (CES), used by each of Eni SpA, Total SA and RD Shell in Nigerian host communities.

6.1.1 Community Engagement Strategies Adopted by the Three Oil MNCs

As stated in Chapter 4, the MT-1 has three sub-themes. These sub-themes are applied across the three MNCs, to discuss their different community engagement strategies used in host communities and their implications.

MT-1: Community engagement strategies used by the oil MNCs and their implications

ST1.1 - Development of strategies of engagement

ST1.2 - Methods of engagement

ST1.3 - Sustainability of the strategies/Methods

It was also mentioned in Chapter 4, that the interview questions (see Appendix 1), were specifically designed to generate specific data for the analysis and discussion of the main and sub themes. These themes based on the MT-1 are hereby applied to each of the three MNCs.

6.2 Community Engagement Strategies Used by Eni SpA in Host Communities

The concept of community engagement was discussed extensively in the literature review in Chapter 3, using the community engagement theory. It was argued that to engage implies a decision to meet (Lakin & Scheubel, 2010) to articulate key interests and capabilities of what each party can do and cannot do (Rogers & Robinson, 2004) in order to determine future actions for the parties involved (Andriof & Waddock, 2002). During the interviews, questions were asked to Eni's manager respondents (EMRs) and Eni's community respondents (ECRs), aimed at understanding the community engagement strategies used by Eni in Nigeria.

6.2.1 ST1.1 - Development of Strategies of Engagement by Eni

Questions Q3 and Q4 on the interview guide (Appendix 1) were designed to generate data for the analysis of the ST1.1. To understand how the processes of engagement were developed, company managers and community members were asked, Q3: 'How do you engage with

stakeholders from the communities/company? What are the stages/phases involved in the engagement process?’ Below are responses from Eni’s manager respondents (EMRs) in public affairs (PAF) and another in lands/community relations.

“Company goes to community. It is a gradual process and there are many ways. For instance, a pipeline project would require the HSE team and PAF to set the ground for engagement with the community” (EMR08, 2013)

“It depends on the type of issue we are dealing with. Normally, it begins with the seismic company. They assess which community is affected. They ‘settle’ community for ‘bush entry’. When oil is discovered, AGIP sends its Lands department which is involved in Land Assessment and Acquisition. The Lands team engages community in talks...We. We then meet the Landlord Family before going to the community leader” (EMR05, 2013)

Note that in the local jargons, to ‘settle’ means ‘to pay with money’ and ‘bush entry’ means ‘to grant access to a piece of land’. While there is no specific law criminalising or encouraging this practice, the internally shared belief within the local institutional framework and among the Nigerian public is that no one takes possession of a land without paying some money to the local owners, except if such person represents the State. By the status of the two acts discussed in Chapter 2 (subsection 2.3.2), only the State has legal rights to any piece of land it needs in Nigeria.

Eni’s community respondents (ECRs) were also interviewed, using the same interview question Q3. Below are some of their responses.

“First, when oil is discovered AGIP goes ahead and prepares the place and do not approach community people until the community approaches them. It is in their way of doing things. AGIP waits for community to talk to them first, and for community to prove to them that the land is theirs. AGIP usually likes to talk to the most connected person, linked to the land, even though he may not be the rightful owner of the land. Often AGIP has ignored the rightful owners because someone else can talk...who has connection. There was a time when, in one large family, only one member of the family

claimed the land, until the rest of the family went to court. AGIP was already engaging with him” (ECR10, 2013) - Okwisi Community Activist.

“The company informs our ruler, and then the Landlord Family. That point is where everything goes wrong” (Researcher: Why? What happens?) “Because the landlords are not protected by the law! To make things worse, the CDC is corrupt, and they have low patriotism! They trade-up opportunities for a pot of portage⁶⁰” (ECR08, 2013) - Omoku CDC Member.

Responses obtained from community members are in contrast with those of Eni’s managers (EMRs) who claimed they make the first move. Community members (ECRs) insisted that they approach Eni first before anything happens. The underlying interpretation derived from Eni’s manager, EMR05, suggests that the contracted seismic company hired to conduct geoscientific activities on site, and the same time “expected” to initiate community engagement activities, was not seen by community people as the right team for engagement.

Hence, there are two main contradictions to this method of engagement. Firstly, is the contracted seismic company aware it is their responsibility to engage with host community? And secondly, are its staff also trained in the area of community engagement? This mediated method of engagement proves contradictory, and explains why community residents insisted they had to approach Eni first before Eni speaks to them. Community residents do not consider the ‘settle’ for ‘bush entry’ as an established engagement, or a guarantee for a social licence to operate (Thomson & Boutilier, 2011). Based on the empirical evidence, the present researcher recommends that in a situation where a mediated method of engagement is used, and a contracted company is hired, it is recommended that responsibilities are made explicit to all parties involved, stating who should do what at what stage.

Another bone of contention emerged from community respondent, ECR08, a dissatisfied CDC member, who explained that the landlord families are technically not protected by the

⁶⁰ By ‘A pot of portage’, he used the phrase from the story of Esau and Jacob in the Bible to describe a situation where members of the CDC betray their community for a taken of favour/money from the oil company, Eni.

law. His account confirms the Petroleum Act of 1969 and the Land Use Act of 1978 in practice (Chapter 2). Traditionally, there is a communal land tenure system in Nigeria. Despite the existence of the two acts, the communal land tenure system is yet practiced in Nigeria, and lands are traditionally owned by kinsmen, large families and communities, who see the two acts as undemocratic and insensitive of the local institutional frameworks (e.g. ECR08, 2013).

As argued by Ebeku (2001) the origin of deprivation and poverty in the oil region started with the *Petroleum Act of 1969* and the *Land Use Act of 1978*, enacted by the then military regimes. In Chapter 2, acts of parliament relating to land property rights were discussed extensively, identifying the pending Petroleum Industry Bill (PIB) as a key document for addressing conflicting interests regarding land ownerships and resource allocation in Nigeria. The delay of the PIB and the current laws have made it possible for some MNC managers to undermine any legal and/or moral rights (Carroll & Nasi, 1997) community members may have as a direct result of oil exploration and exploitation activities (Ebeku, 2001). In two of the oil MNCs visited during the interviews, the present researcher was told by two senior managers that communities do not own the lands that the government does. Based on this premise, it can be argued that internally shared notion such as among oil MNC managers, do influence their behaviour and approach towards community engagement.

While interview question Q3 focused on the processes of engagement, Q4 focused on the people involved in the engagement processes. By using Q4, Eni's managers (EMRs) were asked: 'Who are the people that constitute your engagement team?' Below are the responses.

"It varies. Let's say it is about land acquisition, and it gets to that stage, the departments of lands and surveillance must be there to conduct engagement and manage the relationship with community stakeholders" (EMR04, 2013).

“The Lands department goes and comes back and submit report to PAF. PAF produce their report and pass it on to the exploration team with the seismic data given to them by the PAF. PAF looks at the Lands team report and then goes ahead to engage with community. PAF pays who needs to be paid, see who is there to be seen and then engage the community in dialogue” (EMR08, 2013).

To understand who the community stakeholders are that engage with Eni on-behalf of the community, the same interview question Q4 was asked to Eni’s community respondents (ECRs). The following responses were obtained:

“In our community we have the youths, the CDC and the council of chiefs. AGIP meets, first, with the landlord family, from there to the youths, CDC and the chiefs” (ECR12, 2013) - Ndoni community CDC Member.

“...there is no structured team from AGIP. They just say they are the team from AGIP so that we don’t know who is responsible for what and write them letters or contact them when we have need” (ECR07, 2013) - Egbema community CDC member.

The above accounts suggest that the Eni team understand who the community team are but limit the amount of detailed information it shares, making it difficult for community reps to know who is responsible for what duties. It further suggests a communication gap in the engagement processes, therefore, corroborates the argument in Chapter 3 that where there is a communication gap, it creates a huge impact on existing relations between MNCs and communities (Ebeku, 2001; Dhir, 2007; Zandvliet & Anderson, 2009), which makes the engagement process more difficult (Andriof & Waddock, 2002).

6.2.2 ST1.2 - Methods of engagement used by Eni SpA

As outlined in subsection 6.1.1, the ST1.2 represents the second sub-theme under the first main theme (MT-1) and is hereby analysed based on Eni’s engagement activities in host communities. For the ST1.2 sub-theme, interview questions Q5, Q6 and Q7 were designed to

generate data to further substantiate the first main theme. By using the ST1.2, MNC managers and community members were asked to describe what instruments and methods are used in the engagement between company and community, and also how they feel about these instruments and methods of engagement. Eni's managers were asked Q5, Q6 and Q7 and below are their responses.

“Our strategy is based on the MoU. Communities feel okay with our method” (EMR04, 2013).

“We rely on dialogues in our engagement activities with host communities. Community invites us to their meetings, which means they accept the method of dialogue as we do” (EMR02, 2013)

As will be seen in the next accounts from the respondents, the present researcher confirmed that the memorandum of understanding (MoU) is the main instrument of engagement between MNCs and the NDR communities. In Chapter 5 the MoU was identified as a bilateral or multilateral agreement between two or more parties. Authors argued that it is often used when one or more members involved, do not want to commit to an official legal contract (Batra, 1997; Chandler 2013; Babwani, 2013). This conclusion was confirmed by some of the respondents interviewed using Q5 (Appendix 1). Different views emerged from the ECRs.

“Basically the MoU is the instrument of engagement. Before AGIP engages us in dialogues they already planned what they'll give us even before they meet with us. After many meetings and discussions they only give what they had in mind. During negotiations, they refuse to move their grounds but expect our community to compromise our position. What do you call that kind of negotiation? That's what they do” (ECR10, 2013) - Okwisi Community Activist.

“To engage AGIP in dialogue, we've had to use 'Protest'. That's the only language AGIP understands (Researcher: Why did you say that?) AGIP dislikes protest, because they lose man-hour when there is Blockade by community members. AGIP uses some

'elements' (meaning, saboteurs) in our community to cause trouble and to reduce our chances of getting anything from them" (ECR08, 2013) - Omoku CDC member.

As understood from the interviews, different communities have different experiences of the way the company approaches them. Here are more views from Eni's communities (ECRs).

"The company understands Blockade and 'We No-Go-Gree'⁶¹ method. We make our demands known to them. But AGIP does not meet with community unless community keeps pressuring them. They only agree to talk after we set up a Blockade on the access roads to their facilities. Sometimes we avoid making high demands because we fear the company might refuse to do anything all together. This has happened before, and they just blame the community for making too much demand that they can't afford. But we know it is not true. They can afford it" (ECR07, 2013) - Egbema community.

"When there is conflict of interests, the CDC would write a letter to the company, but where the company ignores the letter, the youths go in to demonstrate by setting up Blockade and sometime seize company vehicles; and that is when AGIP does something" (ECR09, 2013) - Omoku Ex-Youth Leader.

Using interview question Q6, community respondents (ECRs) were asked to say what they think the company thinks about community's method of engagement with them.

"You mean our method? (Researcher: Yes) Well, the company feels good that our community is not coordinated. Our own people can easily betray our own community. AGIP staff are trained to identify those weaknesses in our community and to use them for their advantage to save money" (ECR02, 2013) - Omoku Community.

"The company feels happy when there is community conflict - most often from the 'token' AGIP offered. When community groups go into conflict, no engagement takes place between our community and AGIP; meanwhile drilling activities go undisturbed." (ECR10, 2013) - Okwisi Community Activist

Question Q6 was reversed to create Q7 and used to ask community respondents how they feel about the methods used by the company to engage them.

⁶¹ *We No-Go-Gree* is a Nigerian pigeon/street English used to say, 'We are not going to agree'. It is a common language used during community protests in Nigeria, and it is sang in the form of a protest matching song.

“We feel bad about the method AGIP is using. Company should support community, not cause confusion” (ECR10, 2013).

“AGIP uses ‘Divide and Rule’. Most of all, they use heavy security. They have security everywhere. They’re not accessible, and it takes time before they respond to letters. Except if the youths use Blockade” (ECR09, 2013).

The method of engagement appears complicated. For communities there is a preferred method of getting the company’s attention to listen to their demands. The Blockade Strategy is commonly believed by most community members as having a very strong effect to influence company decisions and to make the company accept the negotiation table. Also, community members feel that the company’s behaviour and actions toward communities is causing divisions among community groups which community members resent.

6.2.3 ST1.3 - Sustainability of the strategies/Methods Used by Eni SpA

ST1.3 represents the third sub-theme under the first main theme (MT-1), and is hereby discussed based on Eni SpA. To assess the sustainability of the strategies/methods used, interview questions Q8 and Q9 respectively were designed to specifically provide data for the discussion of the first main theme (MT-1). The same questions were administered to both company managers and community members during the interviews. In question Q8, EMRs and ECRs were asked ‘What they think community/company⁶² should change or improve about their approach or strategies of engagement?’ Here are the responses from Eni’s manager respondents (EMRs).

“Like Blockade which is a major approach used by community. When they do that, our facilities are damaged. So Blockade is not acceptable to us. Community people are always suspicious of what we do, they suspect that we want to pay our way in everything we do” (EMR08, 2013).

“Communities should make demands in writing and wait for response” (EMR01, 2013).

⁶² Company/community - these words were used as alternates, depending on whether it is a company staff or a community rep that is asked the question.

When asked the same set of questions to Eni's community respondents (ECRs) to generate data for the ST1.3 sub-theme, different views were expressed by the ECRs. See below.

“AGIP (Eni Nigeria) needs to setup a yearly quota for youth employment. As we speak, there is no one of us that is a full-time staff in AGIP. Employment takes years to happen, yet people from outside of our community are getting job in AGIP. They should be more transparent...more comprehensive in their community plans” (ECR10, 2013).

“What should change? Good. AGIP should give to community what is due them and not wait until community people cry out for it. AGIP should not expect communities to beg before they're given attention. Emm....AGIP should have long-term plans with us. They have access to our community lands, but we don't have access to AGIP. They should stop using security to intimidate us” (ECR07, 2013).

“What I think they should do is - develop a standard for restoration and transformation of its approach to community. One, by developing the human capital; two, by embarking on structural development programmes; and three, by industrial partnership with local businesses” (ECR08, 2013) - A Senior CDC Member, Omoku Community.

Based on the views expressed by both EMRs and ECRs, more is needed to establish a comprehensive approach for a constructive company-community engagement that would address issues of who is responsible for what. In subsection 6.2.1, the present researcher argued that in a situation where a mediated method of engagement is used, and a contracted company is hired, it is recommended that responsibilities be made explicit to all parties, clearly stating who should do what at what stage.

In subsection 6.2.2 a Blockade Strategy was identified as a main strategy used by host communities to get the attention of the company. Based on this finding, it is recommended that the company identify the interests and expectations expressed by communities to be able to develop ways of responding to them (as in Chapter 2), without having to wait until there is blockade of access to oil and gas facilities (subsection 6.2.2). It is therefore, recommended

that a review of the engagement strategies be conducted to further improve and sustain relations between company and community.

6.3 Community Engagement Strategies Used by Total SA in Host Communities

Community engagement advocates the process of enabling the participation of residents and communities, at their chosen level, ranging from providing information and reassurance, to empowering them to identify and implement solutions to local problems and influence strategic priorities and decisions (Lakin & Scheubel, 2010; Myhill, 2006). Oil MNCs in the Nigerian NDR are expected by society including host communities to adopt ideas such as this (see Gyves & O'Higgins, 2008). During the interviews Total's manager respondents (TMRs) and Total's community respondents (TCRs) were asked certain questions aimed at understanding the community engagement strategies used by Total SA.

6.3.1 ST1.1 - Development of strategies of engagement

As earlier mentioned, interview questions Q3 and Q4 were designed for the discussion of the ST1.1 sub-theme, and hereby applied to Total SA, to understand how its strategies of engagement with communities were developed. Total's manager respondents (TMRs) and Total's community respondents (TCRs) were asked Q3: 'How do you engage with stakeholders from the communities/company? What are the stages or phases involved in the engagement process?' Here are the responses from TMRs.

"In the old approach we only engaged communities when there was an issue, until the 1993 Egi community Crisis. But we now engage with communities on a regular basis, and the government and local councils. Before any drilling activity, we engage the community first, otherwise no work is done on their soil" (TMR05, 2013).

"First we approach the family that owns the land. We create an understanding with them, and then discuss with the elders and other stakeholders, before developing the MoU. The MoU is usually for a 5-year period. Sometimes we sign a smaller MoU with

the direct family we're dealing with. It is not the main MoU we sign with the entire community. It is to guide how that family relates with us, and to guarantee the sites and our men on the site" (TMR03, 2013).

These views shared by the TMRs tend to suggest that the company breaks down the engagement process to the smallest units of engagement. On the other hand, when Total's community respondents (TCRs) were interviewed, to verify the views expressed by the TMRs, below are some of their views on the same interview question Q3.

"We engage with TOTAL through the MoU. In the MoU there are obligations to be met by each party to the agreement" (TCR04, 2013) - Egi Women Association Member.

"The seismic companies discover the oil and after that hands the job to TOTAL. TOTAL informs the family and then negotiations start with the family, then to community. After a successful drilling, the family would produce 2-3 contact men to represent them in negotiations with TOTAL. Community also provide paid security and maintenance of the location where the oil is found" (TCR01, 2013) - A Landlord, Obagi Community.

The views shared by both the TMRs and the TCRs tend to suggest the level of understanding between Total and communities, confirming the processes of engagement that is in place. While interview question Q3 focused on the processes of engagement, Q4 focused on the stakeholders involved in the engagement processes. Both TMRs and TCRs were asked the same interview question Q4. Below are the responses from the TMRs.

"In TOTAL, there are the Land and Claims and the Joint Venture Community Affairs teams. These staff manage community projects and they have their mandate from the top" (TMR03, 2013) - Total's MoU Team.

"There are 7 representatives from Total, as part of the MoU implementation committee. 10 reps from community. Although there's an additional group of observers who are public witnesses...not more than 20. This is to avoid situations of some delegates going home to misinform what was agreed" (TMR04, 2013) - Community Relations Dept.

Total's community respondents (TCRs) were also asked the same interview question Q4. Below are the community stakeholders involved in the engagement activities with Total SA.

“After a successful drilling, the community forms its engagement team. This includes the reps from the Community Youths, Community Development Committee, the OML 58 group⁶³, Egi People's Assembly (elitist), Egi Women Association, and the Oil and Gas Landlord Families” (TCR02, 2013) - Akabuka Community Rep.

The views shared by Total's manager respondents (TMRs) and Total's community respondents (TCRs) corroborate each other, thus, suggest some degree of concurrence between the responses. The experiences of both TMRs and TCRs do not only show that the MoU is important in the engagement process but also suggest some level of commitment from both company and community towards the engagement process. According to Lakin and Scheubel (2010), community engagement entails that the engaging company and community must have the willingness, capacity and opportunity to participate in the engagement process, and both the company and community must have a responsibility to engage (see Chapter 3). The above interview data suggest that Total SA perhaps met these conditions by Lakin and Scheubel (2010), in its engagement with host communities.

6.3.2 ST1.2 - Methods of engagement used by Total SA

ST1.2 represents the second sub-theme under the first main theme (MT-1) and is hereby discussed based on Total SA. For the ST1.2, interview questions Q5, Q6 and Q7 were designed to provide substantial data for further discussion of the first main theme (MT-1). By using interview questions Q5, Q6 and Q7, both company and community respondents were asked to describe what instruments and methods are used in the engagement process and how

⁶³ The OML 85 group is a group of communities within the Total's oil Mining License 58 (OML58) locations.

they feel about these instruments and methods. When Total's manager respondents (TMRs) were asked the same questions, below were their responses.

“First of all, we have the CoD (meaning, the Charter of Demands). The CoD is a wish list of all the communities' demands. You asked about our method? (Researcher: Yes, I did). Well, our method for engagement is by elaborating and informing community of our programmes and CD plans, and then go into negotiate with them, dialogue. Our instrument of engagement is the MoU, and the MoU Implementation Committee manages it. (Researcher: Who are these people?) They are community reps, company reps, NAPIMS, State government and LGA. (Researcher: What do they do?) They make sure articles of the MoU are implemented. Every quarter meeting of the MoU Implementation Committee, reduces grievances. Yes, grievances from failure to implement the MoU. Drafting the MoU is not a problem; the implementation is a huge job” (TMR05, 2013) - Total's Govt. & Public Rel. Dept.

“The Charter of Demand is a very important tool in the relationship. It gives us some ideas of what communities want, and how to approach the community even before formal engagement with them. So we look at the Charter of Demand by community and begin to design our own approach and how our own expectations can be met also. The MoU which is the finally product of the Charter of Demand, comes last. So the process starts with community making their demands in the Charter of Demand. Our legal team looks at it, negotiate on the terms and then send it back to community, and it goes back and forth. In the end we agree on the terms that suit our various interests and then the MoU is signed” (TMR03, 2013) - MoU & Projects Team.

Total's manager respondents (TMRs) talked about the processes (methods) involved in the development of the instrument of engagement. Views of Total's managers strongly suggest that the Charter of Demand (CoD) is precursor to the MoU and that it helps to identify at the early stage the 'interests and expectations' of host communities (see Chapter 2, section 2.1), thus the company is better positioned to prepare ahead. The same interview question, Q5, was put to a respondent from Total's host community, who offered the following response:

“Ok. Methods and instruments? These are done by means of consultations, negotiations and dialogues. As much as possible we use diplomacy to address issues with the company. That’s why TOTAL respects us. It is a give-and-take kind of trust. We discuss our community’s needs during the MoU drafting stage. The MoU...takes a long process. We have our negotiation team and TOTAL has theirs. Demands are made. (He retracted and said) We make demands to the company. TOTAL also has expectations. These are documented in the MoU. For example, if we stop TOTAL’s oil and gas activities, we violate the agreement therefore we do not get our needs (i.e. interests and expectations) met by TOTAL” (TCR01, 2013) - Obagi Community.

The account by TCR01 (2013) corroborates the argument in Chapter 2 (subsection 2.3.2) that company and community have different interests and expectations. It also confirms the views expressed by TMR05 (2013) and TMR03 (2013) that the MoU is indeed the instrument of engagement, and contains the ‘interests and expectations’ company and community have.

TMRs and TCRs were also asked (using questions Q6 and Q7) to explain how they feel about each other’s adopted methods/strategies of engagement. Here are some of the responses from the TMR and TCR respondents.

“Communities feel okay with our method of engagement. There is openness. No Divide and Rule. We keep the communities united while we engage with them. As a result, we have little or less community protests. We make our meetings open, so everyone can see how much we commit to CD projects” (TMR07, 2013) - Community Partnerships Dept.

“For us, TOTAL is trying - especially as the government is less concerned. TOTAL is a partner in our community development” (TCR05, 2013) - Akabuka community youth.

“The approach communities prefer is a free access approach. (Researcher: What is that?) On a day-to-day basis, field managers can be approached for a quick discussion. We are happy with this approach. It helps us to gather information about how the communities expect us to work with them, and we encourage it” (TMR10, 2013).

“TOTAL feels happy about our approach. No grudges. There is the spirit of partnership in our relationship with TOTAL” (TCR01, 2013) - Obagi Community.

The views of the TMRs and TCRs corroborate each other. The above evidences suggest that the relations and engagement between Total and its host communities are based on mutual respect and commitment to work together. The implication confirms Lakin and Scheubel (2010). According to Lakin and Scheubel (2010), community engagement advocates the willingness and commitment to participate in the engagement process and both the organisation and community must share a responsibility to engage. The TMRs expressed confidence in their approach and method of engagement with host communities, and the TCRs evidenced the same level of commitment to work together.

6.3.3 ST1.3 - Sustainability of the strategies/Methods Used by Total SA

Here the sub-theme ST1.3 is applied to understand how sustainable the strategies/methods of engagement used by Total SA are. Thus, to assess what is needed to make the strategies/methods of engagement more sustainable, interview questions Q8 and Q9 respectively were designed for this purpose and posed to both the TMRs and TCRs during the interviews. Precisely in question Q8, TMRs and TCRs were asked ‘What they think community/company should change or improve about their strategies of engagement?’ Here are the responses from the TMRs and TCRs.

“Communities should initiate sustainable ideas. Those community reps should stop ‘Subcontracting’ (Researcher: What do you mean by that?) It means selling scholarships, local employment slots and project contracts that we make available to them. These things are not to be commercialised. The ‘Untouchables’ in communities should stop selfish ideas and should support community aspirations. That way would make our CD efforts appreciated” (TMR04, 2013) - Total’s Community Relations.

“Our community is comfortable with the current approach by TOTAL, although the 18 slots of employment opportunity as agreed in the MoU have not been met. TOTAL has not met this expectation of our community” (TCR02, 2013) - Obagi CDC Member.

“As agreed by us and the communities, the infrastructural development envelop⁶⁴ should improve the relationship further. Communities should form blocks of economic units and apply for innovative commercial projects. They should come as a cooperative body rather than as individuals” (TMR05, 2013) - Total’s Government/PR Department.

The interview questions, Q8/Q9, also stimulated discussions about some elements of the relations that gave concern to company managers and community people. Whereas the TMRs complained about some community representatives commercialising jobs and contract opportunities given to them by the company, the TCRs complained about the company’s failure to meet one of their major demands, which is of value to them (i.e. employment). By applying the theoretical implications in Chapter 3 (section 3.4) to the circumstance presented by the above evidence, the sustainability of the strategies/method of engagement in this relations would depend on the commitment of both parties (Lakin & Scheubel, 2010; Myhill, 2006), and how much each respects the ‘valued interests’ and ‘expectations’ of the other (see Chapter 3, section 3.5).

6.4 Community Engagement Strategies Used by RD Shell in Host Communities

Shell Nigeria believes that the best way to engage local communities is by conducting engagement activities through a collaboration of different development organisations, in what it calls a tri-sector partnership model involving RD Shell, the Nigerian government and a group of other development organisations, mainly NGOs. This model was discussed in details in Chapter 5 (in subsections 5.4.4 [b] and 5.4.5). That being said, the fieldwork interviews involving Shell’s manager respondents (SMRs) and Shell’s community respondents (SCRs) were aimed at understanding how RD Shell’s engagement activities and model work in practice. To do this, interview questions, Q3 and Q4, were used to generate data for the discussion of the ST1.1, on how RD Shell developed its strategies of engagement.

⁶⁴ The infrastructural development envelope is the money quoted on the MoU for the execution of CD projects.

6.4.1 ST1.1 - Development of strategies of engagement

As mentioned in previous sections, interview questions Q3 and Q4 on the interview guide were specifically designed to feed into the ST1.1 sub-theme. In this instance, ST1.1 is being applied to RD Shell. SMRs and SCRs were asked, Q3: ‘How do you engage with these stakeholders from the communities/company? What are the stages or phases involved in the engagement process?’ Here are the responses from Shell’s manager respondents (SMRs).

“The first stage of the engagement with communities requires a stakeholder mapping and analysis, because every community is unique. It is the outcome of the stakeholder analysis that gives us an idea of who to meet to engage with. Most times it is the youths and council of chiefs, and these meetings take place in their town halls or in the traditional ruler’s palace” (SMR01, 2013) - RD Shell’s GMoU Team.

“It starts by us going to community. We pay the contractor, entry payment, which include homage payment...community people are employed in the process. The traditional rulers are always contacted first. The youths come in where there is employment and negotiations” (SMR03, 2013) - RD Shell’s Community Rel. Dept.

From the views shared by the SMRs they suggest that the company takes engagement process systematically, taking into cognisance that every community is unique. Their views also suggest that mapping the stakeholders is an important step in stakeholder management. Then when Shell’s community respondents (SCRs) were interviewed, to verify the views expressed by the SMRs, below are some of their views on the same interview question Q3.

“Shell starts the negotiation. The head of the family where the oil is found is met, or the head of the community where the oil is found, and then the family head or community chief, depending on which, will invite the rest of the community in subsequent meetings with SHELL” (SCR01, 2013) - Fmr. CDC Sec. Odagua Community.

“The Shell CROs approach our community but the elites hijack the opportunity. So in subsequent meetings instead of a forum of the community stakeholders, they (RD Shell) discuss with the elites and these elites, the ‘Owners Sherriff’ choose what information they share with our community” (SCR08, 2013) - An Ugrita Community Youth Leader.

The views expressed by the SCRs reveal a selective approach to stakeholder engagement. Hence, to understand the role of stakeholders in the engagement process, and how the engagement process is structured, both SMRs and SCRs were asked Q4: ‘Who are the people that constitute the engagement team?’ Below are the responses from the SMRs.

“Our company’s community engagement team is made up of 2 Community Relations team members, 2 GMoU team members and more than 2 Specific Project teams” (SMR02, 2013) - RD Shell’s GMoU Team.

“Our engagement team is made up of the community relations team, community interface coordinator and community relations officers. They make the first move to the community to introduce our contractors that prepare the site” (SMR03, 2013) - RD Shell’s Community Rel. Dept.

The same question Q4 was asked to the SCRs in one of RD Shell’s host communities.

“The traditional ruler and council of chiefs, elders, CDC and youths; also the women associate exists but do not take part in the engagement with the company except in exceptional cases where they are needed according to how the topic relates to them” (SCR02, 2013) - A Host Community Prince.

One of Shell’s community respondents (SCRs) gave an elaborate explanation of the engagement process and highlighted the role of stakeholders in the engagement process.

“Before now, we have been having the ‘City Trust’ which is our community development committee. But another group came up from our community and formed a group called ‘Shell’s Landlord Association’ nicknamed the ‘Owners Sherriff’. When Shell started with the GMoU, they restructured the community representative councils. Our ‘Community Trust’ became part of the Ikwere Cluster of the GMoU. This new structure by Shell does not, like before, involve any Council of Chiefs and no Youth Association, as far as Shell is concerned, even though they exist. This completely changed the way our community organising committees and leadership were. The Council of Chiefs and the Youth Association are two strong organs in our traditional system, but Shell’s GMoU ignores these key organs of the community, and this affects a lot of things and

creates some imbalance of power in our community” (SCR08, 2013) - A Youth Leader in Ugrita Community.

The last respondent SCR08 (above) highlighted the effects on community leadership and administrative structure of changing from the community MoUs to the GMoU by RD Shell. He also explained how RD Shell’s GMoU model excluded some key community stakeholders as recognised by the local administrative system - meaning that local communities in Nigeria already have local administrative structures institutionalised overtime in those communities. Recall that the GMoU model as discussed in Chapter 5 advocates a layered approach where instead of engaging directly with host communities RD Shell uses NGOs to engage with the cluster development board (CDB) on behalf of the communities, of which each community in the CDB has a limited representation. In practice, each community is underrepresented as a result of the CDB format.

6.4.2 ST1.2 - Methods of engagement used by RD Shell

ST1.2 represents the second sub-theme under the first main theme (MT-1) and is analysed and discussed in this subsection based on RD Shell. For the ST1.2 sub-theme, interview questions Q5, Q6 and Q7 were designed to provide substantial data to further analyse and discuss the first main theme (MT-1). Using interview questions Q5, Q6 and Q7, both company and community respondents (SMRs and SCRs) were asked to describe what instruments and methods are used in the engagement between RD Shell and community, and also how they feel about these instruments and methods of engagement. When both groups of respondents (SMRs and SCRs) were asked the same questions, below are their responses.

“The instrument of engagement is the GMoU document. It is on it that our relationship with Shell is documented” (SCR06, 2013) - A Shell’s Community Monarch.

“We use different methods to engage with our host communities. Apart from the GMoU cluster development board meetings, town hall sessions, informal meetings and

consultations are some of the ways that we meet to dialogue with our host communities. Sometimes the communities come to our headquarters office here in Port Harcourt to discuss ongoing relations” (SMR01, 2013) RD Shell’s GMoU Team.

“Before we are allowed to operate in their land, the community people would sign a document called ‘Freedom to Operate’. This document is binding between Shell, the community and the contractor” (SMR03, 2013) - RD Shell’s Community Rel. Dept.

“Getting Shells attention is difficult. Sometimes they don’t keep to their promises. Several letters are sent to Shell, like when our electricity supply that Shell built for us broke down, they didn’t respond to us, not even reply our letters. So we went and did Blockade. It is the fasted method...the most preferred way to engage with Shell and get them to do something” (SCR01, 2013) - Fmr. CDC Member, Odagua Community.

Blockade also appeared here, proving an approach that is commonly used by host community people when they want immediate response from the company. Furthermore, SMRs and SCRs were asked - using interview questions Q6 and Q7 - to explain how they feel about each other’s adopted approach and strategy of engagement. Here are some of the responses from SMRs when asked what they think communities think about their method.

“About how the communities feel about our approach...For me, I have not seen any dissatisfaction from communities about our approach” (SMR02, 2013) - RD Shell’s GMoU Team.

“I don’t know how they feel about our method of engagement (Laughs)” (SMR01, 2013) - RD Shell’s GMoU Team.

“Communities accept our method of engagement because it has been on without any obstructions” (SMR03, 2013) - RD Shell’s Community Rel. Dept.

Shell’s community respondents (SCRs) were also asked what they think RD Shell think about their community engagement approach with RD Shell.

“They (RD Shell) feel bad because we block the roads and stop their workers” (SCR01, 2013) - Fmr. CDC Memeber, Odagua Community.

“They feel happy that we are not united” (SCR05, 2013) - An Ugrita Community Elder.

Using interview question Q7, RD Shell staff and community members were asked to say how they feel about each other’s approach and method of engagement.

“We are not happy about the approaches communities are using to engage with us. There have been confrontations, protests and violence as well. We the Shell Company are not happy about the approach the communities are using and we would want community to adopt Dialogue as an approach of engagement. (After a paused, he said) But Shell is changing and things are getting better now” (SMR02, 2013) - A Manager, RD Shell’s GMoU Team.

“We don’t like their approach of engagement. Sometimes they are very aggressive and irrational with a high sense of entitlement” (SMR01, 2013) - A Manager, RD Shell’s GMoU Team.

Using the same interview question Q7, below are responses from host communities.

“Shell’s approach is bad because they will not disclose to us what they have and to allow community to say...so we the community end up not knowing what is in addition to the package given by the top executives for us. And Shell’s team would go back with the rest of the package to say that community has made their decisions what they want” (SCR01, 2013) - A Fmr. Community Dev. Secretary

“Not very good feeling with our community. Before, Shell would ask what community needs but now they ask the elites what we need and the elites tell Shell what they need, technically” (SCR08, 2013) - A Youth Leader in one of Shell’s Host Community.

The interviews with SMRs and SCRs revealed different approaches to engagement used by both RD Shell and host communities, such as town hall meetings with host communities, cluster development board meetings and other methods of communication such as back-and-forth letter communications, blockade approach and others. The interviews also revealed how each party feels about the approaches and methods used by the other party. For a more

constructive company-community engagement approach, the concerns raised by both parties need to be addressed in a joint effort with the commitments of both parties, on a roundtable.

6.4.3 ST1.3 - Sustainability of the strategies/Methods Used by RD Shell

Here, sub-theme ST1.3 is applied to RD Shell to further discuss the main theme (MT-1). Therefore, to assess what is needed to make the methods of engagement more sustainable, interview questions Q8 and Q9, respectively, were specifically designed for this purpose. Using interview question Q8, SMRs and SCRs were asked, ‘What they think community/company⁶⁵ should change or improve about their approach or strategies of engagement?’ Here are the responses from Shell’s manager respondents (SMRs).

“Community should change from using violence to using a method of Dialogue. Confrontation won’t help, except Dialogue” (SMR02, 2013) - RD Shell’s GMoU Team.

“Shell engaged with communities in different ways in the past as compared to what it is today with the single GMoU (for a cluster of communities). What I think is that communities should improve...to accept better changes and embrace more dialogue than conflict. Communities should make demands to government too. They (communities) are over dependent on us and sometimes with very high sense of entitlement” (SMR01, 2013) - A Manager, RD Shell’s GMoU Team.

Using the same interview question, here are the responses from communities (SCRs).

“There is no employment opportunity given to our community, not even one person from this community is a member of staff in Shell. They employ people from other places. Because no scholarship is given to the youths, they are not opportune to study to be qualified to work in Shell. Maybe Shell is doing it so that no one will be educated in our community to understand what they are doing and then challenge them in future. Shell has been in our community since 1960 and no member of the community is a staff in Shell. The Shell CLOs (community liaising officers) don’t disclose much information to

⁶⁵ Company/community is used to connote that, for example, if it is a company staff that asked the question Qn then the right word to be used in the sentence should be ‘community’ and vice versa.

us. Some of our community members have been opportune to get supply contracts but these are minor contracts” (SCR02, 2013) - A Community Prince.

“Shell should deal with the community and not the Owners Sherriff. Shell should stop engaging them. It is splitting our community into different factions and each faction fight with the other” (SCR06, 2013) A Shell’s Community Monarch.

One community respondent appeared fed-up with the way things were and needed to express his frustrations. Here are his views on what needs to be addressed.

“Practically, the GMoU is written by Shell - their so called think-tank or professionals...I don’t know what they are called and community is asked to just read and make suggestions which may or may not be considered and then sign. Our community should be thoroughly involved in the drafting of the GMoU. Those clowns who represent us in the CDB do whatever Shell says because they don’t want to lose the favours they get from Shell. For the fact that the GMoU is for a cluster of communities, it doesn’t mean that participation should not be encouraged to incorporate all opinion leaders. For example, Shell consults the elders in our community who don’t know anything because they are not educated. Shell take advantage of that and also take advantage of the fact that our traditional customs says that we should respect the elders in whatever decision they take for us. That is why we don’t feel things are fine” (SCR01, 2013) - A Community Dev. Committee Member.

“Shell should stop denying us of our benefits. They take the land and community never get it back. They should be open and transparent and tell community what they budgeted for us, so that community can know how to make their demands” (SCR09, 2013) A CDC Member, Egbema Community.

When asked to identify those things that need to be changed or improved to ensure sustainability of the engagement process and methods of engagement between company and community, both SMRs and SCRs expressed their concerns. While the SMRs emphasised the need for communities to refrain from using violence as a means of expressing their interests to the company and embrace dialogue, the SCRs complained that RD Shell has not made employment opportunities available to local people who may have qualified for the jobs RD

Shell puts on offer. This is one of communities' major expectations of RD Shell. Based on the concerns raised, it is also appropriate that RD Shell engage communities in an inclusive manner rather than using a selective approach involving mainly the few elites. Views from the SCRs further suggested that RD Shell should make the GMoU development and implementation more community integrated to further improve the sustainability of the engagement process and methods of engagement.

6.5 Implications of the Community Engagement Strategies Used by Eni SpA, Total SA and RD Shell

In the Nigerian O&G industry the methods of engagement are different based on who is involved and what project is involved. The interviews with oil MNCs and host communities revealed how each party feels about the approaches and methods used by the other party. It emerged that the Blockade Strategy is commonly believed by host communities to have a strong effect on companies' decisions and readiness to negotiate. Also, there is a conception in some communities that company's behaviour and actions toward host community are causing divisions among community groups which community members are unhappy about. Hence, there is need for a constructive company-community engagement that takes into account the views of both parties in a joint effort to address these issues.

In the Eni SpA experience, as suggested by the interviews, the process of developing and sustaining engagement strategies between company and community appears unstructured. Thus, an inclusive approach for a beneficial company-community engagement is necessary that would address who is responsible for what, how to respond to community expectations before trouble escalates, and ways of involving community groups. Based on the evidence from the interviews, a review of Eni's community engagement strategies is needed to further improve relations between company and communities.

A community respondent reported that Total SA was not complying with the community employment quota as agreed in the MoU - something host communities consider a breach of contract (i.e. a mutually agreed social contract). Then again, the interviews revealed that this appears to be an industry wide issue, as it was also reported in the cases of Eni SpA and RD Shell. The interviews also suggest that the method of engagement between Total SA and its host communities are based on mutual respect and commitment to work together, as reported by TCR01 (2013) and TCR05 (2013). However, TMR04 (2013) raised concern that some community elites should stop commercialising jobs and contracts and focus on sustainable ideas for their communities.

In the case of RD Shell, when asked to explain those things that need to be changed or improved to ensure sustainability of the methods of engagement used between company and community, Shell's managers and community representatives expressed their concerns. While the SMRs emphasised the need for community to refrain from violence at all times, the SCRs complained that RD Shell should engage communities in an inclusive manner rather than use a selective engagement approach, as in the case with the *Owners Sherriff*.

In summary, the interviews with oil MNCs and host communities revealed different ways of engagement used by both parties, such as town hall meetings with host communities, cluster development board meetings and other methods of communication such as back-and-forth letter communications. Different strategies and approaches were used by both sides, such as the blockade strategy (used by host communities), selective engagement (focusing on engaging the most powerful stakeholders), divide and rule strategy (a dangerous approach some of the oil MNCs have been accused of), and mediated engagement (using NGOs to engage host communities).

Conclusively, the sustainability of the strategies of engagement in company-community relations depends on the willingness and commitment of both parties involved. It is the

willingness and commitment to work together that guarantees the most constructive methods of engagement with host communities.

CHAPTER SEVEN

7.0 COMMUNITY RELATIONS APPROACHES WITHIN THE OIL AND GAS INDUSTRY

7.1 Introduction

As mentioned in the methodology in Chapter 4, and based on the research aims and objectives in Chapter 1, three main themes (MTs) were identified and coded for the purpose of analyses and discussions. They are:

MT-1: Community engagement strategies used by the oil MNCs and their implications

MT-2: Community relations approaches within the Nigerian oil and gas (O&G) industry

MT-3: Social responsibility practices adopted by the three oil MNCs and their impacts

In this Chapter, the analyses and discussion of the second main theme (**MT-2**) and its sub-themes (ST2s) will form the areas of focus. This will be done by applying the ideas and concepts that emerged from the literature review, archival analysis and the in-depth interviews, to the analyses and discussion of the MT-2 and its sub-themes. Therefore, the community relations approaches (CRA) used by Eni SpA, Total SA and RD Shell in the Nigerian NDR host communities, is hereby presented and discussed.

7.1.2 Community Relations Approaches within the Nigerian Oil and Gas Industry

For the purpose of analyses and discussion, the MT-2 is approached using two sub-themes (ST2s), as explained in the methodology (Chapter 4). Furthermore, interview questions (Qs) were carefully designed to feed into and corroborate each of the sub-themes in the present research (as seen below). These ST2s are applied across the three oil MNCs studied.

MT-2: Community Relations Approach within the Nigerian Oil and Gas Industry

ST2.1 - Involvement in Community (Q14)

ST2.2 - Company-community Expectations (Q21 and Q22)

7.2 (a) Eni SpA's Approach: Involvement in Community (ST2.1)

The concept of company-community involvement emerged in the literature search and was included in the interview guide to assess its applicability in the relations between oil MNCs and host communities. Using ST2.1 as the first sub-theme under the second main theme (MT-2), interview question Q14 was designed to assist in generating data for the discussion of the sub-theme. When asked 'Q14: How much does company get involved in the social life of community people?' below are the responses from Eni's manager respondents (EMRs).

"We have been involved in providing for communities' needed basic social services such basic healthcare support, participation in community cultural festivals, talent hunts, electricity supply and many others" (EMR05, 2013) - Eni's MoU & Lands Dept.

"We take part in the community festivals, big events, sports activities and beauty pageants, and we give financial sponsorship in these community based events" (EMR08, 2013) - A Manager, Eni's Public Affairs Division.

The views expressed here suggest deeper involvement in the social life of community people. The same question Q14 was asked to Eni's community respondents (ECRs) and here are their responses.

"The CDC is given N100,000 on behalf of the community for our Iloani Harvest Festival" (ECR12, 2013) - A CDC Member, Eni's Ndoni Community.

"During our annual cultural festival, called the Nchaka Harvest Festival, AGIP (Eni in Nigeria) brings cows to 16 sub-communities that make up our bigger community, and also bags of rice to the communities, one bag of rice each. AGIP does not know the Landlord Families - the people that own where their facilities are located. It treats all parts of the community as one" (ECR02, 2013) - A Clergy, Omoku Community.

"AGIP gets involved in some of our community activities. Like, the clearing of our community centre playground, and sanding of the surrounding areas during our community new yam festival" (ECR11, 2013) - An Obrikom Community Youth.

In the area of company involvement in community as a process of community relations, host communities seem happy with the oil MNC. The views of Eni's community respondents

(ECRs) corroborate those of the Eni's manager respondents (EMRs). There is, therefore, evidence that in its approach to community relations, Eni SpA actively invests in host communities' sociocultural activities, as a way of strengthening its relations with its hosts.

7.2 (b) Eni-AGIP's Approach: Company-community Expectations (ST2.2)

To meet stakeholders' expectations it is important to understand what those expectations are (Dhir, 2007; Hamilton, 2011). It was argued in Chapter 3 that the way and manner in which MNCs manage these expectations, factor in whether MNCs are getting it right or wrong with communities, and whether any effort made has positive or negative impacts (Zandvliet & Anderson, 2009; Lee, 2008; Andriof & Waddock, 2002).

The second sub-theme (ST2.2) under the second main theme (MT-2) looks at the concept of company-community expectations. To understand the expectations of Eni SpA and its host communities, interview questions Q21 and Q22 on the interview guide were designed for this purpose. In question Q21 both Eni's manager respondents (EMRs) and community respondents (ECRs) were asked, 'If they think they have identified the expectations and specific needs of the community/company?' Below are the responses from EMRs and ECRs.

"Yes, I believe we have been able to identify the needs of community. They are those social needs that government failed to provide for them, such as social amenities and human capital development" (EMR05, 2013) - Eni's MoU & Lands Dept.

In response to the same question, below are views from Eni's community respondents.

"The expectations of the company, are for community to always keep quiet. That is how I see it. AGIP expects us to keep quiet, and not challenge their behaviour. Therefore the expectations are not met" (ECR02, 2013) - A Clergy/Elder, Eni's Omoku Community.

"The immediate needs of our community include electricity generation, water supply, and education infrastructure. The water facility in our community has broken down for the past 6 years, and the company could not help. It would be a gesture our community will so appreciate" (ECR07, 2013) - A CDC Member, Egbema Community.

“I think the company knows our needs. Most of which are human capital development, employment, infrastructural development. At least in the area of road construction and reconstruction, AGIP is doing very well. Those are the expectations of community people” (ECR12, 2013) - A CDC Member, Ndoni Community.

These views from host communities reveal the dependent relations between company and community, where communities completely depend on oil MNCs to provide for them basic social amenities, in a society where the government tends to have abandoned its responsibility to local communities, because the oil MNCs live among them and could provide the residents with those basic social amenities. This is a social reality in communities of the Nigerian NDR. A trip by the present researcher, to the NDR communities revealed a near absence of government funded projects. As a result of the situation in the NDR, oil MNCs are easily expected to play the role of an alternative government in host communities, which in turn has widened the social responsibility commitments of the oil MNCs.

Furthermore, to understand the challenges in meeting the expectations of communities as well as company, respondents were asked question Q22: ‘To identify the challenges in meeting those expectations. Below are the responses generated.

“Inconsistencies on the part of communities are major challenges that we have in trying to meet these community needs. Yes, there are many challenges! The distraction of our operations in the field, shutting down of our facilities in protest, vandalism of equipments, oil theft including reservoir oil bunkering and pipeline oil bunkering, and kidnapping of our staff and asking for ransom” (EMR05, 2013) - Eni’s MoU & Lands Department.

“The challenges are that community people are not well informed of what is going on due to the company’s shady approach. AGIP should stop using heavily armed security men in places where we could get access to speak to AGIP about our concerns” (ECR07, 2013) - A Senior CDC Member, Egbema Community.

“Major challenges of meeting these needs and expectations are corruption on the side of the company and lack of patriotism on the part of the community. Divide and Rule is

the company's approach to reducing pressure from community, because when they succeed in causing division among the community people, each faction becomes weaker and can be manipulated easily as compared to when they were united" (ECR08, 2013) - A Senior CDC Member, Omoku Community.

A community respondent, who is also politically active, with an in-depth knowledge of the Nigerian O&G industry gave an extensive account of the relations between oil MNCs, host communities and the Nigerian government. Here is what he said.

"The challenges of meeting the needs of community are many. First, government should get more involved to see what is happening. Government should be involved to make company do for community what they are supposed to do for community. The Nigerian government is trapped. So they had to take side with AGIP when communities take the company to court, due to Nigerian government's indebtedness to AGIP, through the Joint Venture agreement. According to the Joint Venture agreement between NNPC and each of the oil companies, the Nigerian government is a shareholder to the same portfolio each of the oil companies has in Nigeria. So, by that agreement Nigerian government does not only take part in the share of the profit (referring to its 60% shares contribution) but also in any expenses that is involved during oil mining, processing and distribution activities. So when AGIP does community projects, it doesn't do it as a CSR solely by AGIP as other companies do, but as a company in a joint venture with the Nigerian government. So it is recorded on the Joint Venture accounts. Instead of paying their own part of the expenses, the Nigerian government would ask AGIP to pay for the government and credit it on the Joint Venture account against the government, to be paid back to AGIP on a future date - which never happens. AGIP keeps paying, and this money is running in millions of dollars" (ECR09, 2013) - An Ex Youths Leader, Eni's Omoku Community.

The account by ECR09 (2013) highlighted the corrupt practices on the part of the Nigerian government and the impacts they have on the MNCs' ability to meet the expectations of host communities and vice versa. ECR09's account corroborates the argument in Chapter 2 (subsection 2.1.2) that corrupt practices involving government officials are common in most LDCs, with Nigeria included (Ihonvbere, 1996; Ikpe, 2000; Ebeku, 2001; Dennis, 2007).

In terms of the first sub-theme, ST2.1 - Company Involvement in Communities, the accounts by Eni's community respondents (ECRs) corroborate those by Eni's manager respondents (EMRs). The interviews also revealed evidence that in its approach to community relations, Eni SpA actively invested in host communities' sociocultural activities, as a way of strengthening its relations with its host communities.

In terms of the second sub-theme, ST2.2 - Company-Community Expectations, interview evidences suggest that community expectations are continually increasing, and have constituted major challenges Eni SpA is facing. The interviews also confirmed the dependent relations between company and community, as identified in the literature review in Chapters 2 and 3. When asked to identify what the challenges are in meeting the expectations of communities and vice versa, both the EMRs and the ECRs expressed defensive views, blaming each other (as in Ebeku, 2001; Dhir, 2007; Chang, 2008). Community respondents ECR08 (2013) and ECR09 (2013) identified corruption as a major challenge in meeting company-community expectations. According to ECR08 (2013) most of the challenges are because of corruption on both sides and lack of patriotism on the part of communities. ECR09 (2013) further highlighted the impacts corrupt practices (involving government officials) have had on company-community relations in Nigeria. It is evident that these factors have often made it difficult for Eni SpA to meet the expectations of its host communities in the NDR, hence the protests by communities against the oil MNC's activities.

7.3 (a) Total SA's Approach: Involvement in Community (ST2.1)

As a process of community relations, involvement in host community activities is used by oil MNCs to measure their level of commitment to host communities. As mentioned earlier, interview question Q4 was designed to generate data for the ST2.1, to assess the level of involvement in host communities by the oil MNCs. When asked Q14: 'How much does

company get involved in the social life of community people?', below are responses generated from Total's manager respondents (TMRs).

"We are involved in the social life of our host communities - very much involved. 60% of community activities, major community events, including the New Yam Festival⁶⁶, are sponsored by us" (TMR02, 2013) - A General Manager in Total.

"We are involved in the Egi festival, community youth football tournaments, school quizzes, teachers' workshops" (TMR07, 2013) - Total's Community Partnerships Team.

"We promote cultural integration. This helps community perception and improves acceptability. Diversity and Integration are part of Total's international agenda. Most of the winners of these events get a cash award or scholarship. It is also a measure of integration to see how integrated we are in the social life of our host communities" (TMR05, 2013) - A Manager, Government & PR Department.

The views expressed here suggest that at this point in the relations between Total SA and its host communities, Total SA already sees itself as a corporate citizen within its host communities - implying *'the psychological identification stage'* when mutual trust is achieved, as described by Thomas and Boutilier (2011) in Chapter 3. The same question Q14 was asked to community respondents (TCRs).

"Yes, TOTAL has been involved in several social activities in our community. They sponsor the annual community football called the 'OML58 Football Competition'. During the tournaments best players are spotted and sent abroad for further training in football. Also, TOTAL is a greater sponsor of our Egu Ogba (Egi community festival)" (TCR01, 2013) - Member of a Landlord Family, Obagi Community.

On the part of Total SA, there is active involvement in host communities' social activities, many of which in the form of 'sponsorships' and 'endorsements'. Therefore, evidences from the interview suggests that the views by Total's community respondents (TCRs) corroborate

⁶⁶ The New Yam Festival is the major festival celebrated by communities in the Nigerian NDR. It is celebrated during the harvest season, when new food crops are harvested. This festival is as old as the people of this region. From the beginning, the major occupations of people in this region are mainly farming and fishing, hence the celebration of the new harvest season, given the name of one of the major food crops in the region - Yam.

those by Total's manager respondents (TMRs), based on the sub-theme ST2.1 (Company's Involvement in Communities).

7.3 (b) Total SA's Approach: Company-community Expectations (ST2.2)

ST2.2 represents the second sub-theme under the second main theme (MT-2). Two interview questions Q21 and Q22 were used to investigate company-community expectations. Using interview question Q21 both Total's manager respondents (TMRs) and community respondents (TCRs) were asked: 'If they think they have identified the expectations and specific needs of the community/company?' Below are the responses from TMRs and TCRs.

"The needs and expectations of our host communities are in the Charter of Demand, which they present to us during negotiations for a new MoU. With the Charter of Demand, host communities are able to tell us what their demands and expectations are. We go through the Charter of Demand, and amendments are made until the MoU is fully agreed upon and produced" (TMR04, 2013) - Total's Community Relations Team.

"Communities identify their needs, not us. They present the Charter of Demands which we consider and arrange them based on Human Capital Development, Infrastructural Development, and Microcredit Facilities" (TMR05, 2013) - Government & PR Dept.

The same interview question Q21 was posed to Total's community respondents (TCRs), and here is a response from a local respondent.

"Yes, TOTAL understands our expectations. It is easier for them because they are very close to our community and get involved in our events. Local industrialisation is an aspiration of our community. TOTAL has embarked on many local industrialisation activities. These activities have helped create a lot of jobs in our community" (TCR01, 2013) - Member of a Landlord Family, Obagi Community.

From the above accounts, Total SA sees the Charter of Demand as a key instrument in the development of the community engagement process. According to TRM04 (2013) and TRM05 (2013) the Charter of Demand helps Total SA to understand what the needs and expectations of host communities are even before the MoU is drafted.

Expectations of host communities are high. To meet these expectations there are challenges. Thus, to understand the challenges in meeting the expectations of communities as well as company, respondents were asked interview question Q22, to ‘Identify the challenges in meeting those expectations?’

“Well, the challenges of meeting their needs are many. Everyone wants recognition - the youths, the women group, the EPA, etc. There are environmental challenges and responses to natural disasters, like flooding. There are security challenges. These are very serious challenges in our host communities, including kidnapping of oil site staff. These are challenges, and we are working closely with the Nigerian security” (TMR04, 2013) - A Manager, Total’s Community Relations Department.

“We have noticed challenges in the area of our local contractors. There are no competent contractors to manage major programmes and projects, but community stakeholders would insist on giving the projects to non-competent contractors, because they are locals. This goes against the Local Content initiative” (TMR02, 2013) - A Senior Manager in Total’s Sustainability Team.

“The challenges are that there are uncertainties as to when one small group would take laws into their own hands by setting up Blockades to prevent our access, and sometime kidnap of few of our staff. These are the negative elements of the relationship” (TMR07, 2013) - Total’s Community Partnerships Department.

“Communities approach to local politics is dangerous. Vying for a community office is a serious politics. Communities should separate our relationship with them from politics” (TMR03, 2013) - Total’s MoU Projects & Implementation Dept.

In response to the same interview question Q22, below are the challenges identified by one of Total’s community respondents who was interviewed.

“The challenges come from the NAPIMS and their parent body the NNPC. Often the NAPIMs through the Joint Venture partnership with TOTAL, would refuse some of the request we made. NAPIMS would want to stop us from making our demands, and they would try to reduce our requests and try to persuade TOTAL to renegotiate only some of the demands we have made” (TCR01, 2013) - An Obagi Community Member.

Based on the above premise, for the oil MNCs' managers, the challenges of meeting company-community expectations varied. Total's manager, TMR03 (2013), advised that communities should separate relations with Total SA from politics. Evidences from the interviews, suggest that this is a challenging situation for oil MNCs in the NDR. Oil activities and the circulation of oil money intensified community politics, especially involving the offices of the CDC chairperson and the youths' leader. In recent times, local elections have resulted in clashes between local thug clans. These have often raised security concerns in host communities during local elections - and posed a major challenge for the oil MNCs.

7.4 (a) RD Shell's Approach: Involvement in Community (ST2.1)

The concept of 'company's involvement in community', was featured in the interviews to assess oil MNCs' involvements in community-oriented initiatives. The second sub-theme, ST2.1, covers this aspect of company-community relations in this thesis. As mentioned earlier, interview question Q14 was designed for the discussion of the ST2.1, and in this instance, to assess the level of involvement of RD Shell in the social life of its host communities. When asked 'Q14: How much does the company get involved in the social life of community people?', below were some of the responses generated.

"On the eve of our Egu-Iji Festival⁶⁷ Shell gives the 9 villages in our community, N100,000, through the CDC. At Christmas they bring 10 bags of rice, 12 tins of groundnut oil, and 1 bottle of wine" (SCR02, 2013) - A Prince, Odagua Community.

"Shell is involved in the social life of our host communities. We even send our team to attend coronation ceremonies, burials of key community leaders, and festival events" (SMR01, 2013) - A Manager, Shell's GMoU Team.

In terms RD Shell's involvement in community-oriented initiatives, the account given by the community respondent SCR02 (2013) corroborates that of Shell's manager respondent SMR01 (2013). There is evidence that RD Shell engages in social investment initiatives in

⁶⁷ Egui-Iji, meaning 'New Yam Festival'

host communities as a way of strengthening its relations with community stakeholders. Oil MNCs in the Nigerian NDR take advantage of local socio-cultural events to demonstrate their commitments to communities. Interview evidences further show that this is a common practice among oil MNCs in the Nigerian NDR.

7.4 (b) RD Shell's Approach: Company-community Expectations (ST2.2)

In Chapters 2 and 3, it was argued that 'to meet stakeholders' expectations it is important to understand what those expectations are' (Dhir, 2007; Hamilton, 2011). The sub-theme ST2.2, looks at the concept of company-community expectations. To understand the expectations of RD Shell and those of its host communities, interview questions Q21 and Q22 were designed and used for this purpose. In question Q21 Shell's manager respondents (SMRs) and community respondents (SCRs) were asked, 'if they think they have identified the expectations and specific needs of the community/company?', below were some of the responses generated.

"Community would say, develop us, empower us. The question is, Is it only the responsibility of Shell to alleviate the situation in local communities where Shell operates? Can't the government do something for communities as well, or can't the community make the same requests to the government? Our experience of the Niger Delta communities is that the people in the region are like Oliver Twist" (SMR01, 2013) - A manager, Shell's GMoU Team.

"Yes, we've been able to identify some of the expectations of host communities. Community people are always asking for all kinds of assistances, more job offers and they would obstruct our activities" (SMR03, 2013) - Shell's Community Rel. Dept.

When asked the same interview question Q21, below were some of the responses from RD Shell's host communities.

"We don't know if Shell understands our needs, because it doesn't look like they do" (SCR01 - 2013) - Fmr. CDC Member, Odagua Community.

“Shell has not identified the needs of our community. Our needs are scholarships, overseas scholarships, steady electricity, clean water supply, cottage hospitals, employment for the youths, road constructions, and a drainage system. But Shell would prefer ways of dividing us” (SCR06, 2013) - A Monarch in Shell’s Host Community.

The interviews suggest that both sides have some knowledge of what are expected of them by the other. However, there appeared to be challenges on how to meet those expectations. Therefore, to understand the challenges in meeting the expectations of communities and the company, respondents were asked question Q22: ‘to identify the challenges in meeting these expectations’. Below were responses obtained from RD Shell’s managers.

“The challenges that we have in meeting their needs include; limited resources, leadership issues within host communities and internal conflicts within communities” (SMR02, 2013) - A Manager, Shell’s GMoU Team.

“The challenge that we face with meeting the demands of our communities is the challenge of having to deal with ‘irrational demands’ made by community people” (SMR01, 2013) - A Manager, Shell’s GMoU Team.

“The major challenge is corruption and mismanagement. The community traditional rulers are not sensible to express the needs of their communities, instead they make arrangements to favour some specific individuals within their own communities” (SMR03, 2013) A Manager, Shell’s Community Rel. Department.

The same interview question Q22 was posed to Shell’s community respondents (SCRs), and below are the responses produced.

“We don’t have good communication links with Shell. That is one of our major challenges. We only talk with the Shell CLOs (community liaison officers). Shell has access to us anytime, but we don’t have access to them when we have something to discuss with them” (SCR02, 2013) - A Host Community Prince.

“First - the community Relations team from Shell are not helping the situation. They create one of the major challenges in meeting the needs of our community, which in turn reflects in not meeting Shell’s needs. Second - the government also pose a major challenge to meeting the needs of community people. Third - the Owners Sherriff (the

elitist sect), *they are the major cause of the problems that we have in our community. They're not the right people elected to represent us; they impose themselves on us, because they are powerful and have money. The Community Trusts are the elected representatives, but the Owners Sherriffs have pushed them to the background. Our community recognises the Community Trust, but Shell recognises and engages with the Owners Sherriff, who were former community trust members but refused to leave the office after their tenure ended and a new body elected*" (SCR08, 2013) - A Youth Leader, Ugrita Community.

While RD Shell complained of internal community conflicts, irrational demands, corruption and mismanagement amongst community members, community respondents have complained about RD Shell's behaviour towards them. Evidences from SCR02 (2013) and SCR08 (2013) suggest that there is often a communication gap between RD Shell and host communities; and as a result of RD Shell's engagement approach favouring the elites, community people have blamed RD Shell for inciting division amongst them. This is an issue of concern for host communities, which has hindered the need to form a constructive and collective engagement between the company and its host communities.

7.5 Implications of the Community Relations Approaches Used by the Oil MNCs

In the area of company involvement in community as a process of community relations, the accounts by Eni's community respondents (ECRs) corroborate those by Eni's manager respondents (EMRs). Hence, there is evidence that in its approach to community relations, Eni SpA actively invests in host communities' sociocultural activities, as a way of strengthening its relations with communities. The interviews also revealed dependent relations between oil MNCs and communities, where communities completely depend on oil MNCs to provide basic social amenities. As a result, increasing community demands constituted major challenges for MNCs, and according to ECR08 (2013) some of these challenges are as a result of corruption on both sides and lack of patriotism on the part of communities. ECR09 (2013) further highlighted the impact of corrupt practices on the part of

government officials. Evidences suggest that these factors contributed to Eni SpA's inability to manage host communities' expectations, hence the protests by communities against the MNC's activities.

The relations between Total SA and its host communities revealed one at its '*psychological identification stage*' (Thomas & Boutilier, 2011). As argued in Chapter 3, this is a stage in company-community relations in which the company is received by its host community, as a corporate citizen within the community. Further evidences suggest that both Total SA and its host communities were able to identify the expectations of each other, as expressed by TCR01 (2013) and TMR05 (2013). However, some challenges were identified in terms of the effects of '*oil money*' on the social and political aspects of local communities. TMR03 (2013) warned that communities should separate relations with Total SA from politics. Oil activities and the distribution of '*oil money*' intensified community politics, especially relating to offices such as the CDC chairperson and the youths' leadership. In the past, local elections have resulted in clashes between local thug factions. As a result, security concerns increased during local elections, which have often disrupted the oil MNC's activities as well.

In terms of RD Shell's involvement in community-oriented initiatives, the account given by a community respondent SCR02 (2013) corroborates that of Shell's manager respondent SMR01 (2013). There is evidence that RD Shell engages in social investment initiatives in host communities as a way of boosting relations with local communities. The interviews further suggest that both sides have some knowledge of what are expected of them by the other. However, there appeared to be challenges on how to meet those expectations. While RD Shell complained of internal community conflicts, irrational demands, corruption and mismanagement amongst community leaders, community respondents have complained about RD Shell's divisive approach. As a result of RD Shell's engagement approach favouring the elites, community people have blamed RD Shell for inciting division amongst

them. Based on the above premises, it is evident that a communication vacuum exists between RD Shell and host communities (e.g. SCR08, 2013; SCR02, 2013). These are issues of concern for host communities, and these concerns have implications on the need to establish a constructive and collective engagement between company and community that would serve the best interests and expectations of both.

The Chapter looked at the company-community relations practices adopted by the three oil MNCs; first, by evaluating the level of MNCs' involvement in community-oriented initiatives (ST2.1), and then by assessing company-community expectations (ST2.2). As discussed, based on the ST2.1 sub-theme, interview accounts by community respondents corroborated those by the MNCs' respondents, implying that oil MNCs engage in social investment initiatives in host communities as a way of consolidating relations with communities.

Furthermore, the interviews also revealed that demands by communities are increasing. Views from communities revealed dependent relations between oil MNCs and communities, where local communities depend on oil MNCs to provide for them basic social amenities. Evidences from the interviews suggested that corrupt practices by government officials have led to lack of government's presence in oil communities. The implication is that oil MNCs are left to play the role of an alternative government in host communities, which in turn has increased social responsibility commitments for oil MNCs. The Chapter concluded that the increasing demands by communities because of government's absence constitute key challenges oil MNCs face in their community relations efforts in Nigerian host communities.

CHAPTER EIGHT

8.0 SOCIAL RESPONSIBILITY PRACTICES BY ENI SPA, TOTAL SA AND RD SHELL

8.1 Introduction

This Chapter focuses on the social responsibility practices by Eni SpA, Total SA and RD Shell. As mentioned in the methodology in Chapter 4, three main themes form the focus areas of the present research. They are:

MT-1: Community engagement strategies used by the oil MNCs and their implications

MT-2: Community relations approaches within the Nigerian oil and gas (O&G) industry

MT-3: Social responsibility practices adopted by the three oil MNCs and their impacts

In this Chapter, the third main theme (MT-3) is the centre of focus.

8.2 The Social Responsibility Practices Used by the Three Oil MNCs

In Chapter 2, sub-section 2.1.2, the concept of corporate social responsibility was discussed. It was argued that the CSR idea helped strengthened the moral judgements of host communities in the Nigerian NDR, in their demand for social projects from the oil MNCs (Ite, 2004; Blowfield & Frynas, 2005; Eweje, 2007; Idemudia, 2007; Musa *et al*, 2013). Furthermore, it was argued that MNCs conspicuously welcomed the CSR idea as a framework for addressing social concerns to placate demanding stakeholders, reinforce their legitimacy, boost their reputation and possibly increase profits as a result (Freeman, Velamuri & Moriarty, 2006; Ite, 2006; Kuznetsov & Kuznetsova, 2008; Musa *et al*, 2013)

This section is dedicated to the analysis and discussion of the social responsibility practices adopted by Eni SpA, Total SA and RD Shell. For the purpose of analysis and discussion, the

MT-3 is approached through Community Partnerships and Community Development approaches used by the three oil MNCs studied. Thus, the MT-3 is sub-themed as:

MT-3: Social Responsibility Practices Adopted by the Three Oil MNCs and their Impacts

ST3.1 - Community Partnership (Q16)

ST3.2 - Community Development (Q19 and Q27)

8.3 ST3.1 - Community Partnership

The concept of community partnership was identified in the literature search and then included in the interview guide through question Q16. In this subsection Community Partnership is analysed and discussed across the three MNCs, to further expatiate on the MT-3 which focuses on the social responsibility practices by Eni-AGIP, Total SA and RD Shell.

At the time of the interviews, manager respondents from all three oil MNCs and their host community respondents were interviewed using the same question Q16 and were asked to discuss, ‘the ways company partnered with community and vice versa, and in which ways company has made use of potentials in communities, like the patronage of the services of local businesses and local talents/skills to implement its social responsibility agenda’. Below are responses obtained from across the three oil MNCs.

8.3.1 Eni SpA’s Community Partnership Activities based on the Interviews

In response to the interview question Q16 here are what the Eni’s manager respondents said.

“We have partnered with communities and have contributed to them. We are involved in awarding scholarships to our host communities, microcredit schemes worth over ₦20 millions, the Green River Project - which is an agricultural extension programme we are running in host communities. We also have the Skill Acquisition programmes for which we partner with local business in training and allied service deliveries” (EMR08, 2013) - A Manager, Eni’s Public Affairs Team.

“Yes, through skill acquisition schemes, employment, human capital development through partnership with local businesses and training of local people in various skill areas. Participants of the skill acquisition scheme receive wages while on the scheme” (EMR05, 2013) - A Manager, Eni’s MoU & Lands Department.

In response to the same question Q16, here are the accounts by community respondents.

“AGIP (Eni in Nigeria) partners with local contractors because they have been asked by the government to source local contractors and not bring people from outside to do the job when local contractors could do it. It is well known fact among community people that AGIP underpays contractors who do CD projects, yet expect the job to be of high standards, and where it is not, they blame the contractors” (ECR02, 2013) - An Elder, Omoku Community.

“It would be wrong for AGIP to tell anyone that they are in partnership with local businesses, because their patronage of local businesses is currently poor in our community” (ECR12, 2013) - Eni’s Ndoni Community.

As explained above by EMR08 (2013) and EMR05 (2013) company-community partnerships helped to stimulate economic activities in the grassroots. However, community respondents ECR02 (2013) and ECR08 (2013) expressed discontent; saying that Eni SpA only patronise local businesses because the government asked them to. Thus, based on the above accounts, it is evident that company-community partnership initiatives exist, and as identified in Chapter 5 oil MNCs engage in social projects not because they wanted to but mainly because of social pressures and expectations to do so (Breton & Pesqueux, 2006; Gyves & O’Higgins, 2008).

8.3.2 Total SA’s Community Partnership Activities based on the Interviews

The interviews revealed that the three MNCs adopted different community partnership approaches to improve their social responsibility and accountability ratings. Managers in Total SA, were asked the same interview question Q16. Below, were what Total’s manager respondents (TMRs) said about their company-community partnership activities.

“Yes, that’s what happens. We work with community and other stakeholders. For example, on the Diversity Day, we partner with community NGOs, Suppliers and Health clinics to deliver equipments for the disabled like wheel chairs and corrective medical treatments. We continue to partner with these groups to make impacts in communities. During the 2012 flood crisis, we partnered with community groups and gave a lot of relief materials to the flood victims. By the time the State government came, we had provided a lot of relief materials to victims, including boats, food materials and medical care” (TMR04, 2013) - A Manager, Total’s Community Relations Team.

“We work with local business in many ways. We use local businesses for skill acquisition programmes. We send young people from the community to various businesses to learn some specialist trade, and in doing so the local business always benefited” (TMR07, 2013) - Total’s Partnership Development Team.

The same interview question Q16 was also posed to Total’s community respondents (TCRs) to assess what their views were. Below are the responses generated.

“CD is a major aspect of TOTAL’s social responsibility activities. There are other activities TOTAL is involved in, in our community - like seminars and workshops, conferences, some of them abroad - offered to community people by TOTAL for training purposes” (TCR01, 2013) - A Landlord, Total’s Obagi Community.

“TOTAL’s community activities are managed by its Partnership Development team. When we do our cultural exhibition, we do it in partnership with TOTAL. Some of our members are now in Norway for different training, some agricultural related training and some business related training, and all of these are organised for us by TOTAL” (TCR04, 2013) - A Senior Member, Egi Community Women Association.

The interviews with both Total’s managers and community respondents revealed that Total SA is intensely involved in social projects, ranging from emergence rescue operations, support for the disabled in society, to other CD projects, including skill acquisition programmes, scholarship awards and youths training. The CD projects are run by Total either in partnership with local businesses or solely as part of its social responsibility initiatives.

8.3.3 RD Shell's Community Partnership Activities based on the Interviews

Interview question Q16 was used to investigate the company-community partnership initiatives undertaken by RD Shell and how those initiatives impacted on the company's ability to deliver on social responsibility activities. RD Shell's manager respondents (SMRs) were interviewed using Q16, and below are the responses obtained.

“Of course, we support and partner with local businesses. We have what we call the Livewire Programme - a Shell sponsored programme for SMEs worth ₦500,000. We ask local entrepreneurs to present to us their business plans, including the businesses they already started. The money given to business owners under the Livewire Programme are not loans, unlike the Microcredit Scheme. Additionally, we offer Scholarship Schemes to host communities, and we have another scholarship scheme at the national level. At primary school level, we have the Cradle to Career Programme. We identify the intelligent students from our host communities and sponsor them up to degree level. And there is the Youths Training Skills. We offer the youths opportunity to be trained in specialist skills and upon graduation Shell provides a starter pack for them” (SMR02, 2013) - RD Shell's GMoU Team.

The same interview question Q16, was posed to RD Shell's community respondents to see if the responses from RD Shell agree with those of host communities. Below are what the community respondents had to say.

“Shell only do skill acquisition scheme when they have upcoming or ongoing oil projects on our lands. The community people who are shortlisted on the skill acquisition scheme are taken somewhere else for the skills training instead of in local businesses” (SCR02, 2013) - A Community Prince.

“All the jobs allocated to us, including the contract jobs are all cornered by the Owners Sherriff. Shell give the jobs to who they want, sometimes sold them for money, or even sell them to non-community members” (SCR08, 2013) - A Youth in Ugrita Community.

Based on the above interview accounts, it is evident that RD Shell managed several community-oriented programmes and skills development schemes, to help boost its social

acceptability rating, by broadening its social responsibility initiatives. In contrast, in some communities there are still challenges of corruption and mismanagement, as pointed out by SCR08 (2013) - that the elites, who are often the ones with access to details of community projects from RD Shell, often commercialise the contract/job slots or award the jobs to their own private local companies. This practice by some community elites poses concern for RD Shell in its effort to implement its CSR agenda in Nigerian host communities.

8.4 ST3.2 - Community Development

The concept of community development was identified in the initial secondary research (see Chapter 5), and was highlighted on the interview guide through questions Q19 and Q27. In this section, under the ST3.2 of the third main theme (MT-3), the application of this concept is analysed and discussed across the three oil MNCs, as a form of social responsibility practices undertaken by the three oil MNCs. At the time of interviews, manager respondents from all three oil MNCs and their host community respondents were interviewed using the same interview questions Q19 and Q27.

8.4.1 Eni SpA's Community Development Activities based on the Interviews

To further discuss and analyse the community development activities of Eni SpA, both Eni's manager respondents (EMRs) and Eni's community respondents (ECRs) were asked Q19: To discuss if they see community development (CD) as a major aspect of company's social responsibility and to identify, if any, what other practices they think fall into this category. Below are views from the EMRs and ECRs, respectively.

“Yes we are involved in CD. The other things that we do include; bursary and scholarship schemes, skill acquisition programmes, and human capital development”
(EMR05, 2015) - A Manager, Eni's MoU & Lands Department.

“Community decides what they want and it is fine-tuned in monetary terms by us, and these are subject to the allocated fund for the CD projects” (EMR09, 2013) - A Manager, Eni’s Community Relations Department.

“AGIP is using educational support as scholarships and repairs of community infrastructure as a show of their corporate social responsibility activities. I will give an instance. Like the AGIP national university scholarships, which they pay a token worth half of the total cost per year. The ₦100,000 (i.e. £360) worth scholarships are bursaries but AGIP refers to them as full university scholarships. Each time, students from our community would have to protest before another disbursement is made” (ECR02, 2013) - A Clergy/Elder, Eni’s Omoku Community.

“In terms of CD, at least oil MNCs are trying. The government does barely anything. The local government council only exists for people who work there so they can take salary on monthly basis and appropriate whatever allocation is given to them from the top” (ECR12, 2013) - A CDC Member, Ndoni Community.

By using interview question Q27 (which is an extension of Q19), respondents were asked to identify those focus areas of CD and social responsibility activities. Here are more responses from the ECRs.

“We’d like AGIP to focus on roads, electricity and water which are not fully functional. AGIP would expect the government to do something. But they never do” (ECR07, 2013) - A CDC Member, Egbema Community.

“AGIP focuses on projects such as school fencing and some renovation works. Some of the roads built by AGIP cannot last long because they were made of cheap materials and contractors are not paid enough to do the job well. AGIP supplies us electricity and we don’t depend on the national grid. In water supply, AGIP rehabilitates existing projects. In skill acquisition, AGIP is doing very well. There have been people who have graduated from this scheme, and became welders, hairstylists, IT specialists, and more people are still on the scheme” (ECR06, 2013) - Omoku Community Youth.

Eni SpA, through EMR05 (2013) and EMR09 (2013), explained its community development and social responsibility practices in host communities. Community respondent ECR02

(2013) agreed with EMR05 (2013) and EMR09 (2013) but said that some of the CD and social responsibility activities were not as the (Eni's public relations) team has projected them to be. This view by ECR02 (2013) substantiates the discussion about the role of the PR team in managing information in company-community relations, as discussed in Chapter 5. ECR12 (2013), however commended the efforts of the MNCs in CD and social responsibility commitments in contrast with the efforts of government, confirming that oil MNCs do more CD projects than the government does, in the Nigerian NDR communities.

The above premise confirms a contention between company and government on who should do what for host communities. As substantiated in the interviews, this contention reveals a major limitation of the CSR agenda and raises the question: How far can CSR go? The case of oil MNCs and Nigerian host communities identifies an important weakness of the CSR agenda as discussed in Chapter 2 (subsection 2.1.2), by revealing a blurring line between CSR in host communities and government programmes in local communities. This debate was covered extensively in Chapter 2, and hereby substantiated by the interview accounts.

Despite the different views on CD and social responsibility commitments of oil MNCs, community respondents ECR12 (2013) and ECR06 (2013) corroborated Eni SpA's accounts. ECR06 (2013) further highlighted some of the Eni's CD projects that are functional and have contributed to the local economy, in spite of government absence in terms of CD projects.

8.4.2 Total SA's Community Development Activities based on the Interviews

To further understand and analyse Total SA's community development activities, both Total's manager respondents (TMRs) and Total's community respondents (TCRs) were asked interview question Q19: To discuss if they see community development (CD) as a major aspect of company's social responsibility and to identify, if any, what other social responsibility practices there are. Below are the responses from TMRs and TCRs,.

“In the area of human capital development, we have awarded over 1,000 scholarships nationwide including scholarships for abroad studies. All these are having impact on the future of our host communities and the future of our relationship with host communities” (TMR03, 2013) - Total’s MoU & Implementations Team.

“CD is a major part of our social responsibility activities. In 2012 we were voted the Best in CSR among the oil companies in Nigeria. Our CSR activities are distributed at three levels of society. 60% of our CSR activities go to our host communities. 20% goes to the other parts of the Niger Delta region, while another 20% goes to national” (TMR05, 2013) - A Manager, Government & Public Relations

“Yes, CD is a major aspect of TOTAL’s social responsibility in our community. There are other activities TOTAL is doing in our community - like scholarship awards and business training workshops” (TCR01, 2013) - A Landlord, Total’s Obagi Community.

By using interview question Q27 (a follow-up of question Q19), TMRs and TCRs were asked to identify those focus areas of CD and social responsibility activities. Here are the responses.

“We focus our CD programmes on education, like scholarships, and in skill acquisition programmes, health and agriculture, microcredit schemes, infrastructural development and related activities” (TMR02, 2013) - An Executive Manager in Total.

“One of our focus areas in terms of CD is the area of education. We have a scheme called, ‘Catch Them Young’. It is an educational scheme that focuses on the young and intelligent children in our host communities. We identify them and we sponsor their education up to masters and PhD both in local and overseas universities” (Researcher: What is the monetary value?) *“For the foreign scholarships, we pay ₦225,000 (i.e. \$30,000) to each recipient, and for the home scholarships in Nigerian universities, we pay ₦150,000, and for the secondary schools we pay between ₦45,000 to ₦50,000. We also have the National Merit Scholarship for national universities students worth ₦150,000”* (TMR07, 2013) - A Manager, Total’s Community Relations.

Below are responses from host communities, to the same interview question Q27.

“TOTAL’s CD projects are focused on Capacity Development, Human Capital Development, Education, Investment and Local Industrialisation. TOTAL is investing in

industrialisation because they know they can't absolve all the employment needs of our community" (TCR01, 2013) - A Landlord, Total's Obagi Community.

"TOTAL is doing a great job in the area of education, scholarships, skill acquisition for the youths, and talent hunts" (TCR03, 2013) - A Youth Leader, Akabuka Community.

The interviews revealed that Total SA is actively involved in CD and social responsibility activities in host communities. According to TMR03 (2013) and TMR05 (2013) Total SA is actively involved in human capital development through education and training by offering scholarships worth thousands of dollars to host community youths, as compared to the other oil MNCs. Community respondents TCR01 (2013) and TCR03 (2013) corroborated Total SA's claims. Based on the above premises, it can be argued that Total SA's approach to CD and social responsibility activities is focused on the youths, who if ignored, could pose major problems for the MNC, as learnt from the experiences of the other oil MNCs. The implication is that Total SA has enjoyed much cordial relations with communities, which have attracted many awards as boasted by its manager, TMR05 (2013). The managerial implication is that both company and community are in a win-win situation. Evidences in this thesis prove that when there is little or no youth restiveness in host communities, the oil MNC operates with fewer *Blockades* and obstructions from community youths, and as a result, production level is increased and the company's business objectives are effectively managed.

8.4.3 RD Shell's Community Development Activities based on the Interviews

For the discussion and analysis of RD Shell's community development (CD) and social responsibility activities, RD Shell's manager respondents (SMRs) and Shell's community respondents (SCRs) were also asked Q19: To discuss if they see CD as a major aspect of company's social responsibility and to identify what the other social responsibility practices are. Below are the responses obtained from the SMRs and SCRs, respectively.

“For us in the GMoU department, our activities include all community relations and engagements, MoU negotiations, community development projects and implementation. Community development has been a major part of our community relations activities” (SMR02, 2013) - Shell’s GMoU Team.

“Our community is appealing to SHELL if they could repair our roads. In terms of community development, SHELL should do more than talking. We’re appealing to SHELL to support our electricity supply, or train our youths like TOTAL is doing for our neighbouring community. Is it because our community is smaller? Or because we are too soft with SHELL?” (SCR01, 2013) - Fmr. CDC Member, Odagua Community.

As a follow-up question to Q19, respondents SMRs and SCRs were asked question Q27, to identify those focus areas of RD Shell’s CD and social responsibility activities.

“Our microcredit scheme is worth over N500,000 (£1600) each. We also run Infrastructural projects, transportations like the Taxi Scheme in Degema community, called the ‘Degema 3 Transport to Wealth Scheme’ of which 100 new cars were given on hire-purchase to locals. There’s the Bus Transport Scheme for communities, the Speed Boat Scheme, Skill Acquisition Programmes, Local and International Scholarship fund worth over ₦20 millions (£80,000)” (SMR02, 2013) - Shell’s GMoU Team.

“The GMoU contains what communities want. We provide the money based on the budget for the GMoU projects to help community decide for themselves what they want to do” (SMR03, 2013) - Shell’s Community Relations Department.

“SHELL focuses on Human Capital Development, Loan Schemes associated with their projects through the MoU. Shell chooses for community what project in the MoU they think community needs (referring to the specific project MoUs not the GMoU)” (SCR02, 2013) - A Prince, Shell’s Odagua Community.

“In our community, SHELL’s area of focus in terms of community development projects are road rehabilitations, youth skill acquisition and some others” (SCR05, 2013) - A Community Elder, Shell’s Ugrita Community.

As discussed in Chapter 5, there are two types of MoU RD Shell signs with host communities - the global MoU (GMoU) for cluster communities and the specific project MoU (spMoU).

RD Shell's manager respondent SMR03 (2013) hinted that what communities want are contained in the GMoU; whereas Shell's community respondent SCR02 (2013) argued that RD Shell chooses for community what projects they think communities need. Drawing from the discussions in Chapter 5, SCR02 (2013) perhaps unknowingly referred to the spMoU and not the GMoU. RD Shell's argument is that every community that signed the spMoU with RD Shell is already benefiting from the generic GMoU projects.

The interviews also revealed that whereas RD Shell favours larger and more vocal communities, the case is different for smaller and less vocal communities - for example, in the case of Odagua community, as implied by SCR01 (2013). Hence, the views by SCR01 (2013) corroborate the argument in Chapter 5 (subsection 5.2.4) that a 'selective engagement' persists in the NDR which favours the most vocal communities and puts some communities at disadvantage because they are less vocal or smaller in size, like Odagua community. Thus, in terms of which community benefits more from CD projects and social responsibility initiatives evidence from the present research shows that 'persistence' and/or 'size' do matter.

8.5 Implications of the Social Responsibility Practices Used by the three Oil MNCs

As discussed, company-community partnership is a boost for economic activities in the grassroots. Not only that these programmes and skills schemes helped to train the youths in specialist skills, they also helped local businesses where these skill acquisition programmes are received, thereby boosting the local economy too. The programmes also helped to create more jobs, and inspired innovation and economic development within host communities. Furthermore, to the oil MNCs, this is a win-win situation. Although conducted as company-community partnership programmes and skills schemes, these activities were intended to boost the oil MNC's social responsibility scorecards.

The interviews with both managers and host community respondents revealed that the oil MNCs are involved in microfinance initiatives and skill acquisition programmes in host communities either in partnership with local businesses or solely as part of their social responsibility activities. These programmes and initiatives cut across several host communities. However, some communities still face the challenges of corruption and mismanagement, mainly with local elites, who are often the ones with access to funding from the oil MNCs. These types of local elites in host communities tend to undermine the impact of the MNCs' social responsibility initiatives. Thus, company managers managing these CD programmes and initiatives must be encouraged to ensure the right awards and funding are delivered to the right people starting with the less privileged - the ones who need them most.

Interview evidences suggest that community expectations are continually increasing; hence constituted major challenges for oil MNCs. As discussed in Chapter 2, because of the government's reluctance towards CD and the resulting increase in community dependence on MNCs, company managers could not say for sure, during the interviews, where their social responsibility activities end. The same applied to host communities who could not identify the limits of how much they could expect/demand from the MNCs. The interviews confirmed the dependent relations between company and community, and highlighted an important weakness of the CSR agenda (as discussed extensively in Chapters 2, subsection 2.1.2).

The interviews further corroborate the argument in Chapter 5, that larger and more vocal communities tend to be favoured more with CD projects than smaller and less vocal communities. A selective engagement does exist in the NDR, which favours larger and/or most vocal communities. Thus, in terms of which community benefits more from CD projects and social responsibility initiatives, persistence and/or size of the community do matter.

CHAPTER NINE

9.0 SUMMARIES, CONTRIBUTIONS AND IMPLICATIONS, AND RECOMMENDATIONS

9.1 Introduction

This final Chapter begins with an overview of summaries from the Chapters. This is followed by explicit discussions of how this thesis met the research aims and objectives set in Chapter 1. Thereafter, the contributions to knowledge made by this thesis are presented and discussed; and also the implications for scholarship and practice are discussed. The Chapter concludes by providing recommendations for future research.

9.1.1 An Overview of the Summaries

Chapter 1 established the place of this thesis in academic literature and research, and argued why it is important for oil MNCs in Nigeria to engage constructively with host communities in dialogues to develop and manage relations with communities. It set out the aims and objectives, and highlighted the scope and bounds of the present research.

Chapter 2 reviewed business in society literature and argued that businesses/companies undertake social responsibility initiatives outside of their economic interests, largely because of society's expectations (Breton & Pesqueux, 2006; Gyves & O'Higgins, 2008). The present researcher agrees with Freeman (1984) that businesses should have a responsibility to society, but questioned what responsibility society has to businesses in reciprocation. By invoking Chang (2008) and Gyves and O'Higgins (2008), it was argued that so far as society expects businesses to be pro-society promoting social developments, society in return should be pro-business supporting basic business rights and a favourable environment for businesses. It was concluded that to achieve reciprocity in business-society relations, the interests of all stakeholders should be communicated, acknowledged and respected.

The Chapter then explored the effects of culture-based institutions on human networks (such as communities and companies) and how they help in value creation. It was argued that while ‘internally shared values’ produce ‘interests and expectations’ that bind members of the same human network, ‘institutional frameworks’ model the norms and practices of members of the same human network and define how stakeholders create and allocate values (North, 1993; Hodgson, 2006; Freeman, 2007), and that the role of stakeholders is to communicate their unique values, interests and expectations (see Foo, 2007). Therefore, the present researcher contended that ‘internally shared values’, ‘institutional frameworks’ and ‘stakeholder interactions’ form the three key concepts in understanding and modelling how companies could engage with communities to achieve a constructive company-community relations.

A review of stakeholders in the Nigerian O&G debate showed that three stakeholder groups - the G5, the government and host communities, are constantly engaged in the ‘battle for the balance of interests and expectations’. The G5’s interests were predominantly ‘economic interests’ and the interests expressed by the political leaders were ‘politico-economic interests’, whereas communities’ interests represented ‘socioeconomic interests’. It was then argued that the interests held by each stakeholder group inform the expectations it has of the other stakeholder groups; therefore to meet stakeholders' expectations would mean to identify what interests each stakeholder group is communicating.

The above concepts were further applied to the Nigerian case in communities of the Niger Delta region (NDR), and it was argued that culture-based institutions model value creation within local communities (North, 1993). It emerged that the Nigerian legislative system allocates value to local ‘institutional frameworks’ based on local customs and traditions, of respect for community leaders, which allowed the colonialists to rule the locals using an *Indirect Rule* approach - an approach that was later adopted by the G5 when they commenced operations in Nigeria (Ebeku, 2001; Jahansoozi, Eyita & Izidor, 2012). The implication was

that the institutional framework typical of the Nigerian society helped to create a notion among the G5 that stakeholder value can be created by engaging only the community rulers instead of a larger community representation. Therefore, the present researcher argued that the MNCs' lack of understanding of the traditional institutional frameworks proved a wrong approach by MNCs in the Nigerian NDR.

As a result of lack of proper engagement, the rise of new elites in the NDR challenged the way the G5 conducted relations with communities (Hamilton, 2011). Literature suggested that the decision-making practices and corruption in government are antecedents to the problems in the NDR. Two laws - the *Petroleum Act of 1969* and the *Land Use Act of 1978*, were examined by the present researcher to identify the legal framework underpinning O&G mining activities in Nigeria. In the literature, Ebeku (2001) described the two laws as the origins of deprivation and poverty in the NDR. As discussed earlier, the G5 and the government have their various interests. However, these interests have not favoured the necessary platform for dialogue on the 'socioeconomic interests' and expectations of host communities (Ebeku, 2001; Hamilton, 2011).

The present researcher then recommended that a representative consultation of the 'interests and expectations' of the various stakeholder groups in the O&G industry debate is needed to address the 'conflict of interests' between MNCs and host communities. The Chapter concluded that the pending petroleum industry bill (PIB) indicates potentials for consolidating the missing links between the expressed interests and expectations of the NDR communities, as well as provide the platform for managing the expectations of the other stakeholder groups in the debate.

Chapter 3 focused on developing a theoretical framework to corroborate and associate the concepts identified in Chapter 2. Institutional theory, stakeholder theory and community engagement theory were deployed in the development of the theoretical framework.

The present research builds on the works of Douglass North, Richard Scott and Geoffrey Hodgson on the institutional theory by applying the theory to the Nigerian context. It was argued that institutions are patterns of established practices, norms and rules that govern how communities and organisations function to achieve their purpose (North, 1993; Scott, 2001; Hodgson, 2006). In organisations, the institutional frameworks produce core values, rules and tailored practices leading to a culture that is particular to that organisation (see Scott, 2001).

When applied in Nigeria, the institutional construct was evident in the Nigerian traditional systems managed by community stakeholders such as the traditional rulers, elders' council, the youths, women group and local elites, who are custodians of local traditions (Ebeku, 2001; Adegbite & Nakajima, 2012). It was found that the Nigerian federal system supports the culture-based institutions in communities and created legislative and judicial agencies like the customary court system to adjudicate cases relating to local customs and practices (Ebeku, 2001; Okafor, 2003).

The present researcher argued that local rules, shared values, norms and practices within the institutional framework shape communities' interests and expectations and the demands and claims stakeholders make; thereby, offering clues to the culture-based institutions and how communities could be understood, approached and engaged. The present researcher, therefore, concluded that it is important that MNCs understand the culture-based institutions in communities and should tap into such knowledge, to develop constructive community relations approaches for managing the interests and expectations of stakeholders.

In addition to understanding the culture-based institutions, MNCs would need to understand stakeholder interactions in communities, and the stakeholder theory provided the explanation. Based on the analysis of the stakeholder theory from the perspective of R.Edward Freeman, Archie Carroll and others (Section 3.3), the present researcher argued that the role of

stakeholders is instrumental, in that stakeholders communicate the interests and expectations modelled by the institutional frameworks in the environment in which they function (Freeman, 1984; Carroll, 1987; Donaldson & Preston, 1995; Adegbite & Nakajima, 2012).

The Chapter stressed that communication between company and community encourage further participation in the engagement process and help to identify potential clash of interests early enough (Dhir, 2007; Lee, 2008; Andriof & Waddock, 2002). Literature suggested that in the Nigerian NDR, when MNCs acted contrary to community expectations, it led to conflict of interests, which for some MNCs led to (near) collapse of relations with some communities, like the RD Shell versus the Ogoni and neighbouring communities (Ebeku, 2001; Hamilton, 2011). Hence, where there is a communication gap and MNCs and communities are uninformed of each other's interests and expectations, it adversely impact on the relations (see Dhir, 2007; Zandvliet & Anderson, 2009).

The present researcher therefore argued that when community stakeholders are well informed and psychologically identify themselves with the MNC (Thomson & Boutilier, 2011), there is less tendency for them to campaign against the MNC, and more tendency towards willingness to be involved in the engagement process (see Dhir, 2007). Hence, by reviewing the works of Rogers and Robinson (2004), Burton *et al* (2004); Myhill (2006) Lakin and Scheubel (2010) and Thomson and Boutilier (2011), the community engagement theory was applied to offer explanation to the engagement process between MNCs and communities.

The present research adopted Andy Myhill's definition of community engagement, that it is the process of enabling the participation of community residents at their chosen level, ranging from providing information and reassurance, to empowering them to identify and implement solutions to local problems and influence future decisions. It was argued that poor community engagement implementation results in unintended consequences (see Myhill, 2006).

The present researcher related the above definition to the Nigerian case between MNCs and communities, using Nigerian based academic literature. It was found that a range of factors – including lack of trust between MNCs and community stakeholders (Jahansoozi *et al*, 2012), difficulty to understand the local institutional frameworks (Adebite & Nakajima, 2012) and reliance on the old method of engagement (as discussed in Chapter 2), led to poor implementation of community engagement strategies (Okafor, 2003; Hamilton, 2011), such that contradicts MNCs’ social licence to operate (SLO) in those communities.

By using Thomson and Boutilier’s (2011) pyramid model of the SLO, the present researcher argued that at the psychological identification stage, mutual trust is instituted, respect for an established social contract⁶⁸ (as discussed in subsection 3.4.1) is maintained, and a communication structure recognised. Therefore, it was concluded that MNCs that lack the legitimacy needed for a SLO are more vulnerable to confrontations from and conflict of interests with host communities (Meyer & Rowan, 1991; Suchman, 1995; Nelsen, 2003).

The present researcher contended that the three theories used are interrelated in the sense that each, through different viewpoints (as demonstrated in Chapter 3), addresses relational issues between MNCs and communities, and explored the concepts of valued interests and expectations as relational concepts in the theoretical framework. A synergy of the three theories established the framework for the present research.

Chapter 4 rationalised the methodological considerations deployed in the present research and the epistemological factors that informed the choice of the research methods. The

⁶⁸ Two perspectives of the social contract were adopted. John Locke’s perspective was applied to explain the social contract between community members and the community itself that define the mutual and moral attachment between members, responsible for the internally shared values, interests and expectations they have (also Baumeister & Leary, 1995). Thomas Hobbes’ perspective was applied to explain the often antagonistic and conflicting interests and expectations between company and community which results in MNCs undertaking social projects to placate stakeholders and gain their approval and support (also Lakin & Scheubel, 2010).

methodological framework used, followed a pattern which allowed one research method to supplement and advance the outcomes of a previously applied method.

The order of research methods used started with a review of academic literature on the topic which was supplemented by a secondary research in the form of an archival enquiry and then progressed to a primary research involving in-depth interviews with oil MNCs managers. This was extended to interviews with community representatives, to help substantiate and corroborate data generated through interviews with MNCs' managers in the PR divisions, community relations and allied departments of Eni SpA, Total SA and RD Shell.

The literature review, archival enquiry and the in-depth interviews helped to develop concepts and ideas that were coded into themes and sub-themes, as presented in Chapter 4 (subsection 4.4.4). At each stage of the research process, the outcomes were compared with existing data. In the analysis of the archival enquiry, the outcomes of which were compared with the literature review outcomes. Then in the discussion of the research main themes in Chapters 6, 7 and 8, the outcomes of the literature review and the archival enquiry were compared with the outcomes of the in-depth interviews.

The reason for the archival enquiry, which was at the initial stage of the research, was to first explore a variety of archive materials on the topic, so as to acquire a contextualised knowledge of what has and was going on around the topic. Apart from advancing the literature review and the outcome of the archival enquiry, the in-depth interviews were intended to immerse the present researcher into the worlds of the subjects, to see things from the perspectives of the subjects so as to interpret practical realities in company-community relations and engagement between oil MNCs and Nigerian communities.

Chapter 5 focused on the archival enquiry employed to contextualise the three oil MNCs - Eni SpA, Total SA and RD Shell. The archive materials studied, implied that Eni categorises

its community stakeholders into core and transit communities, with the core given more attention as compared to the transit communities (Eni, 2011_a). By using interview questions Q1 and Q2 (Appendix 1), the fieldwork, however, revealed that Eni prioritises communities based on the frequency of communication and communities' 'level of persistence' in expressing their interests and expectations. For example, persistent communities such as Obrikom and Omoku received more attention and regular engagements with the MNC than the less persistent communities such as Okwizu and Kwali communities, despite these communities being classed as core communities. Respondent ECR02 (2013) pointed out that Eni should give to communities what has been agreed and not wait until communities cry out for it. Theoretically, the implication in the case of Eni Nigeria is that the prioritisation of community stakeholders is based on the amount of social pressure and influence exerted on the company (Gyves & O'Higgins, 2008), rather than simply based on Eni's categorisation of core and transit communities.

According to the Eni's Magazine (Eni's Way, 2002), Eni has provided skills acquisition training courses for youths in its host communities, which at the start, enrolled 400 community youths on different courses in carpentry, hairdressing, brick-laying and computing. A community respondent (ECR08, 2013) who was interviewed confirmed the information by pointing out that the skill acquisition training has helped some young people set up their own businesses.

Though, mixed views exist about who receives the microcredit facilities or what the monetary values are, there is evidence that some local agro businesses are in receipt of some form of financial assistance from Eni as well as skills training. The Chapter also suggested that Eni's reports, perhaps, often embellished the figures to help boost the company's social

responsibility ratings, as those information are published in the cities and online and the majority of local people do not have access to what is being published about them.

However, in terms of meeting the needs of communities in food production and processing, Eni's GRP has been applauded by Nigerian academics such as Jitoboh (2011), Nlerum *et al* (2012) and Eluka *et al* (2013) that the GRP has contribution to rural agricultural extension programme in the NDR, and also serves as a framework for rural agricultural development.

In the case of Total, archive materials studied show that Total is involved in a range of community relations, community engagement and social responsibility activities in Nigeria (CSR Globe, 2011_b; Total, 2010_a). Its activities include providing skills development training for local youths, scholarship awards, employment, and upgrade of rural infrastructure. These initiatives are intended to meet communities' expectations, and are outlined in the memorandum of understanding (MoU) between Total and its Nigerian communities. As seen in the interview account by TCR01 (2013), the MoU monitoring committee is created to ensure compliance with the articles of the MoU, hence guarding a consistent company-community relations approach that takes into account the valued interests and expectations of each of the parties involved.

Archive materials suggested that Total's past experience in Nigeria may have influenced its strong commitment to social projects in host communities. Therefore, the present researcher investigated how Total's community engagement practices evolved and if the company's past, actually informed its present community relations and engagement practices. It emerged that after a serious community protest, Total was socially pressured to completely change its approach to community relations and engagement.

Archive materials studied, implied that Total's ongoing interactions with community stakeholders remains significant in averting confrontations from host communities (Total,

2010_a), which in turn has boosted Total's social licence to operate (Thomson & Boutilier, 2011; Nelsen, 2003) in host communities. Total claims that its 'common ground approach' to community stakeholder engagement, which it has adopted after the 1993 community protest, has contributed to its successes with communities (Total, 2007_a; Total, 2010_a). The common ground approach is based on reciprocal respect for each other's valued interests and expectations. It is not the same as Porter's business-society 'shared value strategy' which is based on having common values shared by both business and society, which the present research argued it is practically difficult to achieve (Chapter 2, subsection 2.3.2).

Post 1993 protest also brought about improved new approach to community relations and frameworks for community engagement such as the Stakeholder Relationship Management (SRM+) tool. The SRM+ tool is based on building consensus with communities to identify their expectations so as to understand how to meet them. According to Total's report (Total, 2010_a) the SRM+ has proved successful and has made relations with communities move beyond the '*handout*' mentality (i.e. communities totally depending on company's assistance) to a co-development approach marked by community ownership of processes, projects and programs.

As found through the archival enquiry, RD Shell's activities in Nigeria have been marred by series of allegations such as, arrogance to host communities, use of heavy security personnel to oppress and intimidation, involvement in the killing of community activists, oil spillages and environmental damages, strategically inciting community violence (locally called '*Divide and Rule*'), and even tax avoidance worth \$2bn⁶⁹ and industry manipulation (Ibeanu, 1997; Ebeku, 2001; Hamilton, 2011). As a result, the RD Shell has, in recent times, continued to build a new public image for itself.

⁶⁹ Shell Tax Avoidance worth \$2bn was identified 2008 by the Nigerian government, and reported also by BBC News; available online at: <http://news.bbc.co.uk/2/hi/africa/7412189.stm> [Accessed 16/08/2013]

Shell's GMoU promises transparency and accountability but it also advocates a layered approach where instead of engaging directly with host communities the RD Shell engages with the cluster development board (CDB) on behalf of the communities. It was argued that such layered representation undermines the possibility of a direct engagement even where a direct engagement is necessary, and also increases the possibility of the third-party information. The NGOs which are part of the CDB, instead, manage and communicate the GMoU requirements and its implementation to the communities on behalf of the Shell group.

According to Shell's report (Shell, 2013_b, pp.1) 'the NGOs handle sensitisation and communication of the GMoU model to the communities and develop the capacity of CDB members on community development processes. They also ensure quality delivery of the GMoU projects and programmes' (Shell, 2013_b, pp.1). The role and involvement of the RD Shell in the engagement process seems to be delegated to the development NGOs. Perhaps it could be that such a mediated engagement approach is suitable for the Shell group, since it is still going through reconciliation with many of its host communities.

The archival enquiry into Eni SpA, Total SA and RD Shell presented the contextual background and activities of the three oil MNCs in Nigeria, setting the tune for further discussions in subsequent Chapters.

Chapter 6 focused on the first main theme (MT-1) which discussed the community engagement strategies used by the three oil MNCs.

The interviews with oil MNCs and host communities revealed how each party feels about the approaches and methods used by the other party. It emerged that the Blockade Strategy is commonly believed by host communities to have a strong effect on companies' decisions and willingness to negotiate. Also, there is a notion in some communities that MNCs' behaviours and actions toward host communities are causing divisions among community groups which

community members are unhappy about. The present researcher, therefore, recommended the need to pursue a constructive company-community engagement that takes into accounts the valued interests and expectations of both parties in a joint effort to address them.

The interviews with oil MNCs and host communities revealed different ways of engagement. It was found that different strategies and approaches are used by both sides such as the blockade strategy (used by host communities), selective engagement (focusing on engaging the most powerful stakeholders), divide and rule strategy (a dangerous approach some of the oil MNCs have been accused of) and mediated engagement (using NGOs as mediate stakeholders to engage host communities).

The implication based on the different strategies of engagement used, is that to achieve a constructive company-community engagement that is sustainable, depends on the wiliness and commitment of both parties involved. This conclusion corroborates Lakin and Scheubel (2010) and Myhill (2006), as discussed in Chapter 3. It is the willingness and commitment to work together that guarantees the most constructive strategy of engagement with host communities. Based on these premises, the present researcher recommends that an inclusive approach for a constructive company-community engagement is necessary that would address who is responsible for what, and how to respond to community's interests and expectations to placate stakeholders' agitation.

Chapter 7 focused on the second main theme (MT-2) which discussed the community relations approaches used by the oil MNCs in Nigerian host communities.

Interview accounts from both MNCs' managers and community members revealed a dependent relations between oil MNCs and local communities. The present researcher investigated further to find allegations of negligence on the part of the Nigerian government due to corrupt practices in the government agencies responsible for CD projects. The issue of

negligence by the Nigerian government was raised during the interviews by both company and community respondents (e.g. SMR02, 2013; ECR08, 2013 and SCR02, 2013). As a result, oil MNCs are often pressured to play the role of an alternative government in host communities, according to a Shell's manager respondent (SMR01, 2013), which in turn increases the social responsibility demands on oil MNCs.

In the area of company involvement in the social life of host communities, community respondents confirmed the claims made by the oil MNCs. Furthermore, the interviews also revealed that community demands are continuously increasing. The Chapter concluded that these increasing demands constitute the major challenges oil MNCs face in their community relations efforts in host communities in Nigeria.

Chapter 8 focused on the third main theme (MT-3) which discussed the social responsibility practices used by the three oil MNCs.

The Chapter argued that company-community partnership is a boost for economic activities in the grassroots. Not only that these community programmes helped to train the youths in specialist skills, they also partnered with local businesses where these skill acquisition programmes are received, thereby boosting the local economy and creating more local jobs. To the oil MNCs, this is a win-win situation.

However, some communities still face the challenges of corruption and mismanagement, mainly with local elites, who are often the ones with access to funding from the oil MNCs. This small group of elites in host communities tend to undermine the impact of social responsibility initiatives, like in the case Owners Sherriff in Shell's host community (Chapter 8, subsection 8.3.3). Therefore, it was suggested that company managers managing CD projects and programme should ensure the right projects and programmes get to those who

need them, to ensure the impacts of these social responsibility initiatives are felt across the community (SCR08, 2013; ECR03, 2013).

As identified in the interviews, larger host communities tend to be favoured more in CD projects than smaller host communities. From the views of the respondents, it can be argued that there is a ‘selective engagement’ which results from the stakeholder mapping that companies conduct. Thus, in the context studied, stakeholder mapping tends to have put some communities at disadvantage because of their level of activeness and power to influence.

As discussed in Chapter 2, as a result of government’s reluctance in CD and the resulting increase in community dependence on oil MNCs, company managers could not say for sure, during the interviews, where their social responsibility activities end; but could say for sure that their social responsibility initiatives have gone a long way in placating stakeholders agitations. The implication of social responsibility practices is that both company and community are in a win-win situation; because when there is little or no restiveness in host community, company operates without interruptions and in turn increase production and meet both economic and social objectives all at the same time.

9.1.2 How the Research Aims and Objectives Were Met

The research aims and objectives (RAOs) that guided the present research were presented in Chapter 1 (subsection 1.2.2). To this end, this thesis has met the RAOs stated in the beginning. The present researcher hereby discusses each of the RAOs, accordingly.

9.1.2 (a) The First Research Aim and the Corresponding Objectives

Aim 1: To use existing theories in the area of company-community relations to examine and assess the community engagement strategies, community relations approaches and social responsibility practices used by Eni SpA, Total SA and RD Shell in the Nigerian NDR communities.

This aim required the implementation of the following steps (research objectives):

- i. Develop a theoretical framework for understanding the contextual environment in which Eni SpA, Total SA and RD Shell operate in Nigeria.*
- ii. Apply the framework to the examination of the community engagement strategies, community relations approaches and social responsibility practices employed by each of the sampled oil MNCs in Nigeria with a view to develop new insights into company-community relations.*
- iii. Evaluate the validity and effectiveness of the community engagement strategies, community relations approaches and social responsibility practices from the point of view of achieving a greater harmony of relations between MNCs and communities.*

The first research aim was extensively covered in Chapter 2 through to Chapter 3, and applied across Chapter 5 and the discussion Chapters (6 to 8). Objectives (i.), (ii.) and (iii.) were followed up to arrive at the first research aim.

To achieve the Objective (i.), the present researcher started by developing concepts in Chapter 2 (about the *valued interests* members of a community or a company share and the *expectations* stakeholders have and communicate, as seen in Chapter 2, sections 2.1 and 2.3). The concepts were further substantiated in Chapter 3 and built into a tripartite theoretical framework consisting of Institutional Theory, Stakeholder Theory and Community Engagement Theory (Chapter 3, subsection 3.3.2 and section 3.5) - also detailed above in the summary of the Chapters.

For the Objective (ii.), the applicability and explanatory potentials of the developed framework based on the three theories were tested in the Nigerian context, and used in the discussion Chapters (6 to 8) to discuss and evaluate the three main themes in the present research, which are - Community Engagement Strategies, Community Relations Approaches and Social Responsibility Practices, as used by Eni SpA, Total SA and RD Shell in Nigeria.

To achieve Objective (iii.), the present researcher investigated and tested the effectiveness of the Community Engagement Strategies (using interview questions Q7, Q8 and Q9), the Community Relations Approaches (using Q14, Q21 and Q22) and the Social Responsibility Practices (using Q16, Q19 and Q27), and then discussed in Chapters 6, 7 and 8, respectively, based on the three main themes in the present research.

9.1.2 (b) The Second Research Aim and the Corresponding Objectives

Aim2: To create a conceptual model of the existing practices and attitudes pertaining to company-community relations between the three oil MNCs and their host communities in Nigeria.

This required undertaking the following steps:

- iv. Establish a methodological framework for obtaining and examining the experiences and opinions of oil MNCs' managers and host community members.*
- v. Develop a set of themes to help assess how the views of oil MNCs' managers and those of Nigerian host communities can be analysed to inform ways of engaging and managing community stakeholders.*

To arrive at the second research aim, the present researcher followed up Objectives (iv.) and (v.). By implication, the methodology Chapter became the main focus of the second research aim. To achieve the Objective (iv.), the present researcher, first of all, travelled to the field to request archive materials from the three oil MNCs which were analysed and discussed, and used to further inform the research instrument for the in-depth interviews. The interview guide was then used to generate further data used to examine the experiences and opinions of oil MNCs' managers and host community members in Nigeria.

For the Objective (v.), from the first research aim, the present researcher developed the three main themes that form the three focus areas in this thesis. The thematisation process involved the coding of ideas and concepts that emerged from the literature review, archival enquiry and interview transcripts, into sets of main themes (MTs) and subthemes (STs), as detailed in

Chapter 4 (subsection 4.4.4). The present researcher guardedly designed the interview questions (Qns) to neatly feed into the STs, which subsequently fed into the MTs. The result of which is demonstrated in the flowchart in Figure 4.4 (in Chapter 4). The model developed based on the thematisation and coding system proved valuable in assessing and analysing the different views of the oil MNCs' managers and Nigerian host communities.

9.1.2 (c) The Third Research Aim and the Corresponding Objective

Aim3: To establish how the relations and engagement between oil MNCs and communities in Nigeria could help to advance learning and contribute to theory and practice of community engagement in company-community relations in a developing country.

This requires:

- vi. Establishing how the implications of the present research contribute to theory and practice in methods of engagement and a generalised knowledge in company-community relations.*

The third research aim and its corresponding Objective (**vi.**) are the focus of this Chapter. Therefore, the present researcher will now discuss how the present research helps to advance scholarship and contribute to theoretical knowledge and practice of community engagement in company-community relations in a developing country such as Nigeria.

9.2 The Contributions to Theoretical Knowledge

Extensive research has been undertaken into community engagement between oil MNCs and Nigerian host communities in the NDR. This thesis made important contributions to the company-community relations field by focusing on the community engagement strategies, community relations approaches and social responsibility practices used by companies in communities of a developing country, Nigeria (see Subsections 9.2.1, 9.2.2 and 9.2.3 below).

9.2.1 A New Theoretical Approach to Company-Community Relations

This thesis made new contribution to the theoretical debate in company-community relations by incorporating institutional theory, stakeholder theory and community engagement theory to argue that valued interests and stakeholder expectations inform the most constructive method of engagement. This thesis became the first to integrate these three theories in the study of company-community relations to argue the role of valued interests in managing stakeholder expectations.

When the tripartite theoretical framework was applied to the research context, institutional theory became the dominant theory in terms of its applicability to the context and relativity with stakeholder theory and community engagement theory. It was argued that internally shared values, practices and norms that are part of the culture-based institutions in any human network (community or company), shape the valued interests and expectations of members within that human network. This thesis then argued that valued interests within a community or company are responsible for the expectations its stakeholders have; therefore, providing clues to how communities could be understood, approached and engaged. See Figure 9.1 below.

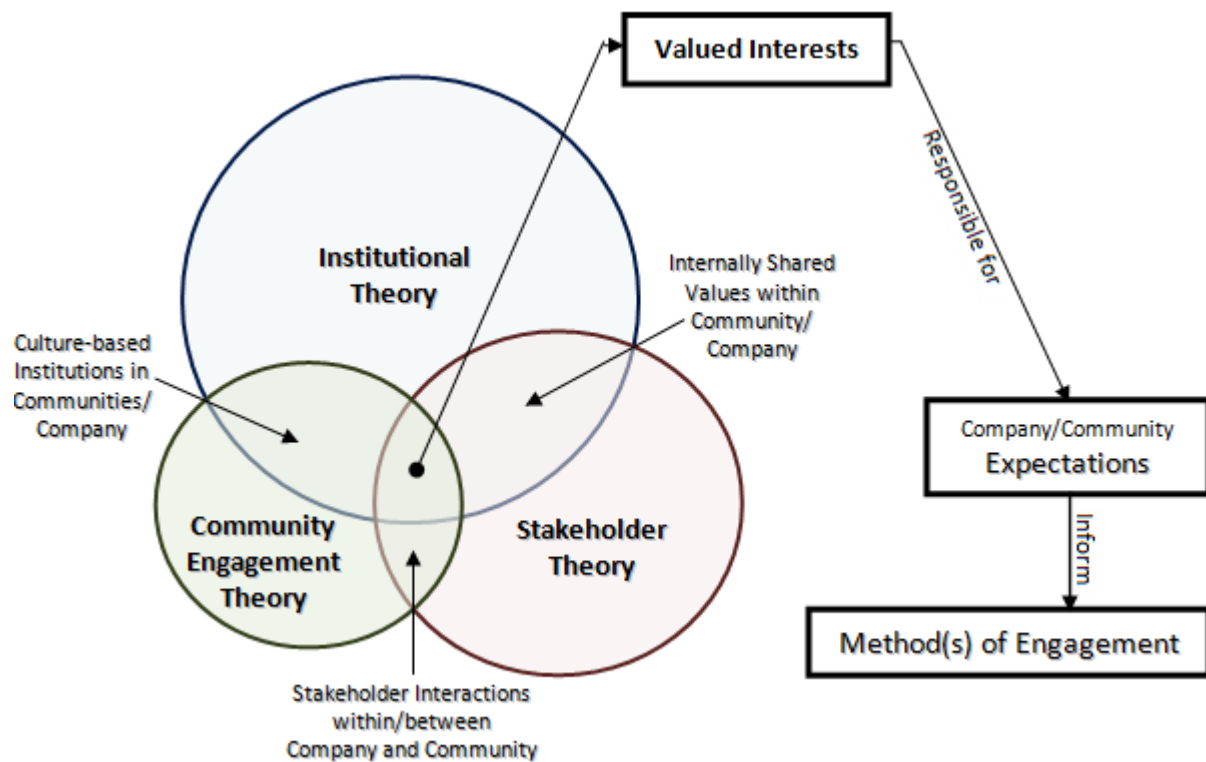


Figure 9.1: *The Tripartite Theoretical Framework and the Relative Importance of each of the Three Theories used*
 Source: *The Present Research (2013)*

This thesis proved that the three theories used are interrelated in the sense that each, through different viewpoints, addresses relational issues within and between company and community, and explored the concepts of valued interests and expectations as relational concepts in the theoretical framework. The tripartite theoretical framework offers a theoretical approach for the contextualisation and rationalisation of company-community relations in a developing country.

9.2.2 The Mediante Stakeholders: A Small but Significant Stakeholder Group

This thesis made a new contribution to theoretical knowledge in the stakeholder theory by pioneering in the identification of a stakeholder group the present researcher refers to as the ‘Mediante Stakeholders’. This unique stakeholder group play key role in company-community engagement activities between oil MNCs and host communities in Nigeria,

especially as evidenced in RD Shell’s use of brokerage NGOs to conduct engagement activities with communities on behalf of RD Shell (see Chapter 5, subsection 5.4.4 [b]).

The literature review in Chapter 3 (subsection 3.3.1) revealed that the categorisation of stakeholders of the organisation has been based on whether they are acting from inside the company/organisation (internal stakeholders) or from outside the company/organisation (external stakeholders). This thesis established that in stakeholder mapping, there is a small stakeholder group within the overlap between internal stakeholders and external stakeholders of the organisation.

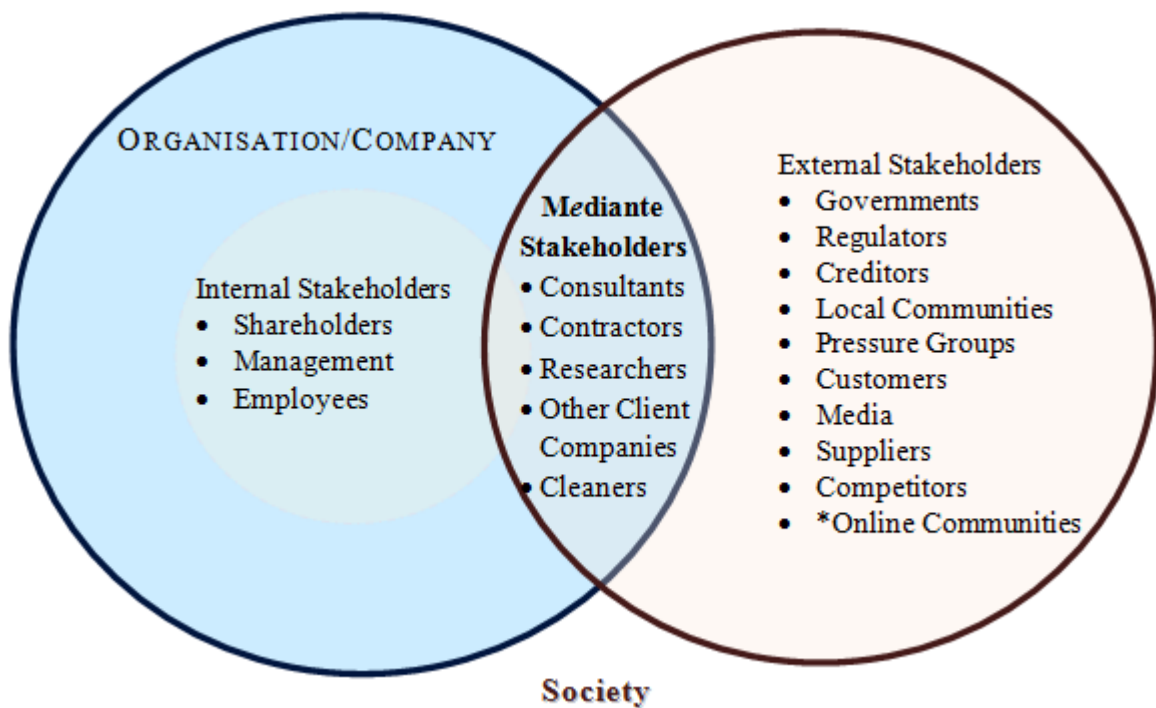


Figure 9.2: *The Mediant Stakeholders*
 Source: *The Present Research (2013)*

The idea of the mediant stakeholders is grounded in the sharing of confidential information between the company and the mediant stakeholder. In Chapter 3 (subsection 3.3.1), the present researcher also identified the unique characteristics of the mediant stakeholders. The mediant stakeholder could be an individual or a company who possesses these characteristics. The mediant stakeholders function both inside and outside of the company at

the same time; therefore interact with multiple stakeholder interface in order to carry out their functions. In the course of providing services or products to help the client company achieve its objectives, the mediate stakeholder is given access to some confidential information about the company and this access is always protected in a working contract.

Despite not receiving remarkable attention by stakeholder theory researchers until now, this unique stakeholder group is very active in the relations between oil MNCs and the Nigerian communities. The use of the services of the mediate stakeholder has long been widespread. Evidence of working relations between the company and the mediate stakeholder can be found in industries such as healthcare, security, food supply, recruitment, financial audit, etc. In the UK, examples include the working relations between the UK Border Agency and the security company G4S, NHS England and a healthcare company called Bupa, and others.

What sets the mediate stakeholders apart from the rest of the stakeholder groups identified by earlier stakeholder theory researchers, is the level of access that is given to this unique stakeholder group and the ability to be both inside and outside the company at the same time.

9.2.3 Testing of Western Models and Concepts, in Nigerian Local Communities

This thesis advocated in Chapter 1 (section 1.2) that there is need for some theoretical approaches, concepts and models which have proven themselves in Western societies to be tested, interpreted and perhaps modified to suit the institutional requirements (North, 1993) of developing societies, which include local communities in Nigeria (Idemudia & Ite, 2006; Tapere, 2008).

In Chapter 3, Andy Myhill's definition of community engagement (in the UK), as 'the process of enabling the participation of community residents at their chosen level, ranging from providing information and reassurance, to empowering them to identify and implement solutions to local problems and influence future decisions (Myhill, 2006)', was tested in the Nigerian context, using Nigerian based academic literature and further corroborated by the

fieldwork interviews. It was found that a range of factors – including lack of trust between MNCs and community stakeholders (Jahansoozi *et al*, 2012) and difficulty to understand the local institutional frameworks (Adegbite & Nakajima, 2012), led to poor implementation of community engagement strategies (Okafor, 2003; Hamilton, 2011), such that contradicts MNCs’ social licence to operate (SLO) in those communities.

Therefore, it was argued that company-community engagement between oil MNCs and Nigerian communities is characterised by the ‘battle for the balance of interests and expectations’ (see Chapter 2, subsection 2.3.2) - a major contribution to in the company-community engagement debates. As a result, social pressures from host communities and activist organisations (as established in this thesis), instead often induce company-community engagement in the Nigerian context.

In Chapter 3, existing literature showed that community engagement theory have been applied in the management of public healthcare delivery (NICE, 2008), community crime management (Myhill, 2006), gathering of consumer perceptions (Daymon & Holloway, 2011), integration of community’s skills needs into academic curriculum (The National Forum, 2005), and in community works to increase social cohesion (Boutilier, 2009). This thesis contributes to theoretical knowledge by pioneering in the application of the community engagement theory in the analysis of the relations between oil MNCs and host communities.

9.3 Implications for Scholarship

This thesis will serve as a repository for future researchers in the field who may want to research on the relations between company and community in the less developed countries (LDCs) with similar characteristics as those of oil MNCs and Nigerian host communities.

This thesis established that institutional theory, stakeholder theory and community engagement theory are interrelated in the sense that each, through different viewpoints, addresses relational issues within and between company and community; and jointly offer a

theoretical model for the conceptualisation of valued interests and stakeholder expectations. The analytical construct modelled by the philosophy of the three theories advanced the exploration of the concepts of valued interests and expectations as the relational concepts in the theoretical framework (Chapter 3, Section 3.5). Hence, the philosophy of the tripartite theoretical framework, as operationalised in this thesis, makes a case for a new theoretical approach to community engagement in company-community relations.

The present research contributes to the stakeholder theory by introducing the ‘mediante stakeholders’ who are both inside and outside of the organisation, exercising dual functions (Chapter 3, subsection 3.3.1) - examples of which include; external consultants, service providers (e.g. a cleaning company), a research firm attached to the organisation/company, etc. In the course of providing services to help the company achieve its objectives, this stakeholder group is given access to some confidential information about the company and this access is usually protected in a contract. The implication is that a new area of focus has emerged. This thesis established that a certain stakeholder group do have more access to the company’s confidential information than the others do, and this level of access should be taken into account when conducting stakeholder mapping for effective stakeholder analyses.

9.4 Implications for Practice

This thesis has practical implications in the discourse of community engagement in company-community relations, particularly in the mining industry in a developing country. In a broader perspective, this thesis has implications in the relations between multinational companies and host communities, and the engagement with local stakeholders.

By integrating institutional theory, stakeholder theory and community engagement theory into a theoretical framework, this thesis provided a comprehensive explanation of the role of ‘valued interests’ in the management of ‘stakeholder expectations’. It argued that by understanding stakeholder expectations, the right method of engagement can be developed.

Furthermore, to sustain a method of engagement would depend on the willingness and commitment of the parties involved. Therefore, it is the willingness and commitment to work together that guarantees the most constructive method of engagement with host communities.

9.5 Recommendations for Future Research

The recommendations for future research are based on new areas emerging from the present research but not identified among the research aims and objectives stated in Chapter 1 (subsection 1.2.2). The scope and bounds of the present research, also in Chapter 1 (section 1.4), further place limitations to the extent to which the present research could go; hence, the recommendations for future research.

This thesis established that a certain stakeholder group often have more access to the company's confidential information than the other stakeholders do, and that this level of access should be taken into account when analysing the relations between the company and its stakeholders. The implication is that a new research path has emerged which focuses on the management of a unique relations between the company and a stakeholder group that involves granting of access to this stakeholder group, of the company's confidential information, in order to assist the company achieve its objectives. Further research should focus on broadening this area of research by applying it in different industries and contexts, and using different research approaches.

The archival analyses in Chapter 5, revealed that some MNCs use their CSR audit reports, special reports and newsletter publications to inflate the figures and embellish the real impacts of their activities and behaviours in host communities, to help boost the company's social responsibility ratings. These materials are published in the cities and online and the majority of local people do not have access to the internet or know what has been published about them. As evidenced, interviews with community reps contradicted some of the claims by the oil MNCs. Therefore, future research should investigate the role of the MNCs' public

relations and media teams, in relation to the contents of published materials about MNCs' real activities in host communities. This will further the understanding of the role of companies' media publications in company-community relations in the LDCs.

This thesis is written from the business management perspective. If it were written from the perspective of a political or social scientist, the tune of activist groups may have reflected in the tune of the research, especially when dealing with a concept like '*the battle for the balance of interests and expectations*' between stakeholder groups (as in Chapter 2). Despite the research topic being multidiscipline in nature between business management and the social sciences, the present researcher guardedly conducted the research in accordance with the tenets of the business management perspective, maintaining the integrity of a business management research. Future researchers may want to take a more social science perspective of a similar research topic to produce further outcomes from a different perspective.

Two Nigerian laws - the *Petroleum Act of 1969* and the *Land Use Act of 1978*, were examined, to identify the legal framework underpinning O&G mining activities in Nigeria. From the interviews, there were mixed views from oil MNCs' managers and host communities. The present research concluded that although communities may not have full legal rights over land properties; they do have moral rights over claims made to oil MNCs, whose activities have direct impact on local residents (e.g. Ebeku, 2001). Future research should investigate, what rights local residents in a community with natural resources and host to MNCs have, in the lights of existing national laws and taking into account the implications of those laws on how MNCs relate and engage with local communities.

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APPENDIX 1

THE INTERVIEW GUIDE

PREAMBLE

My name is Nnadozie Izidor. I am a PhD research student at the University of Central Lancashire, in Preston, UK. I am conducting a research that is studying the methods of community engagement between oil MNCs and host communities in the Niger Delta region. You have been carefully selected due to your active knowledge and experience in the relations between company and community. It is my pleasure to have you with me.

The method I am using for this research is to ask company managers what methods, approaches and strategies they are using to engage host communities and to manage existing relations, and also the projects and programmes companies are conducting in host communities. And thereafter, to interview community members on how they feel about the methods, approaches and strategies companies are using to engage them, and how they would want companies to engage them. The idea is to evaluate the most effective ways to engage and relate with communities, so as to help reduce conflicts of interests between company and community. In the end, everyone is going to benefit from this research - the companies, host communities, myself, and the general public.

In the next 35-50 or so minutes, I will be asking you questions based on your experience and knowledge relating to the above mentioned topic. This interview will not involve a direct identification of the participants, for example personal names. Names of each participant will be assigned a code for simple identification only and for the purpose of analysis.

At this point, I would like to let you know that you are not under any obligation, whatsoever, by this interview. If you feel you do not wish to take part in this interview, you may wish to withdraw from the exercise at this point; otherwise we may now proceed to the interview questions.

(For the reader of this guide: *Note that this interview guide is designed in a two-way format to direct at both oil MNC managers and community members at the same time, so as to generate two-way responses to each of the interview questions*).

- Q1** First of all, let us start with the stakeholders. Which individuals, team or groups would you identify as the (most important) stakeholders in your relations with communities/company?
- Q2** Are there any stakeholder groups/team members from the communities/company that are more influential and should be treated with much carefulness?
- Q3** How do you engage with these stakeholders from the communities/company? What are the stages or phases involved in the engagement process?

- Q4** Could you tell me how the engagement team is constituted? Who are the people selected from your community/company?
- Q5** What can you describe as the instruments, methods or strategies used to engage communities/company in dialogues?
- Q6** How do you think the communities/company feel about your methods or strategies used to engage them in dialogues? How do you think they feel about it?
- Q7** Now, how do you feel about the approaches, methods or strategies used by the communities/company to engage with you in dialogues?
- Q8** What do you think the communities/company should change or improve about their approach, methods or strategies of engagement?
- Q9** How has the method of engagement evolved? How was it done before? Was it different?
- Q10** In the engagement process, is there any sort of contractual agreement or document that clarifies how relations between company and community should be?
- Q11** For example, tell me about the MoU. How is the MoU developed?
- Q12** What are the relevance of the MoU to company and communities?
- Q13** How respected is the MoU? Does majority support the existing MoU? What are their perceptions about the MoU, and how respected is the MoU?
- Q14** How much do you feel the company is involved in what communities do? In what ways has (*your*) company taken part in the social life of community people?
- Q15** Do you think that when company participate in the life of community people, the company becomes accepted, somehow, as a member of the community, therefore receives an approval and blessings of the people to continue to operate in their land?
- Q16** These days, companies say they are partners with communities. In which ways has (*your*) company partnered with communities, and have made use of potentials in communities, like the use of the services of local businesses, local talents/skills to implement its plans for the community?
- Q17** Tell me about the integration of the local contents. In which ways has the idea of local contents been implemented so far?
- Q18** Do you think the communities have been involved in the strategic corporate decisions of the company, say in areas that affect community people? Tell me about it.
- Q19** Do you see community development as a major aspect of the company's social responsibility practices? What other things do you think are the (*social*) responsibilities of the company?

- Q20** What are the frameworks in place for checking company social performance, and how effective its community relations approach is? How do you know if the company is doing well or not? What are the indicators?
- Q21** Do you think your community/company has identified the expectations (specific needs) of the community/company? What are these needs and expectations of the communities/company?
- Q22** What are the challenges in meeting these needs and expectations of the communities/company? And also, do you think they have been met?
- Q23** What strategies of community engagement does your company/community use that your competitors/other communities do not?
- Q24** What methods or strategies of community relations and engagement that other companies/communities use that your community/company does not?
- Q25** Do people consider your approach as appropriate (and ethical)? What do competitors/other communities think (if you know) about your company-community relations approach?
- Q26** Do you have confidence that the relations between community and company will endure the test of time, or will not? If so, what are your reasons?
- Q27** What area of community development projects, programmes, schemes and other activities is (*your/the*) company doing in (*your*) communities? What are the focus areas?
- Q28** How long lasting do you think these community projects, programmes, schemes and other activities are? Are they normally concrete and reliable?
- Q29** What long-term impacts do these community projects, programmes, schemes and other activities company is doing in communities, have on the future generation?
- Q30** And finally, from your experience and knowledge of the relations between company and community, what recommendations would you suggest for improving this relations, so as to reduce conflicts that might want to arise in future?

WINDING UP:

Alright, it has been nice having you with me. Your contribution to this interview and to this research is well appreciated. Thank you very much for your time, Sir/Madam/Chief.

INTERVIEW DETAILS

Interviewer: Nnadozie Izidor (*PhD Student: Community Engagement & Stakeholder Relations, University of Central Lancashire, in Preston, United Kingdom*)

Interviewees: As Sampled (*See sample population and characteristics in Chapter 4*)

Duration: 55±15 Minutes

Venue: Different locations in Rivers State in the NDR

Period: March 2011 to May/June 2013 (*All 3 fieldwork trips included*)

APPENDIX 2

ACCESS APPROVAL LETTERS

(i.) Access Approval Letter from Total SA, Nigeria

TOTAL E&P NIGERIA LIMITED

PHC.D/GMSD/PA.11/018

Port Harcourt, 18 March, 2011

Nnadozie Izidor
University of Central Lancashire
Preston, United Kingdom.

Dear Mr. Izidor,

Your application of 9th March, 2011 for permission to do a research (case) study of Total E & P Nigeria Limited in the area of Stakeholder Engagement with our Host Communities referred:

I wish to state that your application has been granted for the period of May and June, 2011 as stated in your application.

You will be required on your arrival to report to my office after which you shall be assigned to the relevant Manager in the Division that will manage and oversee your research work.

Wishing you the best of opportunities the research work will offer you in Total E & P Nigeria Limited.

Yours faithfully,
For: Total E & P Nigeria Limited


Vincent Nnadi
General Manager, Sustainable Development & Public Affairs Division



TOTAL E&P NIGERIA LIMITED - RC No 2979
Lagos Office: 35, Kofu Abayomi Street, Victoria Island, P.O.Box 927, Lagos.
Tel: +234 (01) 2623720 (19 lines), Fax: +234 (01) 2623744.
Port-Harcourt Office: Plot 25, Trans-Anwal Industrial Layout, P.M.B. 5160 and P.O.Box 896, Port-Harcourt
Tel: +234 (084) 236810-23, Fax: +234 (084) 236955.
Abuja Office: Total House II, Plot 247 Herbert Macaulay Way, P.O.Box 11320, Central Business District, Abuja.
Tel: +234 (09) 4607507, Fax: +234 (09) 4607021.
Directors: Jacques Marcaud des Croixes (French) (Chairman), Guy Maurice (French) (Ménapiji), Thierry Bourgois (French), Alek Musa (Esoouhii), Roger Proiser (French) (Esoouhii), John Adede (Executive), Charles Ngoka (Executive), Frederic Gernoux (French), Isabelle Galbraud (French), Marc Blaizot (French), Patrick Rouzanna (French).

(ii.) Access Approval Letter for Eni (Agip), Nigeria (via the Dept. of Petroleum Resources)

MINISTRY OF PETROLEUM RESOURCES

DEPARTMENT OF PETROLEUM RESOURCES
4 - 9 MOSCOW ROAD
PORT HARCOURT.

P. M. B. No. 5103
Telegrams PETRES
Telephone 084-231876, 238418
Telex 61139 NG.



PI/PH.BRS.5090/S.5/36

Ref: No.....

Date 20TH APRIL, 2011

The General Manager District,
Nigeria Agip Oil Company Limited,
Mile 4, Ikwerre Road,
Port Harcourt.

Dear Sir,

REQUEST FOR ACADEMIC DATA

MR. NNADOZIC IZIDOR is a Postgraduate Student of the Department of Business and Management, University of Central Lancashire, Uclan.

He has applied for clearance to enable him obtain data required for his research project titled: **"THE INSTRUMENTS OF STAKEHOLDER ENGAGEMENT BETWEEN THE MULTINATIONAL OIL COMPANIES IN NIGERIA AND THEIR HOST COMMUNITIES"**.

In view of the above, please provide **MR. NNADOZIC IZIDOR** with the necessary data, to enable him fulfill the academic requirement of the University.

He has been advised to handle the data with very strict confidentiality and to submit a copy each of his final report to this office and your Organization.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'R. Y. AYAH'.

R. Y. AYAH

For: Operations Controller, PHC.

(iii.) Access Approval Letter for RD Shell Nigeria (via the Dept. of Petroleum Resources)

MINISTRY OF PETROLEUM RESOURCES

DEPARTMENT OF PETROLEUM RESOURCES
4 - 9 MOSCOW ROAD
PORT HARCOURT.

P. M. B. No. 5103
Telegrams PETRES
Telephone 084-231876, 238418
Telex 61139 NG.



PI/PH.BRS.5090/S.5/2010
Ref. No.....

Date 20TH DECEMBER, 2011.....

The Managing Director,
Well Evaluation Engineering,
Shell Petroleum Development Company,
Rumuobiakani,
Port Harcourt.

Attention: Prof. Olayinka Ogunkoya

Dear Sir,

REQUEST FOR ACADEMIC DATA

MR. NNADOZIE IZIDOR is a PhD Student of the University of Central Lancashire
Preston, United Kingdom.

He has applied for clearance to enable him obtain data required for his research
project titled: "INSTRUMENTS OF COMMUNITY ENGAGEMENT BETWEEN OIL MNCs
IN NIGERIA AND THEIR HOST COMMUNITIES: A CRITICAL ANALYSIS."

In view of the above, please provide MR. NNADOZIE IZIDOR with the necessary
data, to enable him fulfill the academic requirement of the University.

He has been advised to handle the data with very strict confidentiality and to
submit a copy each of his final report to this office and your Organization.

Yours faithfully,


R. Y. AYAH
For: Operations Controller, PHC.

APPENDIX 3

NIGERIA AND OIL MNCs: THE HISTORY AND CONTEXT

Introduction

The history of the geographical entity called Nigeria, has hitherto been the history of oil. Thus, the interplay between the Nigerian political and economic environments is mainly determined by factors associated with oil and MNCs (Ake, 1992). Right from the entry of oil MNCs into Nigeria in the mid-1950s and the subsequent Nigeria's independence from Great Britain in 1960, oil has continued to be a major inducement to politics (Ibeanu, 1997) at both federal and state levels, and in recent times has continued to stir-up local politics in oil communities (Ebeku, 2001). Therefore, to expound on the link between Nigeria and oil MNCs, it is necessary that the political and economic environments of Nigeria be examined.

Political and Economic Background of Nigeria

Nigeria is located on the West coast of Africa, shares boundaries with the Republic of Benin in the West, Cameroon in the East, Niger and Chad in the North and the Southern part stretching to the shores of the Atlantic Ocean (NNPC, 2010). With an area of 923,768.64 square kilometres, Nigeria has an estimated population of about 170,123,740 people, consisting of the Igbo, Yoruba and Hausa main ethnic groups with their about 250 sub-ethnic groups and their local cultures (NNPC, 2010). As a former British colony, English is the official language used in Nigeria. The Federal Republic of Nigeria, as it is called, has 36 states, plus Abuja – the federal capital (CIA, 2010). Nigerian people are very religious; as a result there are Muslims in the North and Christians in the South (CIA, 2010) and a scattered few who devote to some personal deities. Petroleum oil which is the highest earner for the Nigerian economy is found in the South, in the Niger Delta region (NNPC, 2010; CIA, 2010). Since independence, Nigeria has experienced different forms of leadership and economic structures (Dhir, 2007; Ebeku, 2001). Apart from a brief period between 1979 and 1983, Nigeria was ruled by a succession of military regimes starting from 1966 to 1999 (Dhir, 2007). It was not until April 2007 that a proper civilian-to-civilian transfer of power took place in Nigeria (CIA, 2010). These military regimes were corrupt and a handful of the military personnel used their positions to acquire enormous wealth through self-allocation of oil blocks and the sale of petroleum products for personal gains (Ikpe, 2000; Ihonvbere, 1996). According to Ikpe (2000), military rule helped to institutionalise in the Nigerian society, nepotism based on ethnicity, religion and regionalism which are setbacks to social and economic developments.

Prior to 1960, the Nigerian economy depended mainly on cash crops, livestock and fishing activities respectively; but the discovery of oil in the mid-1950s, launched a new phase in the Nigerian economy which saw the transition from an agrarian economy to an oil-based economy (Ebeku, 2001; NNPC, 2010). Nigeria's former military regimes failed to diversify the economy away from its overdependence on oil and gas resources, which provides 95% of foreign exchange earnings and about 80% of budgetary revenues (CIA, 2010; Dhir, 2007; Okafor, 2003; Ebeku, 2001). While Southern Nigerians are mainly farmers, fishermen and tradesmen⁷⁰, most of the top military and political elites are from the North⁷¹ – a region that does not produce oil but controls the Nigerian oil economy and the political scene (Ikpe, 2000). Some Nigerian authors believe that some corrupt ex-military generals and top ranking force men are now very active and influential in Nigerian politics. For example, Ihonvbere (1996) and Ikpe (2000) have argued that the years of military regimes introduced a system of kleptocracy⁷² in the Nigerian political and economic fronts. Because majority of the leaders are self-centred, biased and interested in the oil wealth, much of the community related responsibilities within the oil region have been abandoned, thereby increasing communities' expectations on oil MNCs. Ihonvbere (1996) pointed out that over the years the institutionalised corrupt practices have continued to influence political and economic activities in the regulation and management of the Nigerian oil-and-gas industry.

The Nigerian Oil-and-Gas Industry

The origin of the Nigerian oil and gas (O&G) industry dates back to the beginning of the 20th century. Though, there are different views on this. Contrary to popular belief,⁷³ the Nigerian O&G industry actually started in colonial 1903 with the commencement of two mining companies - Nigerian Properties Ltd and Nigeria & West Africa Development Syndicates Ltd (Steyn, 2006; OBASI, 2003). Then in 1905 the *Nigerian Bitumen Corporation*⁷⁴ (NBC) was incorporated in London (Steyn, 2006) and in 1906 it obtained the prospecting rights in British Colonial Nigeria, allowing it to buy up all other mining licences (Obasi, 2003). In the same

⁷⁰ The South has the rainforest and rivers running into the Atlantic Ocean, so agricultural activities, fishing and trade became their major occupation, passion and means of livelihood.

⁷¹ People in the North are mainly nomadic farmers, and those not involved in nomadic farming are more inclined to join the civil service and the forces than people in the South (Ikpe, 2000).

⁷² Kleptocracy is a system of government where rulers and leaders use their power to steal their country's resources.

⁷³ There has been a popular belief that the Nigerian oil industry started with a German company - the Nigerian Bitumen Corporation. Recently, this belief has been challenged by business historians who reviewed the period.

⁷⁴ The Nigerian Bitumen Corporation is a British company registered in London by a Geologist/Engineer and international businessman - John Simon Bergheim, who lived and did mining businesses in America, Germany, etc as well. He was a British man with German ancestry, perhaps as betrayed by his family name - Bergheim.

1906 the NBC commenced oil exploration activities in the Araromi area, Southwest of Nigeria (NNPC, 2010; Ebeku, 2001).

However, the death of the NBC chairman⁷⁵ in 1912 hit the company, followed by the 1914 First World War which forced the NBC to a closure, bringing the industry to a coma (Steyn, 2006). In 1937 a new company, Shell-D'Arcy (RD Shell), gained the sole concessionary rights covering the entire industry in oil exploration (Obasi, 2003). Shell D'Arcy's operation was also halted by the Second World War, until 1947. It was in 1956 that Shell D'Arcy's exploration led to the first commercial discovery of oil at Oloibiri (in present day Bayelsa State) in the Niger Delta region (NNPC, 2010). As at 1958 when the first oil exportation (to Rotherham in Europe) was made, Oloibiri was already producing 5,100 barrels per day (NNPC, 2010).

This first oil exportation opened up the Nigerian O&G industry in 1961, bringing in other major competitors such as Mobil, Tenneco (Texaco), Safrap (Total SA), Agip (Eni SpA) and Amoseas (Chevron), respectively. The scramble for oil in Nigeria necessitated the need to liberalise the oil concessionary rights previously monopolised by RD Shell (NNPC, 2010; Ebuka, 2001). Oil production increased to 420,000 (bbl)⁷⁶ prior to the Nigerian civil war (1967–1970). The civil war did not seem to have stopped oil mining activities. According to Ebeku (2001) while the two world wars halted the global oil activities, it does not seem that the horrific situation of the Nigerian civil war significantly affected oil production as the million barrels daily mark was passed as at 1970 and by 1973 had doubled to 2.06 million per day. While the civil war drew to an end, the global oil price was rising (due to the Middle East oil crisis of 1973) and the Nigerian military government was able to reap instant riches from oil (Ikpe, 2000; NNPC, 2010).

It is also imperative to highlight that when RD Shell solely held the concessionary rights in mining and oil exploration, it also enjoyed the privilege of managing the entire Nigerian O&G industry for the Nigerian government (Ebeku, 2001; Obi, 2009). It can be argued that RD Shell, a Dutch-British company, was entrusted to manage the entire O&G industry because of the colonial and postcolonial relations that exists between Nigeria and Great Britain (and Europe). Therefore, it was never a problem for the Nigerian government, at the time, that RD Shell solely managed the country's oil and other mineral resources. It can be argued also that Nigeria lacked the expertise to manage the all new oil industry, as no record

⁷⁵ John Simon Bergheim, the Nigerian Bitumen Corporation chairman, died in a car accident in London in 1912.

⁷⁶ Barrel (bbl) is a unit of volume of oil as measured based on the Nigerian specification.

has suggested there were any trained Nigerian engineers in oil exploration at the time or anyone with experience in the oil industry.

Based on the above premise, as a country whose economy depends on oil, it was impossible for RD Shell to manage Nigeria's oil economy and not be involved in national politics. Therefore, it can be argued that the circumstances in which RD Shell became involved in Nigerian politics was practically unavoidable, even though that may not have been its primary aim. Up to the present time, RD Shell still enjoys much influence with the Nigerian government over the O&G industry, through operating the foremost joint venture agreement⁷⁷ involving the Nigerian National Petroleum Corporation (NNPC), Total SA and Eni SpA.

Prior to the formation of the NNPC, Nigeria already became a member of the Organisation of Petroleum Exporting Countries (OPEC) in 1971. Then in 1977, the NNPC was promulgated by decree 33. The NNPC regulates the Nigerian O&G industry (NNPC, 2010). As contained in its mission statement, the responsibility of the NNPC is:

'To engage in adding value to the country's hydrocarbon resources for the benefit of all Nigerians and other stakeholders'

Between 1978 and 1989, the NNPC constructed new refineries in Port Harcourt, Warri and Kaduna, and then took over the first refinery in Nigeria, previously controlled by RD Shell since its construction in 1965 in Port Harcourt (NNPC, 2010).

Operational activities in the Nigerian O&G industry are categorised into three main divisions, namely; Upstream (exploration and production), Midstream (refining activities) and Downstream (distribution and marketing). The upstream division (which is the focus of the present research) also includes joint venture (JV) activities of 'the big five' or the group of five (G5) - RD Shell, Total SA, Eni SpA, ChevronTexaco and ExxonMobil (NNPC, 2010). The G5 and most players in the industry are foreign oil servicing MNCs. Operations in the upstream division are done in JV partnerships between the NNPC and the major oil MNCs under either of Joint Operating Agreements (JOAs) or Production Sharing Contracts (PSCs). In each of the JV operations involving Eni SpA (Agip), Total SA, ChevronTexaco and ExxonMobil, the NNPC holds 60% stake, except for the 'special' JV partnership with RD Shell where the NNPC holds 55% stake, perhaps as a recognition of years of collaboration with the Nigerian government. The foreign oil MNCs operate predominantly in the on-shore

⁷⁷ In this Joint Venture agreement, the following are the stakes held by each of the partners - NNPC (55%), Shell (30%), Total S.A. (10%) and Eni (5%).

Niger Delta, coastal offshore areas and lately in the deep-waters (Ebeku, 2001; Olsen, 2002; Dhir, 2007).

Often, due to corruption and mismanagement of oil wealth by top Nigerian officials, the NNPC would lack the ability to refine the crude oil and would have to export the raw product abroad for refining and then imported back at an inflated cost (EIA, 2009). As a result, a country endowed with oil is currently importing almost 85% of the refined products. The present researcher, through the fieldwork, found that problems in the refining operation have been attributed to corruption, poor maintenance and theft (see also Braide, 2003; EIA, 2009).

Since 2003 the government has considered privatising the refineries (Dennis, 2007). As a result of this debate, two schools of thought have emerged. One from the nationalist perspective, has protested against privatisation, due to fear that the government will largely lose its grip on the economy to a small group of elites - the oil cabals - which includes elite families, most of whom are retired army generals and top business moguls (Braide, 2003; Dennis, 2007). On the other hand, another school of thought contends that full privatisation of the refineries is the most productive and preferred solution to the mismanaged O&G industry, since the government has continuously failed to manage it. At the time of the present research, debate is on-going as to which option is best for the O&G industry with regards to shareholding, efficiency and productivity.

Literature and the news media have identified underlying issues relating to the privatisation and the problems of the oil region. Dhir (2007) in his paper, '*Stakeholder Activism through Non-violence*' identified two major causes of deprivation and poverty in Nigerian oil communities, owing to the way the industry is managed. According to him, one is the forced seizure of communal oil lands by the government in favour of oil MNCs (also Ebeku, 2001); and the other includes environmental responsibility issues which he described as oil MNCs' continuous pollution of adjoining lands, creeks and rivers on which most of the local people depend on to survive (also MBendi, 2005). From a legislative perspective, Ebeku (2001) expatiated on the land property rights, arguing that the origin of deprivation and poverty in the oil region started with the *Petroleum Act of 1969* and the *Land Use Act of 1978*⁷⁸ enacted by the

⁷⁸ Traditionally, there is a communal land tenure system in local communities in Nigeria. Despite Land Use Act enacted by the military regime in 1978 that says all lands belong to the government, the communal land tenure system is still very strong in Nigeria, as lands were owned by families, clans and communities before the coming of the Western colonialists.

then military regimes which automatically transferred ownership of any land with mineral resources over to the federal government, including the Niger Delta region (NDR).

The Petroleum Act gives oil mining rights to the oil MNCs and gives the federal government rights to receive rents and royalties from the oil MNCs (Ebeku, 2001). This practice of the government automatically owning any land with mineral resources is highly contended by people in the oil region (Ebeku, 2001; Dennis, 2007; Ako, Obokoh & Okonmah, 2009). The present research, understood through the fieldwork that at the time of the present research, some members of the Nigerian National Assembly, mainly from the Southern extraction are constantly lobbying for the petroleum industry bill to be passed into law - a bill that is intended to address government's percentage of ownership of oil lands and what percentage of oil revenue would be allocated towards the development of host communities in the oil region.

The government's stance on privatising the O&G industry is yet to be clear. The privatisation question is hinged on the pending petroleum industry bill (PIB). Some National Assembly members who oppose the PIB see it as a controversial instrument for the regulation of the O&G industry. For example, critics from the Northern extraction feel that the bill allocates more oil revenue to people in the South in the Niger Delta region (Okigbo, 2012). Also, oil MNCs have criticised the bill for increasing the levies/taxes they pay and breaching existing contracts. However, industry observers and academics such as Okigbo (2012) and Obi (2009) believe that the most debated PIB will address some of the problems of the O&G industry and demands of the neglected communities in the protesting Niger Delta oil region.

The Niger Delta and Communities in the Oil Region

The Niger Delta region (NDR) is the home base of the Nigerian oil exploration activities (Dhir, 2007; Ebeku, 2001, CIA, 2010). Surprisingly, even while surrounded by the oil wealth of Southern Nigeria, majority of people in the NDR still live in abject poverty and are alienated from basic social amenities (Dhir, 2007; Ebeku, 2001). The World Bank estimated in 2002 that about 66 percent of the population struggle to survive on less than \$1 (₦160) a day (NNPC, 2010; CIA, 2010). People in the NDR still live in less developed communities with poorly managed road networks, poor housing, unreliable electricity supply, little or no access to quality water and inadequate health facilities. Yet, Nigeria is estimated to have earned well over \$280bn from oil over the past three decades. Thus, oil is at the heart of the recent civil unrest in Southern Nigeria in the NDR (Dhir, 2007, Ebeku, 2001). See below the outline map of the Nigerian Niger Delta oil region.

NIGER DELTA REGION (NDR)

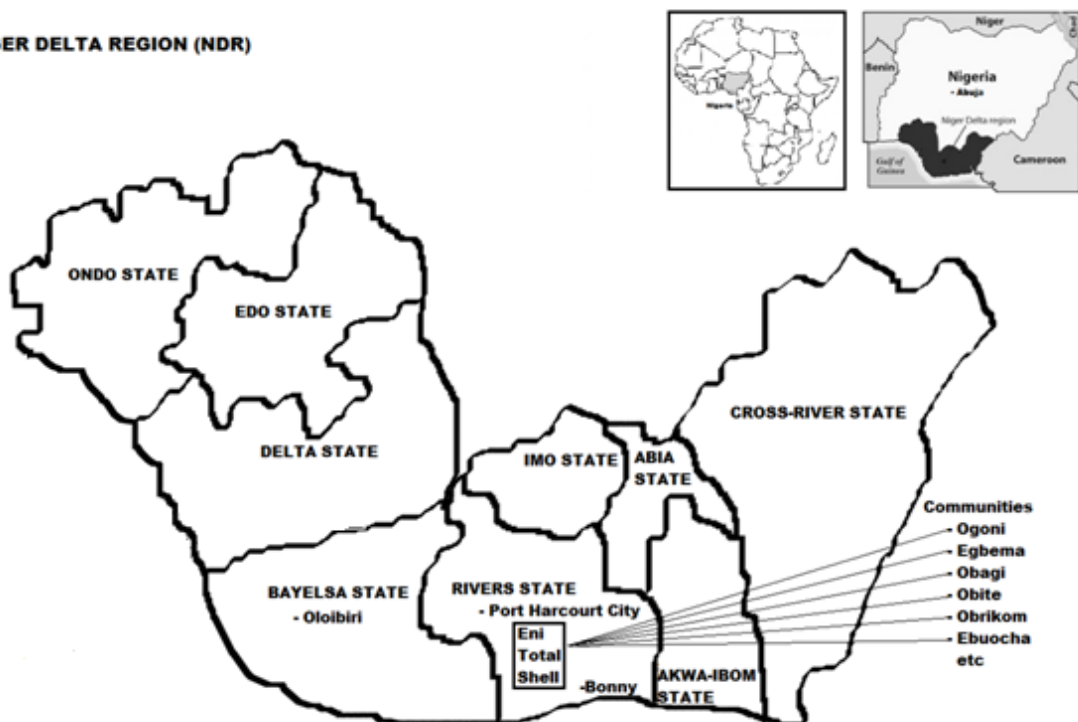


Figure A.3.1: Map of the Niger Delta Region showing the oil producing states
Source: *UNDP Nigeria, and detailed specifically for this research (2013)*

The NDR is officially made up of nine federal states within the Federal Republic of Nigeria, namely Rivers State, Bayelsa State, Delta State, Edo State, Cross-Rivers State, Akwa-Ibom State, Ondo State, Imo State, and Abia State (NNPC, 2010). Some had argued that the NDR includes only the major oil producing States, namely; Rivers State, Bayelsa State, Delta State, Edo State, Cross-River State and Akwa-Ibom State. The argument was that since Ondo State (in South-West), Imo State and Abia State (both in South-East) are not part of South-South Nigeria, and do not produce as much oil as the first six States, therefore they were initially excluded from the NDR. The map above shows the oil producing States where oil MNCs sampled in the present research mainly operate (see sample characteristics in Chapter 4). Some of the key communities made up of small towns and villages where Total SA, Eni SpA and RD Shell operate, are also identified on the map above.

Before the creation of the first 12 States in 1976, Nigeria was governed along the line of regional ethnic groups⁷⁹ (Ebeku, 2001). The present research found during the fieldwork that the traditional administrative structures of the regional ethnic groups still exist alongside the formal ‘Federal-States-Local’ levels of government, and are still overseen by traditional chiefs or local

⁷⁹ There are three main regional ethnic groups in Nigeria, namely; the Igbo, Yoruba and Housa ethnic groups.

monarchs, who are ceremonial heads for local people (*also in* Adegbite & Nakajima, 2012). The fieldwork also revealed that a key importance of the traditional chiefs and monarchs is that they serve as custodians of local traditions and customs and they maintain the institutional framework of local communities in the NDR.

Based on the traditional administrative structure, oil communities in the NDR include ethnic groups in the South such as the Ijaw-Izon, Itsekiri, Urhobo, Isoko, Igbos, Ogba-Egi, Ogoni, Bonny, Efik, Ibibio, Edo-Esan communities, etc. (NDDC, 2012). Some of these ethnic groups cut across States but within the NDR. For example, the Ijaw-Izon ethnic community cuts across Bayelsa, Rivers and Delta States. Because the NDR is the region with vast oil minerals and natural gas, it constitutes the community-stakeholder of oil MNCs in Nigeria. As will be demonstrated in this thesis, traditional chiefs and monarchs in the NDR play very important roles in the management of the relationship between oil MNCs and host communities.

Unlike other communities in Nigeria, communities in the NDR were the first to come in contact with European MNCs, due to their closeness to the Atlantic waterway (a major global trade route) and have been in contact with oil MNCs since the discovery of oil in Nigeria (Ebeku, 2001; Obi, 2009). In British colonial Nigeria, the colonialists were able to govern local people through local traditional chiefs and monarchs - an approach that came to be known as '*Indirect Rule*⁸⁰'. The traditional chiefs and monarchs are respected as custodians of local customs and traditions as well as protectors of the people. In most cases, local traditional rulers are revered as demi-gods and as spiritual leaders of the local people. Even in modern Nigeria, community traditional rulers are still well respected (Okafor, 2003).

The social structure and patterns of institutional socialisation that exist within the Nigerian traditional society made it very possible for the British colonialists to pass-on instructions and collect taxes through the traditional rulers and monarchs who were in turn rewarded for doing so by the colonialists (Obi, 2009; Hamilton, 2011). Thus, when oil MNCs started to enter Nigeria, the same institutional pattern of relationship and communication with local communities continued (Jahansoozi, Eyita & Izidor, 2012). It can be argued that while MNCs entered oil communities of the NDR, they were quick to apply the same *Indirect Rule* approach in their dealings with local communities, as will be demonstrated further later in the discussion Chapters (5 to 8).

⁸⁰The *Indirect Rule* was a system of administration and control of local people through their respected rulers. It was an approach developed and applied by the then British Lord Fredrick Lugard in the early 1900s in Nigeria.

Oil Multinational Corporations and Host Communities in the Niger Delta

Literature suggest that nine decades (*1903 to 1993*) after the commencement of the Nigerian O&G industry with the discovery of oil in the NDR, relations between foreign oil MNCs and host communities were relatively cordial and peaceful (Obi, 2009; Dhir, 2007; Hamilton, 2011). Local leaders of oil communities were optimistic that the new-found source of wealth would transform their communities into heavenly prosperity (Hamilton, 2011). At the time, oil MNCs focused on conducting relations with oil communities through the traditional rulers only, whom they thought represent the interest of the entire community (Dhir, 2007).

By the early 1990s the rise of new elites within oil communities have taken a new turn, and challenged the norms of how oil MNCs conducted relations with host communities (Obi, 2009; Hamilton, 2011). Among these new elites, for example, were educated people from oil communities, some of who had travelled overseas to study and came back and some who gradually became economically powerful through their entrepreneurial achievements in locally grown businesses. The new elites in the oil communities realised that life in their communities did not really get any better (Hamilton, 2011). These new elites started questioning the way oil MNCs handled relations with communities; and the financial compensations paid to oil communities through local rulers were not only inadequate but were also creating a new and dangerous phenomenon in these communities - a phenomenon of inter/intra-community conflicts (Obi, 2009; Hamilton, 2011).

The sharing of compensation money was turning many communities into battlegrounds because many viewed their shares as unjust (Turner & Oshare, 1994). For example, families and clans in the larger communities upon whose lands oil exploration take place felt that local leaders did not represent their interest properly. Community leaders were accused of embezzlement while oil landlord families⁸¹ on whose land oil facilities are located, demanded the lion's share of such compensation (Hamilton, 2011). Similarly, the unemployed youths felt they should benefit from the presence of oil MNCs in their communities. These crises led to the defying of cherished traditions and the old pattern of company-community relations that existed. According to Okafor (2003) these agitations also increased political activities and interest group formations in recent years such as local elite groups and youth groups including women groups in oil communities in Nigeria.

⁸¹ Traditionally, there is a communal land tenure system in Nigeria local communities. Despite Land Use Act enacted by the military regime in 1978 that says all lands belong to the government, the communal land tenure system is still very strong in Nigeria, as lands were owned by families, clans and communities before the coming of the Western colonialists.

In 1990 when this communal tension reached its apex there was a community crisis. The first oil related bloodshed was between Umuechem community in Rivers State and SHELL. According to Human Rights Watch (HRW, 1999), Umuechem community had planned a peaceful protest to demand for the provision of electricity, water, roads, jobs and compensations for environmental damages. Shell, through the government invited the paramilitary police and so many community people lost their lives in the incidence. In 1993 (three years later) a repeat of community massacre occurred in Ogoni, but this time involved the killing of nine human right activists from the Ogoni oil community, causing a huge global outcry of what is going on in the NDR between oil MNCs and oil communities. As quoted by Hamilton (2011 pp.15), 'What the Umuechem conflict did not gain in national and global publicity, the Ogoni uprising of 1993 in Rivers State adequately covered'.

Since the early 1990s oil related community protests and communal conflicts have continued, but one attitude of the government has continued to repeat itself - which is, taking sides with foreign oil MNCs (Turner & Oshare, 1994; Ibeanu, 1997; Ebeku, 2001; Dhir, 2007; Obi, 2009). Oil communities continue to endure the attitude of government towards their plight (Hamilton, 2011). Corrupt practices among politicians in key government agencies have prevented the government from providing basic amenities to its population, especially those in the NDR. The NDR protests have not only been against foreign oil MNCs but also against the Nigerian government that collaborates in the system of exploitation and corruption in the management of the Nigerian O&G industry and the oil wealth (Dhir, 2007).

Each time there is a protest by host communities, oil MNCs would prefer to calm the situation by giving out compensation packages to specific individuals or groups - often the community rulers and the most outspoken in communities, which often infuriated some community members (Turner & Oshare, 1994). Okoko (1996) cited in Hamilton (2011, pp.6) pointed out that oil communities see the provision of capital projects as their right and the duty of oil MNCs to provide. Thus, oil communities have resorted to confronting oil MNCs to provide social amenities to community people and employment to unemployed educated youths. As identified by Hamilton (2011, pp.14) 'the more oil MNCs dished out compensation, particularly in direct cash, the more the communities boiled'. Compensation in direct cash gradually increased the dependence of oil communities on oil MNCs, and some NDR community members resented this, whereas some benefited from it.

Critics such as Ake (1992), Ibeanu (1997), Ebeku (2001) Dhir (2007) Obi (2009) and Hamilton (2011) believe that there is an unequal distribution of the country's oil revenues

among its population. For example, the belief among oil community residents that oil wealth from the NDR has been used to implement development projects in some other part of the country has continued to annoy members of oil communities. According to Hamilton (2011) it is not a secret that the government exploits oil communities by using oil revenues from the NDR to build new cities elsewhere while the NDR communities that bear the impact of oil exploration and its problems have continued to live below the poverty line. One most cited case is the controversial building of the new megacity of Abuja in Northern Nigeria; and the movement of the Federal Capital from Lagos to Abuja has been viewed by oil communities in the NDR as the use of oil wealth from the South (Dhir, 2007; Hamilton, 2011). As these debates continued, residents of the NDR continue to hope that the government would one day pay attention to their plights and address the level of deprivation and poverty in the oil region.

APPENDIX 4

THE CONCEPT OF COMMUNITY AS IMPLIED IN DIFFERENT SOCIETIES

Introduction

The concept of community has been the subject of many discourses by a range of academics such as political philosophers, structural sociologists, human geographers, archaeological anthropologists and community psychologists; and for the last decades has increasingly been applied by researchers in ‘business in society’ such as Carroll (1985), Buchholz and Rosenthal (1997), Okafor (2003), Breton and Pesqueux (2006), Chang (2008), Carroll and Buchholtz (2009), Zandvliet and Anderson (2009), and Hamilton (2011).

Originally, the term ‘community’ was first defined and applied by Aristotle in his treatise titled, *Politics* (2009⁸²) to mean, a group established by people based on shared values. Aristotle further noted that communities are the smallest units of every society through which human societies originate. Today the meaning of community has evolved significantly and there are so many versions as well as approaches to the concept of community. According to Peak (1978) the term community no longer refers only to a group of people living in the same locality, but to the interactions of those people. Wynn and Burkinshaw (2008) and Hamilton (2011) share in this view, and Hamilton (2011) further suggests that in today’s societies, we are beginning to recognise some communities as a complex dynamism of diverse, constantly changing, often powerful and always important forces in society.

In their work titled *The Need to Belong: Desire for Interpersonal Attachments as a Fundamental Human Motivation*, Roy Baumeister and Mark Leary conceptualised the idea of belongingness. They argued that “the need to belong is a powerful, fundamental, and extremely pervasive motivation” (Baumeister & Leary, 1995 p.1). The need to form social attachments with others and to belong to a community strengthens institutional socialisation (North, 1993; Scott, 2001; Hodgson, 2006). According to Baumeister and Leary (1995 p.1) “Belongingness appears to have multiple and strong effects on emotional patterns and on cognitive progress”. The idea of belongingness is consistent with institutional socialisation.

Smith (2002), in what he referred to as a local social system (i.e. community), argued that the deepest sense of community belongingness is to the most intimate social ties, especially family and friends and beyond that perimeter lies the second layer of social ties such as work

⁸² The original Greek version was in 350 BCE. This is a translated work. See the bibliography for more details.

and other social affiliations. In community settings, in developing societies, everyone knows everyone; everyone is his/her brother/sister's keeper; and everyone shares in each other's time of joy or sorrow (Baumeister & Leary, 1995; Ergene, 2008). Ergene (2008) supports the view that community solidarity (in other words, community bonding) is the most characteristic aspect of pre-modern traditional society, and that this sense of oneness (*solidarity*) produced traditional values that were shared by all.

According to Ergene (2008) the difference between the meaning of the concept of community in Western developed societies and those of the LDCs is that in traditional communities of the LDCs, shared feelings of loyalty and everyday necessities brought about shared habits, traditions, and rural values - and people are connected to each other despite all sorts of differences. In developed societies of the West, perhaps, individuals are less emotionally attached to one another, but instead more dependent on the apparatus of the state than on other individuals.

As compact as community consciousness can be in developing societies, there are indications that in developed societies, the very intimate social level is individualised (Gardner, 1990). While discussing on developed societies, Gardner (1990 p.46) pointed out that, "we are beginning to understand how our passion for individualism led us away from community". Chang (2008) further argued that individualism, social changes (including lifestyle changes) and even the rising use of technology have weakened community consciousness at the very intimate social level in developed societies. For example, people would live as neighbours but have little or nothing to do with each other; instead, it is the nature of the relations between people and the social networks of which they are a part of that is often seen as one of the more significant aspects of community belongingness in developed societies.

The application of the concept of community in different social contexts has proven a significant influence in the way it is being described and what it means to different societies. Wynn and Burkinshaw (2008) pointed out that the concept of community was traditionally used to describe a group of people who are culturally and socially networked, existing in the same geographical location. In the past, the tendency was to treat 'community' as a rather simple entity, a collection of people and a hometown (*see* Hamilton, 2011). For example, local people became classified as living in communities; and as the meaning of the concept of community began to shift, people living in the same neighbourhoods in the suburbs became classified as living in communities, and further more.

Conceptual Perspectives on Community Formation

The work of Wynn and Burkinshaw (2008) on ‘A Partnership Approach to Community Engagement for Derby County’ provided three interesting features of the concept of community that offer insight to the contextual characteristics of the present research. Wynn and Burkinshaw (2008) describe a community as a group of people defined by a shared interest, experience or social characteristics, or a combination of all three above. From this description three conceptual perspectives of what a community is are identified and explored further. In the present research, these perspectives of the concept of community will be enunciated to detail the three main reasons for community formation.

i. Community based on ‘Shared Interest’

One of the perspectives by Wynn and Burkinshaw (2008) implies that a community is a group of people with ‘a shared interest’. A shared interest, perhaps, could further be expatiated to mean a shared interest in a belief system such as;

- An ideology (e.g. Smith, 2002) that evokes the spirit of oneness among members of a group - like the various religious communities,
- An institutionalised social construct (irrespective of whether they are false or true) - like the idea of global warming, the big-bang theory or even a shared belief in the existence of *aliens*, or
- A system of practice (e.g. Wenger, 2000) as it is with professional communities - for example; academic community, business community, scientific community, sports community, etc.

According to Wenger (2000 p.229) “Since the beginning of history, human beings have formed communities that share cultural practices reflecting their collective learning: from a tribe around a cave fire, to a medieval guild, to a group of nurses in a ward, to a street gang, to a community of engineers interested in brake design”.

The term ‘community’ has also been used to imply a people who share the same social and/or economic interests, such as an economic collaboration of nations, or an industrial community of companies. Whether social or economic interests, institutionalised groups of people (e.g. communities) share common interests and expectations (and aspirations), and work together to support and promote the values which the members jointly and strongly believe in (Scott, 2001; Wynn & Burkinshaw, 2008; Aristotle, 2009).

ii. Community based on ‘Shared Experience’

The second perspective describes a community as a group of people with ‘a shared experience’. A shared experience in this sense includes a shared location (Smith, 2002), a shared history (Aristotle, 2009⁸³) and a shared knowledge (Wynn & Burkinshaw, 2008). In terms of a shared location, Cohen (1985) cited in Smith (2002) argued that boundaries may be marked on a map (as administrative areas) or by physical features like a river, road or walls - of which some may be religious or linguistic. In some communities, the benefits of belonging to those communities are denied to non-members - for example the growth of ‘gated communities’ in the USA, as highlighted in Smith (2002).

In some LDCs, communities are divided using boundary lines, revealing apparent divides between the ghetto-slums and the affluent communities; for example in cities like, Delhi in India, Caracas in Venezuela, Lagos in Nigeria, Mexico City in Mexico, and Johannesburg in South Africa, among others. In other LDCs, a physical barrier is erected to keep out those who are poor, or who are seen as a threat - like the Israeli West Bank fencing.

Often the idea of belong to a community is established by either sharing the same historic experience or knowledge experience (Baumeister & Leary, 1995; Wynn & Burkinshaw, 2008; Aristotle, 2009). For example, the African-American community in the USA, the Jewish community in Germany, etc. share the same history by which they identify themselves.

Then again, a community as a result of shared experience can include an alumni community of a university, employees of large corporations, the unemployed community in society, victims of anti-social behaviour, as well as victims of natural disasters like the relatives of the victims of the 9/11. It can be argued, perhaps, that the experiences and the *esprit de corps*⁸⁴ members of these communities share form the basis for the interests they express to society or to a section of society.

iii. Community Based on ‘Shared Social Characteristics’

The third perspective by Wynn and Burkinshaw (2008) describes a community as a group of people with ‘shared social characteristics’, which of course are too vast to mention. For example ethno-tribal communities are usually identified by a unique socio-cultural identity

⁸³ The original Greek version was in 350 BCE. This is a translated work. See the bibliography for more details.

⁸⁴ ‘Esprit de corps’ is a French phrase. It means a feeling of pride and mutual loyalty shared by members of a group (Oxford Dictionary, 2012). In other words it has been referred to as ‘Social Capital’ by social scientists.

and a social system that distinguishes them from every other community (*see* Kitchen et al, 2009); and also the ghetto-slum communities in major cities around the world identified by poverty and crime. Community categorisation based on shared social characteristics includes the aging community in society, the elite community, the growing mixed-race community, etc. Also included as communities with shared social characteristics are sub-communities within societies, with distinct language/accent or unique culture, such as; the Aborigines in Australia, the Scouse-spoken Liverpudlians in the UK, the Tatars in Ukraine, the Tibetans in China, etc.

In recent times, literature suggests that the concept of community is beginning to be mentioned in developed societies. Ergene (2008) noted that despite the concept of community beginning to appear again at the heart of modern Western societies, it still represents provincial roots and the culture of immigrant and working-class neighbourhoods that have failed to completely integrate into the modern city culture. In these types of communities, members share the same social characteristics and sometimes even when they live within a society among everyone else, they tend to slightly distinguish themselves culturally, and also maintain a constant and close social network with members. For example the Asian community in the UK who socially network with their members and still raise their children based on the entrenched Asian religio-cultural standards, right inside the UK.

Having discussed the various perspectives on community formation, the diagram below (Figure A.4.1) illustrates the relationship between the bases for community belongingness and the reasons for community formation.

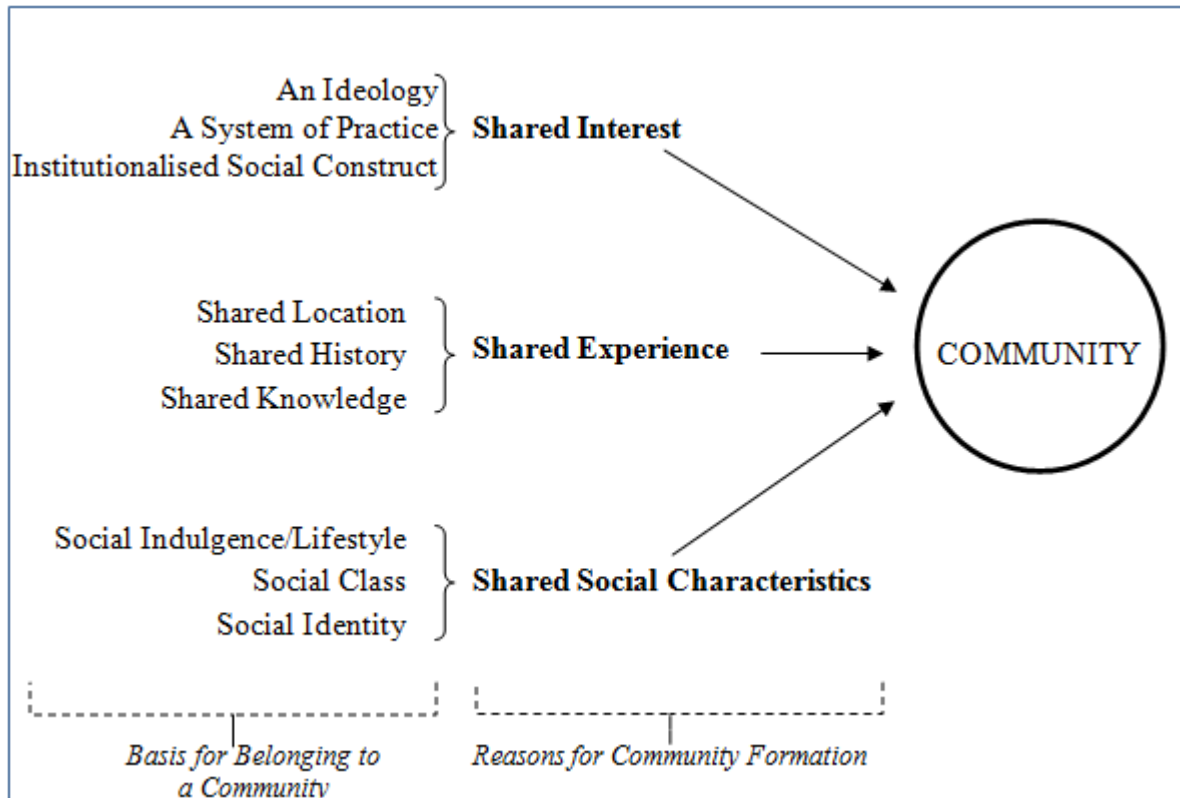


Figure A.4.1: *Basis for Belonging to a Community and Reasons for Community Formation*
 Source: *The Present Research (2013)*

Conceptual Perspectives on Community Formation and the NDR Communities

Members of a community could share one or two of the three reasons for formation above, and in some communities they share all three reasons. With regards to their relations with oil MNCs, communities in the NDR share the same value system (including cultural practices and ethos), and express same interests in the activities of oil MNCs in their lands and surrounding waters. Also, communities in the NDR are located within the same region of Southern Nigeria (Ebeku, 2001; Frynas, 2000), and they all share the same historic experience of MNCs from Europe and America (as discussed in Chapter 2), and they were the first to come in contact with MNCs in Nigeria (NNPC, 2010; Obi, 2009; Ibeanu, 1997). Again, communities in the NDR share unique social characteristics such as shared ethnic origin and religious beliefs⁸⁵. In effect, communities in the Nigerian NDR share all three reasons for community formation as mentioned above.

⁸⁵ Religious belief system - Communities in the Nigerian NDR are within the Christian dominated Southern Nigeria, with about 95% of the population who are Christians (or consider themselves Christians). The remaining % includes those who practice the African traditional religion of voodoo, locally known as Juju.

In terms of the MNCs in the Nigerian O&G industry, it is good to highlight that during the fieldwork it was found that the MNCs, to a large extent, share the same industry experience in terms of their relations with stakeholders such the government, NGOs and civil society; and in some aspect possess some elements of a shared interest. This was demonstrated by the formation of their own unique lobbying body called the PENGASSAN (Petroleum and Natural Gas Senior Staff Association of Nigeria), to protect their members' interests in the Nigerian government. Therefore, based on the reasons for community formation as discussed, the G5 in Nigeria can be classed as a 'community of companies' based on the above reasons.

For the host communities, all three reasons proved to be actively present. Communities in the NDR possess communal aspirations, expectations and demands which they make to oil MNCs expressed in the form of *Shared Interest*; they also share the same geographical location and history (*Shared Experience*); and again they share same social identity and culture (*Shared Social Characteristics*). Since the early 1990s when the first community protest against oil MNCs started (*see* Obi, 2009), shared interests, shared experiences and shared social characteristics have continued to strengthen community cohesion, mutuality and even a pride of membership among members of the NDR communities. Hence, a stronger social network of community members in the NDR continues to grow in the line of shared interests, shared experiences, and shared social characteristics.

The Extended Shared Social Characteristics, Interests and Community Expression

In recent times, shared social characteristics have formed the basis for social networking among people. The most recent addition to the social network of people in community formation is the social 'media' network (*see* Costa, 2006). As the wave of the social media networks sweep across the globe, communities in the NDR are not left out in the use of modern communication tools to share information, express their views and talk about things that pertain to the oil rich NDR. Just like the rest of the world, there has been a growing use of the social media network forums such as Facebook groups⁸⁶, Twitter pages⁸⁷, the Naijapal blog⁸⁸ and Blackberry-Messenger, where residents of the NDR share information among themselves and to the outside world as well.

People these days create social networks to seek the support of those who share in the same value system as they do (Eaton, 2013; Moussa, 2013), and in so doing become involved in

⁸⁶ Facebook groups: for example a group called "[I AM A NIGER-DELTAN \(& I am proud of it too\)](#)"

⁸⁷ Twitter page: for example a page called, "[NaijaRevolts](#)"

⁸⁸ NaijaPal blogs at, <http://www.naijapals.com/>

some form of a social contract. What this means is that as people choose to join the social media networks, they sacrifice some of their privileges, knowledge and time in exchange for the community's benefits, which includes knowledge sharing, encouragements and emotional supports. The internet revolutionised patterns of shared social characteristics and the way people express certain interests which they share with other members (Eaton, 2013). The Arab Spring⁸⁹ is an example of how *virtual* communities became powerful and expressed powerful interests in society (Moussa, 2013). It was reported by the news media (CNN, BBC, etc) that while the governments of the affected countries of the Middle-East prevented people from having *physical* meetings, in an attempt to avert protests against the government, people were having *virtual* meetings in the online, using Facebook, Twitter and Blackberry-messenger to plan attacks on government facilities (see Eaton, 2013; Moussa, 2013).

Some of the interests that communities express in society, target at very specific issues. Hence, it has been argued that some communities of interests are short lived than others. Wynn and Burkinshaw (2008) pointed out that the strength of a community will vary depending on how long the community has been established, the number of shared factors or experiences (historic ones), and the strength of feeling for an issue. Therefore, some communities are short-lived, being informal groups drawn together on an issue, like the online community protesters against a company's product sold to consumers, (e.g. the online protest against the Jim Carrey eBay Auctions⁹⁰). The rising power of *virtual* communities also manifested in the London Riot of 2011 when a community of protesters communicated and planned mass shop-looting via Twitter, Facebook, Blackberry-messenger and WhatsApp. Others include the Occupy Wall Street⁹¹ protests mainly in the USA and the UK, and the Pussy Riot⁹² in Russia via YouTube.

Kitchen, et al (2009) highlighted the movement away from the simple geographical sense of the concept of community to a community without propinquity - a community where people interact, share same value and express same interest, even though they do not live in the same location. Citing from the work of Max Weber (1864-1920) who Kitchen, et al (2009) believe was the first to establish the concept of 'community without propinquity', Kitchen, et al (2009) wrote; 'The community to which we may belong was no longer the community of

⁸⁹ The Arab Spring or the Middle East Uprising is a revolutionary wave of demonstrations, protests (against the government), occurring in the Arab world that began in late 2010.

⁹⁰ The protest against Jim Carrey eBay auctions ([online](#)) was waged by online consumers against a series of eBay auctions featuring the movie star, at a time when government was considering the banning of guns in the USA.

⁹¹ The Occupy Wall Street is a protest community against the controlling power of corporations - started online.

⁹² The Pussy Riot is a girl band that protested against the support of the Church for Putin's government in Russia.

place, but an interest community which within a freely communicating society need not be spatially concentrated for we are increasingly able to interact with each other wherever we may be located', (*quoted from Weber, 1963*⁹³). Based on this line of thought, it can be argued that a sense of community can be thought of, as existing in the minds of members of the community; in other words, a community without propinquity. Therefore, individuals can belong to a community from anywhere by sharing the same ideology, values and/or interests as other members of the community. It is on this principle that, with the help of modern technology and by the use of the social media, people now belong to online communities without physical contacts but share strong connections and sometimes very emotional connection as a result of the values, interests and expectations members of the group share.

⁹³ Weber, M. (1963). *The Sociology of Religion*, Beacon Press, Boston, USA