Shell Petroleum Development Company (SPDC) and Corporate Social Responsibility in Ogbia Local Government Area of Bayelsa State, Nigeria, 1956 2020

By

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Abstract

In recent years, there have been many discussions on the restlessness of oil-rich communities in Nigeria's Niger Delta and the ensuing effects on the country's economy. The state governments of the region have made numerous attempts to foster a peaceful relationship between the host people and the oil firms, but the tensions, agitations, and crisis have remained unabated. The host communities continue to be antagonistic and at odds with the oil firms, despite the oil companies' claims that they are fulfilling their Corporate Social Responsibility obligations by contributing sufficiently to local development. Examining the claims made by the oil companies regarding their celebrated Corporate Social Responsibility (CSR) initiatives becomes imperative in the light of the ongoing host communities' hostility. As a case study, we will use Shell Petroleum Development Company and the Ogbia Local Government Area in Bayelsa State, the LGA of the first commercial oil discovery. Are the locals in Ogbia LGA happy with SPDC's CSR initiatives? Do SPDC's CSR initiatives meet the requirements of the communities they are a part of? The purpose of this study is to address these important problems and find solutions. The findings shows that SPDC has undertaken some development work in the LGA as part of its CSR, but the Ogbia people views this work as insufficient given the profits it has made from oil exploration and exploitation over the years, necessitating further work in the region. This study, which is descriptive and analytical, used data from both primary and secondary sources.

Key words: SPDC, Host Community, CSR, Peaceful Relations, Development.

Introduction

Due to the increasing concern of government policy makers, host community agitation, and the environmental degradation effects of most multinational companies' operations worldwide, Corporate Social Responsibility, or CSR, has become a deck in corporate politics of multinational corporations in recent times. According to Olaroyeke and Nasieku, the term "Corporate Social Responsibility" refers to a wide range of topics pertaining to how businesses interact with society (Olaroyeke, R.T. and Nasieku, T, 2015). It describes a series of acts that seem to serve some societal benefits, above and beyond the firm's interests and legal requirements (McWilliams and Siegel, D., 2014).

Corporate Social Responsibility is receiving more attention on a global scale from stakeholders such as governments, international organisations, and business organisations. Nonetheless, a variety of established organisation's rules, guidelines, and frameworks that can be used to regulate Corporate Social Responsibility have resulted from the practice's global spread (Akinleye, G.T. and Adedayo, T.F, 2017). In all its forms, corporate social responsibility is a rapidly expanding idea that has received little consideration for its language connotations. The rhetoric surrounding corporate social responsibility is frequently framed in the literature and in real-world situations in explicit terms in terms of moral goals like philanthropy and altruism (Caroll, A.B., 1999; Lantos, G.P., 2001). One of the main points of contention in corporate social responsibility (CSR) discussions is whether companies engage in CSR primarily for financial gain or because it is a morally righteous endeavour. Sadly, there are not many, if any, scientific studies to back up the intrinsic merit motive, leaving CSR practices open to the widespread criticism that they are just a front for lucrative public relations and marketing campaigns. The rise of "strategic" CSR (Porter, M.E. and Kramer, M.R. 2002) and "strategic" philanthropy (Ezeji, C.E. and Okonkwo, O.N. 2016) as a convenient cover for businesses to pursue their innate desires for profit and self-interest is believed to be not only counterproductive but also to give sceptics easy access to resources that will enable them to swiftly expose these companies' operations and publicly denounce them as "hypocrites."

Bright (2010) asserts that the idea of corporate social responsibility as an organisational ethics is quickly taking on the form of a custom that almost all

businesses must implement as standard operating procedures. Particularly in the new millennium, corporate social responsibility (CSR) has gained significant relevance due to the growing number of multinational firms operating in the oil and gas, airline, beverage, and pharmaceutical sectors on the African continent. According to Versi (2007), corporate social responsibility is therefore essential to the survival of multinational oil companies and goes beyond simple morality, ethics, or altruism. Sherlock (2007) noted that examining a variety of reports from oil corporations in Nigeria's Niger Delta helps one to better appreciate and comprehend this idea.

Due to the entrance of MNCs, particularly those in the oil and gas industry, the Niger Delta region of Nigeria is regarded as one of the most sensitive and alluring locations (Jike, V.T. 2004). Since the discovery of crude oil in the area in 1956, there has been a significant increase in the exploration and exploitation of oil and petroleum products, leading to devastation and unhealthy living conditions as a result of MNCs' lack of concern and government neglect (Eregha, P.B. and Irughe, R.I. 2009). The oil-bearing communities in the Oloibiri area were ecstatic when oil was initially discovered and thought it would accelerate development like other civilised societies. For this reason, the oil multinationals, particularly in Ogbia LGA, received all the collaboration and support that they need. But as oil discovery progressed, the wealth stories of oil-bearing communities turned into horror stories, a scenario masterminded by oil multinational corporations. The disputes that currently exist between the oil-bearing communities and the oil multinational companies were brought on by this unpleasant display of indifference towards them.

There has been outcry both locally and internationally over the lack of social and economic development in oil-bearing communities in the Oloibiri area and other host communities in Ogbia LGA despite oil multinational companies, particularly Shell Petroleum Development Company, declaring billions of dollars in profit. The 1990s saw the height of these protests, and ever since, there has been a growing call for the OMNCs to behave properly towards its stakeholders, particularly the communities that are home to oil deposits, whose environment is continuously being deteriorated. According to Ejituwu and Enemugwem (2007), the Niger Delta's oil-bearing communities view Shell Petroleum Development Company's

under 0.6% expenditure on CSR-related activities as an insult to their collective wisdom. Because of their lack of commitment to CSR, SPDC has grounded their denial of CSR in the claims that they hold federal licences, have complied with all applicable tax rules, and have fulfilled all other financial commitments to the government. As such, they are not required to follow CSR as promoted by host communities in the Niger Delta in general and Ogbia LGA in particular (Palowei, O.F. etal, 2014).

Therefore, the purpose of this article is to assess SPDC's CSR initiatives in Ogbia LGA, where more than fifty wells have been sunk and abandoned since crude oil was first found in commercial quantities in 1956. This study examines whether the amount of CSR carried out in the LGA is comparable to the earnings that SPDC has received during many years of oil exploration and extraction. Even though SPDC has worked to develop Ogbia LGA, the evidence that is now available indicates that these efforts have fallen short, necessitating further work in this area.

Ogbia Local Government Area and the Discovery of Crude Oil

Ogbia Town, the LGA's administrative and primary commercial centre, is one of the 47 autonomous communities that make up the Ogbia Local Government Area. The land extends from Epebu to Akipelai in the southeast, with water covering more than three quarters of the total area. The southern portion, which passes through Brass and Akassa and into the Atlantic Ocean, is spanned by a system of waterways. Mangroves may be found in the lower delta of the area, while a dense forest and fertile land can be found on the northern portion. There is a lot of rain practically all year round. November through March is the dry season, with periodic downpours interspersing it (Larry, 2019). Ogbia is surrounded by the local government areas of Yenagoa, Nembe, and Brass and covers an area of approximately 100 square kilometres. On the other hand, a system of highways connects the area to other towns and villages in the state (Ama-Ogbari, 2014). The 2006 census (National Population Commission, 2006) indicates that there are 107,916 people living in Ogbia LGA.

After 1955, Ogbia was awarded a first-class chieftaincy stool under the newly formed Eastern Regional House of Chiefs and Traditional Rulers, and it was also made a County Council of Brass Division under the Eastern Regional Government.

Ogbia was one of the eight LGAs of Bayelsa State when it was created in 1996. The origins of the Ogbia people, a heterogeneous blend of Edo-speaking people whose languages are largely mutually intelligible despite their differences, are the subject of several competing theories. On the one hand, some argue that Ogbia developed as a result of numerous community migrations into the region beginning in the 15th century, each of which created unique settlement clusters. The descendants of a man named Ogbeyan, who came from Benin founded five different groups.

The opposing viewpoint rejects the possibility of any such eponymous ancestor and, hence, the existence of Ogbia people in general (as a descendant of Ogbeyan people). Rather, they speak of the offspring of Olei, the founder of Oloibiri, whose ancestors left Benin to found Nembe before moving on to found Oloibiri. Their vassals also settled throughout what is now known as Ogbia, wiping out any tribes they came across (Nwajiakwu, 2016). With strong ties to the Nembe, the Oloibiri group contends that the name Ogbia is actually an intellectual adaptation from the 1940s of Ogbeyan, a derogatory term used by the Nembe to refer to their neighbours across the water as "those people who throw sticks and stones and are always fighting" (Nwajiakwu,2016). Therefore, Ogbia is unquestionably home to a diverse population, whether or not these people arrived before or after the descendants of Olei did.

A single cultural setting can explain the straightforward and easily recognisable political structure of Ogbia Local Government Area. The Ogbia community is structured into villages, clans, extended families, and small nuclear households, same as other communities in Bayelsa State. The titles of head of family (Obene-Otu), head of village (Obenema), and head of clan (Obene-Obhan) are among the leadership positions. Political authority in Ogbia is strongly centralised. Marriage and inter-village problems can be resolved via Obene-Obhan. To debate issues that impact them, the leaders of the villages and/or their representatives can get together. Certain governmental, economic, and social functions are carried out by societies and organisations in place of centralised government. The legislative body chosen by the people to govern the affairs of the communities in Ogbia is the Council of Elders, together with the village council. The Elder's Council serves as the primary guardian of customs, heritage property, and tradition. They also resolve conflicts and confer with diviners when the community has calamities. In

addition, it is the responsibility of the village council, family head, and head of the village to resolve conflicts that come under their purview (Damini, 2019).

Similar to the American gold rush of the 19th century in California, Oloibiri, a small community located in Ogbia in the now-defunct Eastern Region, gained prominence in the latter part of the 20th century when Shell D'Arcy employees gathered in the town to look for black gold. The explorers created history in June 1956 when they struck it lucky in the marshy areas of Otuabagi/Otuogidi in the Oloibiri District of Ogbia. This discovery made the district the first in West Africa to find crude oil in commercial quantities (Omeje, K., 2004). Remarkably, the local government and the indigenous people showed no interest in the work that the international corporation was doing when Shell D.Arcy landed on the Niger Delta's coastlines to prospect for oil. This was especially true because the primary sources of income for the Nigerian economy at the time-coal, groundnuts, cocoa, and palm oil were the regional agricultural resources of the Northern and Southern Protectorates, which Britain eventually combined to establish Nigeria (Etekpe, 2005).

But when the black gold was discovered, the course of the country's economy was permanently altered. The otherwise quiet town came to life due to a bustle of activity surrounding it. Seeking a better living, people from diverse walks of life flocked to the area. After the district, the prospecting company dubbed the first crude oil well "Oloibiri Well." In contrast to California, the thirty-first state in the union, which developed from a rural area into a sophisticated metropolis due to the rush for gold, the Oloibiri oil field towns have seen the opposite of growth (Orosanye, A.O. and Igbafe, A.A. 2012). Oloibiri may best be described as an abandoned fishing port after the fishers had left with their catch, therefore the finding of the black gold has hurt the inhabitants rather than helped the host villages thrive.

The communities today lack the basic necessities of life because the black gold, an endless resource that gave rise to the area known as *Bioforoama* and earned it the moniker "Eastern Congo" because of its vibrant social scene, has dried up. Shell moved to other locations despite the inconvenience this caused to the locals. Oloibiri, according to Ituma Sunday, was a case of shock and disappointment

because the villages had not seen the benefits of oil revenue as expected. The populace continues to face fundamental growth obstacles and environmental contamination from oil spills. On February 17, 1958, the first crude oil from Oloibiri was carried for export from the Emago-Kugbo town, which is located in Rivers State's Abua-Odual Local Government Area. Oloibiri's oil well has since dried up, while oil production is still going on in Ogbia's "Kolo Creek" area (Ituma, 2019).

The popular Oloibiri oil field and well are surrounded by towns that all exhibit the same signs of state neglect and abandonment by Nigeria. Nothing concrete exists to support the claim made by the Oloibiri oil fields' owners, the Otuabagi/Otuogidi axis, that crude was discovered in West Africa originally. It is possible to characterise the Oloibiri oil field communities as a paradox-a resource-rich community that is yet overwhelmingly impoverished (Ituma, 2019). In Ogbia LGA, the effects of oil exploration and exploitation are pervasive. There is low marine life and extensive erosion. From their fishing gears to the water they drink, pollution of the common people's basic supplies of existence is evident in everything.

SPDC and its Developmental Efforts in Ogbia LGA

This section's main goal is to evaluate SPDC's development initiatives in Ogbia LGA between 1956 and 2020. The Niger Delta Region and Ogbia LGA in particular have seen a some improvement in infrastructure as a result of oil exploration. Notwithstanding its shortcomings, SPDC in Nigeria has persisted in promoting the growth of regional businesses and communities as part of its Corporate Social Responsibility contribution to the national economy. Before this, SPDC funded and carried out social investment initiatives in collaboration with the federal government, local governments, and civil society organisations. Funding was also provided for community-driven development projects and activities, with the target communities deciding on the areas of focus (SPDC Report, 2000).

In a report from 2000, Shell Petroleum Development Company (SPDC) asserts that there is verifiable proof of its backing for community development, which is driven by two interconnected goals. Respecting the social responsibility and sustainability group principle is the first step. The company's activities in Ogbia

LGA are manifested in a number of direct social investments that it chooses in collaboration with participating communities to address the needs that it deems most pressing. The second is supporting the company's long-term viability by assisting in the creation of a favourable social and economic climate in collaboration with the Nigerian government and other stakeholders. A more tranquil and stable working environment for the corporation will benefit the host communities, who will have greater access to enhanced socio-economic services, according to the report (SPDC Report, 2000).

About 46 years have passed since Shell Petroleum Development Company launched its educational initiative to raise literacy rates in the areas it serves. Subsequently, the program's scope has been increased to encompass training, youth development, scholarship grants, and educational infrastructure support. Additionally, SPDC kept up its provision of infrastructure and furnishings to enhance the LGA's educational environment. Over 15,000 children in the host villages are expected to benefit from the construction of 65 classroom blocks (Ezeji, C.Z. and Okonkwo, O.N. 2016).

Eight oil palm processing mills, an integrated fish hatchery, an oil palm nursery, and six offshore fish ventures were created by SPDC in collaboration with the host communities in several states around the Niger Delta. The plantation spans 25 hectares. The Elebele Palm Plantation in Ogbia Local Government Area is still a result of SPDC's CSR efforts. The goal of SPDC's agricultural initiatives was to support rural populations' socioeconomic independence, particularly those in Ogbia LGA and other Niger Delta communities. When the Nigerian government requested that the oil corporations support the agricultural development of the areas under their concession, these programmes got underway in 1987 (SPDC Report, 2000). The well-known hospitals in Ogbia LGA-Kolo and Otuasega are emblematic of SPDC's commitment to corporate social responsibility. SPDC has established a foundation to combat infectious diseases, particularly malaria, in Nigeria, Angola, Chad, and Equatorial Guinea.

Over US$4 million had been set aside to aid in the efforts in the aforementioned nations. In terms of infrastructure, Shell Petroleum Development Company built 82 kilometres of finished community roads and bridge projects during that same

time period, for a total of 261 kilometres. About 45 percent of community roads were built in places that were swampy and occasionally flooded, and a lot of sand filling was done. At US$100 million, the Ogbia-Nembe road project is the single most costly community project SPDC has undertaken. At a cost of US$100 million, SPDC worked on rural electrification projects in 21 villages in 2000, including some Ogbia communities (such as Imiringi among many others), but the projects were not finished (SPDCC Report, 2000, Okonta, I. 2006).

Additionally, SPDC Nigeria has received financial and technical help from its Nigerian affiliate enterprises in a number of industries, including manufacturing, transportation, and research. For instance, SAIDEL Nigeria Limited, which is engaged in the South Swamp Associated Gas Project under the SPDC JV, recently obtained the country's first pipelay vessel flying the Nigerian flag. SPDC's subsidiary firms in Nigeria concentrate their social investment efforts on sectors including enterprise development, education, health, and energy access at the local community and government levels. Shell Live Wire, the company's premier youth development initiative, was introduced in 2018 in Ogbia town, the headquarters of Ogbia LGA. There were three target beneficiary categories. Among them are women who trade informally, secondary school dropouts, and university freshmen. After completing entrepreneurship training, these groups of people who expressed interest in starting their own businesses were awarded business start-up funding. This would allow them to turn their brilliant ideas into long-lasting companies, bringing more opportunities and jobs to their local communities (SPDC Report, 2000).

Conclusion

SPDC's assertion regarding the various community development initiatives it has undertaken as part of its Corporate Social Responsibility seems uncontested. Based on the information at hand, it is evident that SPDC has constructed schools, hospitals, footbridges, contributed medications to medical facilities, granted scholarships to deserving students, and provided financial assistance to host communities in Ogbia LGA. That being said, this is insignificant in comparison to the destruction wrought by SPDC and other nearby oil prospecting firms. This is due to the fact that these businesses' exploratory efforts regularly undermine the peoples' traditional sources of subsistence. Furthermore, this study demonstrates

the necessity for SPDC to reevaluate her community development initiatives in Ogbia LGA in order to guarantee that the company's CSR activities are limited to programmes that directly address the needs of the local populations. Additionally, SPDC may need to use a bottom-up strategy in its community development endeavours. This will guarantee thorough research into the pertinent community requirements, develop local ability, boost self-assurance, create social capital, and encourage the expansion of the local economy.

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