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Assessing corporate–community involvement strategies in the Nigerian oil industry: An empirical analysis

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A B S T R A C T

The desire of oil companies operating in the Niger Delta to secure their social license to operate, and address their community development obligations, has led in recent years to the adoption of corporate social responsibility (CSR) policies and strategies. Drawing on quantitative and qualitative data collected in host communities within the Niger Delta in Nigeria, the paper compares the effectiveness of two different corporate–community involvement strategies. The evidence suggests that while the corporate–community foundation model has certain advantages over the in-house community investment model, both approaches suffer from a common shortcoming that limits the impact of oil companies' efforts on community development in their host communities. The paper concludes by exploring the implications of the research findings for corporate–community involvement in the Nigerian oil industry.

Introduction

The issue of corporate–community relations (CCR) is now often part of strategic business thinking and action, because community expectations and perceptions now define how a company should operate, and a company that ignores community expectations does so at its own peril (Burke, 1999). Indeed, Waddock and Boyle (1995) have argued that corporate–community relations is simply no longer a buffer between the organization and its community (i.e., a collateral system), but has become a function that integrates community interest with that of the corporation (i.e., an interpenetrating system). As such, Humphreys (2000) has suggested that the key to community relations' success is genuine involvement, as opposed to traditional approaches such as making charitable contributions or being a good employer. A number of studies on corporate–community relations have generated significant insights into this field. Burke (1999) shows that the age and size of a corporation are important variables that influence CSR practices. Brammer and Millington (2003) have also shown how the chosen organizational form for managing CSR issues affects the nature of corporate social activities.

Within Nigeria, previous studies have also contributed to a better understanding of corporate–community relations. While some papers have explored whether corporate social responsibility practices do or do not contribute to community development (e.g., Frynas, 2005), others have also sought to understand community perception and expectation with a view to be better able to align corporate and community views (e.g., Idemudia, 2007b). However, there have been limited efforts comparing the relative effectiveness of different corporate–community involvement strategies. A key challenge remains finding an effective means for corporations to weave their expert knowledge base, economies of scale and community relations function into a solution for community development (Goddard, 2005). This paper attempts to contribute to the literature by comparing two corporate–community involvement strategies employed by oil companies in Nigeria to contribute to community development and secure their social license to operate.

Conceptual framework

Corporate social responsibility (CSR) is a useful framework for exploring corporate–stakeholder relationships, as the concept of CSR is a means by which businesses frame their attitudes,

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Table 1
Major oil multinational corporations in Nigeria.

Consortium	Shareholders	Joint venture operator	Production barrel/daily (2003 estimates)	Production percentage (%)
Shell Petroleum Development Company of Nigeria Ltd.	NNPC (55%), Shell (Dutch/British, 30%) ELF (France, 10%), Agip (Italy, 5%)	Shell	950,000	42.2
Mobil Producing Nigeria Ltd.	NNPC (58%), Mobil (US, 42%)	Mobil	500,000	21.2
Chevron Nigeria Limited	NNPC (58%), Chevron (US, 42%)	Chevron	485,000	18.6
Nigeria Agip Oil Company	NNPC (60%), Agip (Italy, 20%), Philips (US, 20%)	Agip	150,000	7.5
Elf Petroleum Limited	NNPC (60%), ELF (France, 40%)	Elf	145,000	6.1
Texaco Overseas (Nigeria) Petroleum Company	NNPC (60%), Texaco (US, 20%), Chevron (US, 20%)	Texaco	55,000	2.7
Other producers	Ashland (US), Deminex (Germany), Pan Ocean (Switzerland), British Gas (GB), Sun Oil (US), Conoco (US), BP (GB), Statoil (Norway) Conoil (Nigeria), Dubri Oil (Nigeria)	Various	35,000	1.7
Total			2,320,000	100

Source: Idemudia and Ite (2006).

strategies and relationships with their stakeholders (Jenkins, 2004). Traditionally, communities have been the least regarded actor and historically neglected in policy and other related discussions relating to mineral development. However, in recent years, local communities have been introduced as stakeholders into the previously binary relationship between the state and corporation (Ballard and Banks, 2003). Greenwood (2001) attributed this to the fact that arguments can be made from both an instrumental and a normative stakeholder perspective that organizations and their managers have obligations to consider the needs, interest and concerns of their communities. However, Jenkins (2004) points out that while references are often made to community rights and the importance of sensitivity to local culture, lifestyle and history, it is not for these reasons that communities are significant to mining companies. Rather, it is for their land, for continued mine exploration, for their people as a source of employees and contractors and their goodwill for sustained legitimacy. This position is underpinned by the notion of the license to operate model that represents a useful framework with which to make sense of empirical data. The thesis of the license to operate framework is that a company's license to operate defines what it can and cannot do, and that while in the past companies obtained a license to operate from government, today companies now need to also obtain a 'social license to operate' from communities and their neighborhood (Burke, 1999). The license to operate model relies on the capacity of stakeholders to enforce it. It is based on the assumption that corporations that do not use their power responsibly will have their power and freedom curtailed by society with consequences for corporate legitimacy and viability. Consequently, corporations are likely to adopt strategies to enable them secure their social license to operate. Thornton et al. (2003) noted that the terms for the social license is more demanding than those of the legal license and it is enforced through threat of adverse publicity or complaint to regulators. While the terms of the social license to operate might be ambiguous and far from certain, they are subject to interpretation and renegotiation by the corporation (Thornton et al., 2003).

Overview of the oil industry and the Niger Delta in Nigeria

The oil industry in Nigeria has predominantly been dominated by two of its three key stakeholders, i.e. the Federal Government of Nigeria (FGN) and foreign oil companies. The consideration of the host communities as a stakeholder in the Nigerian oil industry is a relatively new phenomenon. This is partly because the Nigerian government, by virtue of a number of decrees and laws (such as the Land Use Act of 1978 and the 1969 Petroleum Act), remains the only legitimate authority that can enter into negotiation and grant concessions for oil exploration to international and local oil firms, since ownership of crude oil has been vested in the Nigerian state.

Three types of licenses have typically been granted to oil companies. These are the oil exploration license (OEL) the oil prospecting license (OPL) and the oil mining lease (OML). In reality, oil exploration and marketing in Nigeria is through complex joint venture (JV) partnership agreements and production sharing contracts (PSC) between the Nigerian government and the oil companies. However, since ownership of crude oil is vested in the state, taxes and royalties accrue to the government directly. Hence, the Nigerian government is in effect both a direct 'stockholder' and a stakeholder in the Nigerian oil industry.

The Nigerian government also has the responsibility for regulating the activities of the oil companies through the Nigerian National Petroleum Corporation (NNPC). The NNPC was established in 1977 and charged with the responsibility of regulating and supervising the oil industry on behalf of the Nigerian government. The NNPC has therefore been the sole superintendent of the oil sector, dictating the pace and direction of activities in the industry. As the Federal Government's proxy in the oil business, the NNPC holds an average of 57% in the joint venture partnership arrangements with the multinational oil exploration and production companies in Nigeria (see Table 1). The NNPC and the Department of Petroleum Resources (DPR) are the key government agencies responsible for protecting the interest of the Nigerian state as well as regulating the activities of foreign oil companies within the oil industry.

The private sphere of the Nigerian oil industry is dominated by foreign oil companies, and they can be relatively classified into first and second-generation oil companies, on the basis of the date they went into full independent concessional agreement with the Nigerian government (see Table 2). The first generation of oil companies account for about 90% of the total crude oil production in Nigeria. Among the first-generation oil companies Shell is the largest and accounts for roughly half of Nigeria's total oil production (see Table 2). Frynas et al. (2000) argued that the first-generation oil companies in Nigeria have been able to maintain their dominance in the oil industry by virtue of 'first mover advantage'. As a result, the second-generation oil companies are confined to areas that were either left behind by the first-generation oil companies or to newly discovered oil blocks. The third group of stakeholders in the Nigerian oil industry (i.e. the host communities) has been divided into three principal groups, each of which claim equal rights to be catered for by the oil companies (see Idemudia and Ite, 2006). These are:

(a) Producing host communities—communities in which onshore oil exploration take place.
(b) Terminal host communities—coastal communities on whose territory port or terminal facilities are located sometimes because oil exploration takes place offshore.
(c) Transit host communities—communities through whose territory transit pipelines pass.

The concept of ‘host communities’ is used by oil companies to delimit the scope of their social responsibility and geographically locate their CSR initiatives.

Crude oil is extracted mainly in the Niger Delta (Fig. 1) one of the world’s largest wetlands, characterised with lagoons, creeks, marshlands and rivers. The region is a home to over 40 different ethnic groups in an estimated 3000 communities. Today, there are over 606 oil fields in the Niger Delta, of which 60% of them are onshore while 40% are offshore. The revenue derived from the oil produced in these fields accounts for 40% of Nigeria’s GDP; 95% of the country’s total export and 80% of government revenue that all tiers of government heavily depend on. However, despite the region’s colossal contribution to national wealth, poverty and unemployment levels in the Niger Delta is higher than the national average and 70% of its people live in rural areas with no access to basic social amenities like tap water, good roads, electricity and healthcare facilities (NDDC, 2004).

Table 2
Oil companies by generation.

First generation	Second generation
Shell (1937)	Statoil/BP Alliance (1992)
Mobil (1955)	Esso (1992)
Chevron (1961)	Total Nigeria (1992)
Texaco overseas (1961)	Amoco (1992)
Elf (1962)	Conoco (1992)
Philip (1962)	Abacan (1992)
Pan Ocean oil (1972)	
Bought over Ashland oil (1973)	
Agip (1979)	

Source: Idemudia and Ite (2006).

Fig. 1. Constituent states of the Niger Delta, Nigeria.

Corporate strategies and community relations: trends and issues

Oil companies approach to community relations in the Niger Delta has over time evolved through three main phases. The discovery in commercial quantity and subsequent exploration of crude oil in 1956 was followed by a pay-as-you-go approach to community relations. Under this first phase, the idea was to keep communities at arms-length as much as possible while securing local right-of-way (ROW). In the following years, decades of governmental neglect and the initial hesitation of oil companies to address their social responsibility within their host communities created a volatile atmosphere characterized by protest and conflict in the Niger Delta. Hence, by the 1990s, as a response to increased community protest over environmental degradation, limited employment, loss of livelihood and widespread human rights violations, oil companies began to adopt the second generation of corporate strategy to community relations. This second phase was based on the acceptance of the principles of corporate social responsibility by oil companies and was defined as the community development model for engagement with host communities. However, problems associated with this model such as poor community participation, lack of project sustainability and the tendency for community development project to spur intra- and inter-community violence due to competition for such projects resulted in a shift towards the third phase of corporate–community involvement strategy. The third phase approach to community relations was based largely on the ideals of partnership, because of the need to reduce the skyrocketing cost of community relations[1] and address the gaps associated with previous strategies. However, the extent to which the present approaches to community relations have been able to address community grievances and developmental expectations remain questionable.

The governance model for managing corporate–community involvement is largely dependent on the decision either to manage community relations internally or to do so externally in conjunction with other stakeholders. Over time, two dominant governance strategies to corporate–community involvement have emerged in the Niger Delta. One is the in-house corporate–community investment model adopted by Exxon Mobil and the second is a corporate–community foundation model employed by Total. The core difference between both models is that with the in-house corporate–community investment model decision over community relations and social investments is largely kept in-house and therefore largely corporate driven. In contrast, the corporate–community foundation models entail sharing decision-making with local communities with the assistance of a non-governmental organization. Total’s supported community development foundation is the Eastern Obolo Community Foundation (EOCDF) facilitated by Pro Natura International.

[1] For example, in response to increase in community violence Shell’s community relations spending rose from $330,000 in 1989 to $43million in 1998 (see Idemudia, 2007a).

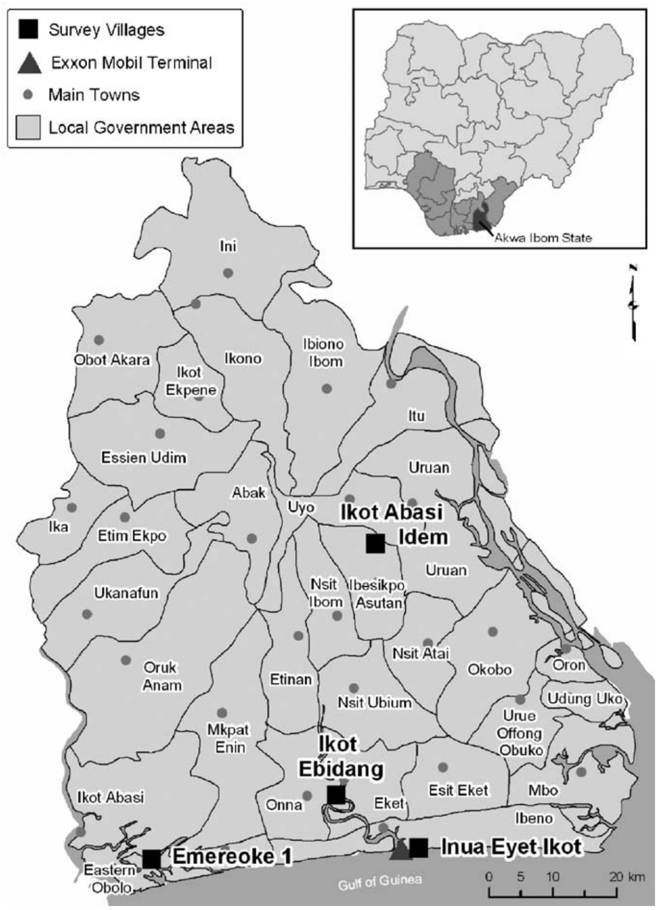

Fig. 2. Map showing study area in of Akwa Ibom State, Niger Delta.

Methodology

Data for this paper were collected in the coastal host communities of Exxon Mobil (Mobil Producing Nigeria (MPN) and Total PLC (Elf Petroleum Nigeria Limited (EPNL) in Akwa Ibom State within the Niger Delta, Nigeria (Fig. 2). The choice of Akwa Ibom State was based on two reasons. First, oil production is mainly offshore unlike other states (see Fig. 1) where oil extraction is both on and offshore. Hence, the state offered the opportunity for the control of extraneous environmental variation as coastal host communities are likely to face similar environmental and social challenges. Secondly, while Exxon Mobil and Total engage in offshore crude oil extraction in Akwa Ibom State, they adopt different approaches to community relations. Work focused on three host communities and one non-host community. The villages were selected using the following criteria:

(a) Recognition as host communities: To differentiate between communities that are exposed to a community relations strategy and those communities which are not.
(b) Geographic proximity to oil infrastructures or corporate offices: To distinguish between communities that can deny the social license to operate from those that cannot.
(c) Village accessibility from major towns. To differentiate between communities in which corporate misdemeanors are readily exposable from those in the hinterland where corporate activities are not.

The selected villages were Inua Eyet Ikot and Ikot Ebidang, the host communities of MPN[2] and Emereoke 1, the host community of Total, and Ikot Abasi Idem a non-host community. While Inua Eyet Ikot and Emereoke 1 are fishing communities, Ikot Ebidang and Ikot Abasi Idem are farming communities.

After a careful survey of all the oil companies operating in Akwa Ibom State, the criteria of size, age and approach to corporate–community involvement were used to select Exxon Mobil and Total for the study (see Table 3). The similarity and differences between Exxon Mobil and Total shown in Table 3 make them suitable for the kind of comparative analysis undertaken here. The case-study research reported here combined primary and secondary data and uses the household as the unit of analysis. Out of a total of 202 households identified in the four survey villages, 160 households were selected by systematic random sampling. Questionnaires were personally administered to each of the randomly selected 160 households. Subsequent semi-structured interviews involved 60 members of the host communities, most of who were identified during the household administration of questionnaires. Nine focus groups were also held along gender and age grade lines.

Data presentation and analysis

Trust, effective communication, active stakeholder engagement and the integration of corporate social responsibility concerns into core business operations have been identified as key to success community relations (see Hall, 2006). These factors provide the platform for exploring the effectiveness of the two corporate–community involvement strategies to be evaluated here on the basis of stakeholder satisfaction. According to Clarkson (1995), profit and stakeholder satisfaction provide the most useful criteria for evaluating what a company is doing or has done with reference to specific issues. Besides, the measure of 'stakeholder satisfaction' offers an opportunity for a bottom-up approach to analysis that can benefit corporate policies.

Corporate strategy and communication

Effective two-way communications allows for the monitoring of change and shifts in community perceptions and expectations, and therefore allow businesses to adjust their strategies and priorities accordingly. Hence, respondents in the survey villages were asked whether there were satisfied with the level of communication with their guest oil companies and why (Table 4).

Table 4 shows that 68% of respondents in Emereoke 1 were satisfied with the communication between the communities and the Eastern Obolo Community Foundation (EOCDF) and 32% were not. In contrast, while 100% and 79% of respondents in Ikot Ebidang and Inua Eyet Ikot, respectively, were not satisfied with the communication with Exxon Mobil, none of the respondents in Ikot Ebidang and only 21% in Inua Eyet Ikot were satisfied. A χ^2 test yielded a significant result ($\chi^2 = 44.57$, degrees of freedom $= 2$, $P = 0.00$). The result implies that there are differences in the level of satisfaction with the level of communication in the different survey villages. While this difference can be attributed to a number of reasons, a core factor deduced during interviews was that the EOCDF enjoys an insider's status within its host communities and is therefore able to build on both formal and informal communication channels. In contrast, Exxon Mobil does not enjoy a similar status and largely relies on limited formal channels of communications.

[2] Exxon Mobil identifies Onna, Ibeno, Eket and Esiri-Eket local government areas as its host communities while Total identifies Eastern Obolo as its host community (see Fig. 2).

Table 3
Selection criteria for oil companies.

Oil MNCs	Generation	Age (years)	Size of operation: numbers of oil blocks	Corporate–community involvement strategy
Exxon Mobil	1st	53	Large	Traditional approach, i.e. in-house corporate–community investment model
Total Plc	2nd	18	Medium	Emerging approach, i.e. corporate–community foundation
Addaxs	2nd	13	Small	Traditional approach, i.e. in-house corporate–community investment model
Shell	1st	61	Nil	Nil

Source: Fieldwork.

Table 4
Satisfaction with corporate–community communication (ranked).

Satisfaction with communication	Host communities			Total
	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	Emereoke 1 (Total Plc)	
No	32 (100%)	55 (79%)	14 (32%)	101 (69%)
Yes	0 (0%)	15 (21%)	29 (68%)	44 (30%)
Total	32 (100%)	70 (100%)	43 (100%)	145 (100%)

Source: Questionnaire survey.

Table 5
Frequency of corporate–community consultation (ranked).

Regular consultation	Village			Total
	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	Emereoke 1 (Total Plc)	
No	27 (84%)	36 (51%)	2 (5%)	65 (45%)
Yes	0 (0%)	10 (14%)	39 (90%)	49 (34%)
Don't know	5 (16%)	24 (34%)	2 (5%)	31 (21%)
Total	32 (100%)	70 (100%)	43 (100%)	145 (100%)

Source: Questionnaire survey.

The insider status results from the fact that EOCDF is located within the community, and people from the communities manage it. Communication therefore benefits from informal conversations on the street and formal communication channels through town criers in the community. This insider status not only means a reduction in the cost of communication, but also limits the room for misunderstanding because of effective use of traditional networks of information sharing within the community. For instance, a male resident of Iko village stated:

> You see, there is no room for miscommunication or any such problem with the foundation. If anyone has a problem, you just go to the secretary's house or to his office here across the street. And if you have specific problems with how things are going we can speak to the fathers of those working in the foundation.

In contrast, the in-house corporate–community investment model does not provide these benefits. This is because, not only is Exxon Mobil seen as an external agent within the community, but also it engages only with community elites. For example, a male resident of Inua Eyet Ikot stated:

> Go to Qua Iboe Terminal (QIT) there are police everywhere, you cannot speak to anyone if you are not a chief or local government chairman. The communication situation is terrible, but Exxon Mobil fails to realize that poor communication allows for misinformation. For example, the conflict over the movement of the jetty could have been avoided with better communication with the community. This is because when Exxon Mobil wanted to move the jetty, people were told that it is because the people in Onne were more violent than us. That was why Mobil is moving the jetty to pacify them in Onne. Hence, the youths reacted the way they did.

Community strategy and community engagement

Diverse organizations such as the World Bank, Oxfam and the World Business Council for Sustainable Development (WBCSD) consider community participation and stakeholder engagement as best development practices and essential for ensuring good stakeholder relationships. Hence, respondents were asked if they met regularly with oil companies or their representatives for discussion of community issues and decision making (Table 5).

Table 5 shows that 90% of respondents in Emereoke 1 asserted that they meet regularly with the EOCDF, and 5% asserted that they did not meet or did not know about the meetings. In contrast, 84% and 51% of respondents in Ikot Ebidang and Inua Eyet Ikot, respectively asserted that they did not meet with Exxon Mobil regularly. Similarly, while no respondents in Ikot Ebidang met regularly with Exxon Mobil, 14% in Inua Eyet Ikot said that they met regularly with Exxon Mobil. Some of the respondents, 16%

Table 6
Trust in host communities (ranked).

Do you trust oil companies?	Village				Total
	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	Emereoke 1 (Total Plc)	Ikot Abasi Idem (non-host community)	
Yes	14 (44%)	32 (46%)	38 (88%)	12 (80%)	96 (60%)
No	18 (56%)	38 (54%)	5 (12%)	3 (20%)	64 (40%)
Total	32 (100%)	70 (100%)	43 (100%)	15 (100%)	160 (100%)

Source: Questionnaire survey.

and 34% in Ikot Ebidang and Inua Eyet Ikot, respectively, noted that they did not know if their community met regularly with Exxon Mobil.

A χ^2 test and one-way analysis of variance (ANOVA) test yield significant results ($\chi^2 = 98.8$, degrees of freedom $= 4$, $P = 0.00$); (ANOVA $= 31.50$, degrees of freedom $= 2$, $P = 0.00$). The results imply that there are differences in respondents' views on stakeholder engagement with Exxon Mobil and EOCDF. The difference between Ikot Ebidang and Inua Eyet Ikot highlighted in Table 4 can be attributed to the fact that Inua Eyet Ikot is the immediate host to Exxon Mobil's terminal office and therefore by virtue of geographical proximity gets relatively better access to Exxon Mobil personnel. In contrast, Ikot Ebidang lacks similar access because it is relatively distant from Exxon Mobil offices or staff quarters. Similarly, during focus group discussion in Inua Eyet Ikot and Ikot Ebidang, an explanation for the 'don't know', response was poor publicity of such meeting, if it was ever held.

Furthermore, the difference between EOCDF and Exxon Mobil with regard to community satisfaction with engagement practices can be attributed to broad and narrow engagement strategies adopted by EOCDF and Exxon Mobil, respectively. Interviews and focus group discussions suggested the while Exxon Mobil tends to involve only the elite of host communities and local government officials, the EOCDF works with a coalition of 36 communities divided into 3 different axes. Hence, EOCDF is better able to achieve a broad representation of the different groups within communities and thus avoid the risk of working only with individuals. The benefit of this strategy is that it not only allows for community buy-in in most of EOCDF projects, but it also allows for the effective management of community expectations. The axial structuring of communities encourages formerly competing communities for oil companies' developmental benefit to talk to one another so as to identify core community needs. These identified communities' needs automatically become the basis of EOCDF development plan for the year. As a result, available limited resources are directed at addressing prioritized problems that benefit the entire communities and not one community or individuals.

In contrast, Exxon Mobil's in-house corporate–community investment model tends to focus mainly on engaging with community elites as a strategy to minimize community relations cost and manage community expectation. This strategy invariably means core community needs are often not addressed, as the demands made by community elites often do not reflect the priorities and concerns of the common man/woman in the village. Similarly, this narrow form of engagement encourages a multitude of demands to be placed on Exxon Mobil, as each community leader invariably makes a separate demand for what they think their respective communities needs. The result is the proliferation of chiefs that are competing against each other, a sea of unmet community demands, wrongly targeted development projects, inefficient use of scarce resources and the absence of a coherent development plan (Idemudia, 2007a).

Corporate strategy and trust

A mutually benefiting relationship between local communities and oil companies and a positive perception are more likely to emerge if there is mutual trust and respect between stakeholders. Consequently, respondents were asked whether they trusted their guest oil companies and why. Table 6 shows that 60% of the respondents trusted Exxon Mobil and the EOCDF supported by Total, and 40% of the respondents did not trust Exxon Mobil and EOCDF. A χ^2 test yielded a significant result ($\chi^2 = 26.396$, degrees of freedom $= 3$, $P = .000$). The implication of this test result is that there are differences in how respondents trusted Exxon Mobil and EOCDF in the survey villages. In the two host communities of Exxon Mobil, which were Ikot Ebidang and Inua Eyet Ikot, about 44% and 46% of the respondents, respectively, trusted Exxon Mobil; and 56% and 54% did not. In contrast, 88% of the respondents in Emereoke 1 trusted the EOCDF, while about 12% did not. The difference between these host communities can be attributed to a number of reasons but two major reasons are highlighted here.

The first is the perceived level of oil companies' involvement in corruption. For example, in Table 6, 86% and 72% of respondents in Inua Eyet Ikot and Ikot Ebidang were of the view that there was corruption between Exxon Mobil and community leaders. In contrast, in Emereoke 1, 60% of the respondents maintained that there was no corruption between the EOCDF and Total. It should be noted that 13% and 12% of respondents in Ikot Ebidang and Emereoke 1, respectively, were not sure if there was corruption between the oil companies and community leaders. In general (see Table 7), 66% of the respondents felt there was one form of corruption or another between oil companies and community leaders and only 28% of the respondents took an opposing view. The total percentage of respondents who did not express an opinion amounted to 6%, which is relatively low and therefore statistically insignificant. However, it is important to note that there was disagreement during focus group discussion in Ikot Ebidang and Inua Eyet Ikot over who should be blamed for corruption. While some discussants saw Exxon Mobil as responsible, others blamed local chiefs.

The second reason for the lack of trust of oil companies is the issue of broken promises. For example, respondents in Inua Eyet Ikot asserted that Exxon Mobil has in the past 30 years promised to carry out the fencing of the shorelines to prevent erosion and destruction of houses close to the coast but that promise has not been fulfilled. The issue of broken promises is common in the Niger Delta, and does undermine community trust for oil companies as well as foster corporate–community conflict. For

Table 7
Community perception of corruption in CCR (ranked).

Are oil MNCs and community leaders corrupt?	Village			Total
	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	Emereoke 1 (Total Plc)	
Yes	23 (72%)	60 (86%)	12 (27.9%)	95 (66%)
No	5 (16%)	10 (14%)	26 (60%)	41 (28%)
Don't know	4 (13%)	0 (0%)	5 (11.6%)	9 (6%)
Total	32 (100%)	70 (100%)	43 (100%)	145 (100%)

Source: Questionnaire survey.

Table 8
Perception of oil MNCs' contribution to host community development (ranked).

Contribution to community development	Village				Total
	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	Emereoke 1 (Total Plc)	IkotAbasi Idem[a] (non-host community)	
Yes	3 (9%)	56 (80%)	24 (56%)	10 (67%)	93 (58%)
No	29 (91%)	14 (20%)	19 (44%)	5 (33%)	67 (42%)
Total	32 (100%)	70 (100%)	43 (100%)	15 (100%)	160 (105)

Source: Questionnaire survey.
[a] Response is based on their perception of oil MNC performance in the other survey villages.

example, the youth leader in Inua Eyet Ikot, asserted in an interview that:

> I don't trust Exxon Mobil because they do not keep their promises. They promised to renovate and build new structures for the Qua Iboe church in Ukpenekang, over five years ago until today they have done nothing. Exxon Mobil only keeps their promise after community violence.

In contrast, such concerns were not raised in Emereoke 1, perhaps because it was founded in 2002. Nevertheless, available evidence during focus group discussions in the village suggests that discussants trusted EOCDF because of its performance in neighboring communities. According to the Honorable councillor in Emereoke 1:

> EOCDF has completed a number of projects in Iko, Amazaba and Otunnen villages. Now they have started building a classroom block here. I trust them to finish the work as they have done in other villages. Besides, they have not promised and failed us yet.

Community strategy and community development

Respondents were required to assert whether or not oil companies were contributing to community development in the questionnaire survey, while the issues relating to the impact of corporate social responsibility initiatives were interrogated during focus group discussion and interviews. The goal was to be able to go beyond the existing polemic debate about CSR-development nexuses.

Field observations and discussions with respondents in the survey villages suggest that oil companies through CSR are contributing to improved social conditions in a few host communities. Oil companies' contributions to community development become obvious when comparing communities like Ikot Ebidang with minimal presence of oil companies, Inua Eyet Ikot with considerable presence of oil companies and a community like Ikot Abasi Idem with no oil company presence. Infrastructure made available by Exxon Mobil for its immediate host communities (e.g., Inua Eyet Ikot) are generally often still lacking in distant host communities or communities not designated as host communities. For example, while Inua Eyet Ikot has good roads, free electricity supply, a school, and access to tap water from a single tap located at Exxon Mobil's Qua Iboe Terminal office, Ikot Ebidang and Ikot Abasi Idem lack these facilities. Indeed, one observed principal problem with the developmental benefits from oil companies is that they are often not well distributed. Hence, while oil companies' contributions might be described as inadequate, because the contribution is measured against the scale and scope of its influence, some communities have benefited immensely (e.g., Inua Eyet Ikot) and others have nothing to show for oil exploration (e.g., Ikot Ebidang).

Table 8 shows that 58% of the respondents in the survey villages felt that oil companies contributed to the development of their community, while 42% shared an opposing view. Similarly, 80%, 67%, 56% and 9.4% of respondents in Inua Eyet Ikot, Ikot Abasi Idem, Emereoke 1 and Ikot Ebidang, respectively, shared the view that oil companies contributed to community development, and 20%, 33%, 44% and 91% of respondents, respectively, felt oil companies did not contribute to community development. A χ^2 test yielded a significant result ($\chi^2 = 45.55$, degrees of freedom $= 3$, $P = 0.00$). The χ^2 test implies that there are differences in community perceptions in the survey villages. An explanation for this difference is that Ikot Ebidang, unlike Inua Eyet Ikot, has not benefited from the CSR initiatives of Exxon Mobil. This may be because Ikot Ebidang lacks the capacity to deny the 'social license to operate' since Exxon Mobil has no facility or offices in the village. In addition, the relatively high number of respondents that asserted that the EOCDF has not contributed to the development of the community is probably because the EOCDF had only just initiated a development project in the community at the time of the survey. Community perceptions thus suggest that a majority of the survey respondents felt oil companies contributed to community development, even though a considerable percentage of the respondents disagreed.

Table 9
Perceived impact of oil production in surveyed villages (ranked).

Negative impact of oil production	Villages			Total
	Emereoke 1 (Total Plc)	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	
Damage to house roofs	41 (95%)	30 (94%)	66 (94%)	137 (94%)
Loss of fish	40 (93%)	27 (84%)	66 (94%)	133 (92%)
Health problems	37 (86%)	25 (78%)	53 (76%)	115 (79%)
High cost of living	19 (44%)	15 (47%)	62 (89%)	96 (66%)
Low crop yield	0 (0%)	26 (81%)	0 (0%)	26 (18%)
House vibration and cracks	0 (0%)	0 (0%)	15 (21%)	15 (10%)

Source: Questionnaire survey.

Table 10
Perceived sources of environmental degradation due to oil production (ranked).

Oil pollution activities	Villages			Total
	Emereoke 1 (Total Plc)	Ikot Ebidang (Exxon Mobil)	Inua Eyet Ikot (Exxon Mobil)	
Gas flaring	40 (93%)	29 (67%)	63 (90%)	132 (91%)
Oil spill	23 (53%)	0 (0%)	50 (71%)	73 (50%)

Source: Questionnaire survey.

In contrast, the impact of oil companies' contribution to community development, in terms of the spread of CSR benefit and improvement in the livelihood of households is at best minimal. This can be attributed to at least two reasons. Firstly, the wrong targeting of community development needs by Exxon Mobil. For example, a female resident of Inua Eyet Ikot noted:

> It is true Mobil has built a number of roads in this village and this has made traveling easier, but the road was built by Mobil because it was costing the company and its workers a lot of money to travel by boat from Eket here everyday and that was why they built the road. What we want is to be able to feed ourselves. Road is important but it is secondary.

Secondly, the over emphasis on affirmative duties, to the detriment of negative injunction duties by oil companies severely limits the impact of its efforts. The management of the fall out of oil companies' day-to-day business practices mediates the impact of their CSR initiatives on community development. This is because a significant percentage of the households in the host communities are dependent on farming and fishing for their livelihood. The failure to address the negative externalities of oil production do not only allow for the destruction of traditional sources of livelihood but also make community members more vulnerable and exposed to the social and environment risk associated with oil extraction. Community members complained during interview and questionnaire administration that they continue to bear the cost of the negative externality that arises from oil extraction, despite widespread adoption of CSR principles by oil companies (see Tables 9 and 10). For example, a respondent asserted that 'I cannot fish or farm any more because of oil production and as such I am now unable to feed my family'. Statements like these dominated most of the focus group discussions and interview sessions in the host communities. In addition, during focus group discussion in Inua Eyet Ikot, discussant noted that while over 10 cases of oil spills have been officially recorded, Exxon Mobil has failed to pay any compensation.

The impact of the failure to address negative externalities that arise from oil extraction is compounded by the fact that the oil industry is capital as opposed to labor intensive in nature and as such only few community members can be employed. Meaning there are few alternative sources of livelihood outside fishing and farming. Hence, while Total and Exxon Mobil might be making an effort to contribute to community development, their daily operation continues to destroy existing sources of livelihood and harm people in host communities.

Emerging issues and conclusion

There are two main implications of the research findings for oil companies' efforts to secure their social license to operate and contribute effectively to community development. Firstly, corporate–community foundations appear to foster a more positive perception of oil companies within communities than the corporate–community investment model. This was reflected in the difference in perceptions between Emereoke 1 and the host communities of Exxon Mobil. The positive perception engendered by the community foundation model, if widely adopted can improve oil companies' ability to secure their social license to operate, improve stakeholder relationship and reduce distrust. However, Total's failure to address its negative injunction duties (see Tables 9 and 10), also seems to confirm the fears that because corporate–community foundations is at arms-length, from the company, it can potentially reduce the opportunities for the company to integrate CSR concerns into their day-today business operation. At any rate, the community foundation model seems to offer a better opportunity for oil companies to contribute to community development. This is because the foundation model allows for accountability to local communities, and ensures the sustainability of projects by putting local communities in the centre of their own development. In contrast, these benefits tend to be limited in the corporate–community investment model as it is corporate driven. Allowing for accountability and a sustainability mechanism in corporate projects is important in an environment like the Niger Delta where critics argue that a dependency mentality on oil companies is rampant and corruption often derails corporate development projects (see Frynas, 2005).

Secondly, the research findings suggest that community perceptions of corporate contribution to community development and the impact of such contribution are different. This suggests that neat categorizations of whether CSR contribute or do not contribute to community development might fail to capture the complexity of the processes that inform CSR-development nexuses. The majority of the households believe that oil companies are contributing to community development, but the qualitative impact of such contribution in terms of improvement in livelihood was judged to be at best limited. The findings here suggest that if oil companies wish to maximize the impact of their corporate social responsibility effort on community development, then they would need to integrate corporate social responsibility concerns into their core business operation. Unfortunately; at present, by failing to address the negative externalities of oil production, it appears that while oil companies might be making some considerable effort to build good corporate–community relations, they are simultaneously undermining the impact of such efforts by failing to avoid and correct the social and environmental injuries due to oil exploration.

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