

Community Investment Deployment Strategies and Resistance of Oil Multinationals' Activities in Niger Delta

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Abstract: The study attempts to empirically examine the potentials of Community Investment strategies of Multinational oil and gas companies operating in the Niger Delta region of Nigeria in terms of managing issues of community resistance of oil and gas exploration activities, with particular emphasis on the GMoU framework strategy. Primary data were obtained from selected communities where the framework has been deployed since 2007 via the survey research method. The descriptive statistics method was used to present data while the Chi-square non-parametric method was used to analyze the data. Findings from the study indicate a recurrent and persistent cases of community resistance issues prior to the deployment of the GMoU strategy in the communities under study, and a significant drop in the rate of community resistance issues and squabbles between the communities and the multinational oil and gas companies after the deployment of the GMoU framework in the communities; which is indicative of a strategic shift in approach from previous deployment approaches of CNL and SPDC.

Keywords: Community Investment, Resistance, GMoU Framework, CNL, SPDC

1. Introduction

The Niger Delta region is known for its poor development indices; often attributed to oil and gas exploration activities of Multinational Companies operating in the area and other factors such as terrain. The natural habitat and ecological environment of oil bearing communities are destroyed through oil spills and gas flaring. The hitherto very rich streams, rivers, farmlands, and other natural endowments of communities within the region are seriously polluted and rendered almost useless for livelihood support. Oil exploration and its poor management, as manifested in oil spillages, dislocates such economic life of the people as fishing and farming. The main occupation of the people in the region are decimated, their environment polluted, and their waters poisoned. Consequently, the poverty situation and the decimated state of the region's environment inadvertently entrenched a conflict relationship between oil and gas bearing communities and oil and gas multinational companies operating in the region.

Although the Nigerian State has since the 1960s

introduced different strategies at different times, all aimed at stemming the negative development challenges of the region, these efforts tend to have all failed primarily due to the underlying motive of their introduction. Thus, the failure of one development intervention strategy gave rise to the introduction of yet another strategy. Obviously, the latent purpose of these state sponsored interventions is primarily to guarantee uninterrupted and unhindered oil and gas exploration activities in the Niger Delta region.

Like the Nigerian State, Oil and Gas Multinationals such as Chevron Nigeria Limited (CNL) and Shell Petroleum Development Company (SPDC) who are the direct sufferers of communities' vented frustrations have continued to introduce one form of strategic interventions or the other in the form of Community Investment programs aimed primarily at procuring access to unhindered operation but often propagated as targeted at ameliorating the consequences of their seemingly unguided operations in the communities and as voluntary support to community

development.

1.1. Statement of Problem

The adopted strategy of deploying development intervention projects and programs by oil and gas multinationals operating within the Niger Delta region of Nigeria has been identified by some analysts of the Niger Delta development debacle as one of the factors responsible for, not just the poor development indices, but also induced conflicts in communities across the region. Thus, community investment strategies of oil and gas companies call for further scrutiny in light of the fact that these strategies tend to ignore corporate and social image needs of the sponsoring companies on one hand and the genuine development needs of the host communities on the other hand, thus bringing to question the effectiveness of these strategies. For instance, [1] suggests that politicians, retired military generals, local chiefs and civil servants from host communities scuttle the efforts oil companies who engage in community development supports through cornering of all the proceeds meant for their communities for personal benefits. According to him, it is this practice by the local elites that in the past led to the killing of the four traditional chiefs in Ogoni land which in turn resulted to the violent crisis between 1995 and 1998 in the political and economic developments to Nigeria. [1] When not properly adapted and deployed, it appears Community Investment strategies tend to induce both intra and inter communal conflicts instead of achieving set goals of sustainable development and peace in the communities. This also implies that instead of engendering healthy social corporate image of sponsoring companies, the practice of not aligning community investment projects and programs to both community and corporate needs of sponsoring companies more often than not breeds negative spotlights to the companies.

1.2. Aim and Objectives

The aim of this study is to examine the effectiveness of the GMoU framework in tackling incidences of community resistance against oil and gas multinationals operating within the Niger Delta region of Nigeria. Specifically, this study intends to achieve the following objectives:

1. To examine if the GMoU framework has contributed to the reduction or increase in cases of community resistance to CNL and SPDC operations in GMoU clusters across the Niger Delta region.
2. To examine the conflict potential of the GMoU through analysis of the stakeholder engagement component of the framework.

1.3. Research Questions

1. Can Community Investment strategies such as the GMoU model help reduce incidences of community resistance against oil and gas multinationals in the Niger Delta region?
2. Are there potential intra-communal conflict-triggers in

the GMoU framework?

Hypothesis

H₀: There is no relationship between community investment strategies of oil and gas multinationals and issues of community resistance of oil and gas operations in the region.

2. Literature Review

2.1. Theoretical/Conceptual Framework

The context of analysis for this work dwells on the interplay between community resistance of operations of oil and gas multinationals operating within the Niger Delta region and the strategic response adduced by CNL and SPDC aimed at addressing these pressures hence the adoption of the Marxist Political Economy as the preferred analytical paradigm.

The Marxist Political Economy Framework

The transplantation of capitalism goes with its quest for unending accumulation of surplus through efficient maximization of all available means of accumulation. The quest for profit maximization aided by procured State-protection informed the unguided and unguarded oil and gas exploration activities by CNL and SPDC in the Niger Delta leading to a decimated environment. The situation in turn limits the peoples' livelihood access and gave rise to antagonistic disposition of the communities against the companies on one hand and the Nigerian state on the other.

One of the inherent contradictions of the capitalist mode of production is the antagonistic tendencies induced by extreme conditions often ignored by owners of capital in their quest for profit maximization. The careless manner at which oil and gas multinationals carried out their activities in the host communities tend to have entrenched a state of deprivation in Niger Delta communities; a situation that elicited the antagonistic reactions of host communities.

The Marxist Political Economy views society as a product of conflicts rooted mainly in class inequalities and exploitative relationships between the powerful rich and the powerless poor [2]. Furthermore, [2] In light of this study, the oil-bearing communities being the impoverished and powerless poor, struggle with the more powerful combined forces of the Oil and Gas multinationals, exploitatively working as agents of the Nigerian state to entrench a hegemonic stranglehold of poverty on the already impoverished oil bearing communities of the Niger Delta region.

CNL and SPDC as the operators of two different Joint Venture Partnerships with the Nigerian State and in their quest to maximize profit had carried out oil and gas exploration activities in the Niger Delta region with total disregard to internationally acceptable standards and have been protected by the oppressive laws and policies enacted by the Nigerian state to enhance uninterrupted crude oil production in the region.

The Marxist Political Economy framework deals with issues of oppression, poverty and conflict. These three phenomena in their simplest of terms capture the structural relationship between oil bearing communities and oil multinationals operating in the Niger Delta region. Accordingly, through the instruments of legislation, the oil bearing communities are dislodged from their endowed resources through obnoxious laws and policies such as the Land Use Decree enacted by the Nigerian state. These laws are at best considered oppressive and dehumanizing as they ab-initio, gave the oil and gas multinationals the express permission to carry on with oil and gas exploration activities without recurs to any acceptable international standard. The consequence of their actions resulted to the decimation of the Niger Delta environment and thereby dislocated the communities from their primary source of livelihood; the resultant effect, being an imposed hardship and poverty on particularly the rural oil-bearing communities of the region. The incidences of hunger and deprivation entrenched by the unguided oil and gas exploration activities naturally induced a hostile response from the communities against the oil and gas multinationals; a situation that naturally enacted a conflict relationship between the oil bearing communities and the state and her multinational agents. The 'conflictual' relationship soon began to impact negatively on oil production for which the Nigeria state has depended so much on for decades, necessitating the need for the introduction of several strategies by both the Nigeria state and the Oil Multinationals with the singular aim of ensuring uninterrupted oil and gas production in the region. Thus, the poor and powerless communities' resistance of the Nigeria state and the oil Multinationals' ploy to perpetually subjugate them led to the continuous shift in strategies by both the Nigeria State and her agents to ensure uninterrupted oil production in the region.

2.2. The Concept of Corporate Social Responsibility

[3] defined corporate social responsibility as an obligation of the organization to act in ways that serve both its own interest and the interest of its many external stakeholders. According to him the stakeholders are those individuals or group who are impacted in one way or the other by the actions of the organizations. He outlined some values that guide the actions of socially responsible organizations. In line with his views, Corporate Social Responsibility is a business approach that makes for sustainable development by providing economic, social and environmental palliatives to the stakeholders [3]. Lord, H., & Watts, R. (2012), corroborate the above stances by asserting that CRS is a commitment by business to behave ethically in carrying out their operations and contributing to the economic development of the community within which they operate [4]. In line with the above, The World Bank and World Business Council on Sustainable Development (WBCSD) defines CSR as the commitment of business to contribute to sustainable economic development.

Dimensions of Corporate Social Responsibility

[5], posited that the economic responsibility, legal responsibilities, ethical responsibilities and philanthropic responsibilities are the four types of corporate social responsibility. According to him, the pivotal responsibility of any corporation is the economic responsibility which is basically profit maximization, while Philanthropic responsibility is the lowest in the hierarchy. He opined that this responsibility should be shelved until other responsibilities are met by the corporation [5]. Below is the "Carroll's Four Part Model of Corporate Social Responsibility"



Figure 1. Carroll's Four-Part Model of Corporate Social Responsibility.

Figure 1 is a vivid demonstration of the pyramid of corporate social responsibility as put forward by Carrol.

Social Responsibility and Corporate Performance

There are divergent views amongst scholars as to whether or not the components of corporate social responsibility are mutually exclusive. [3] identifies two contrasting views of corporate social responsibility. First is the classical view that places emphasis on the profit maximizing role for business. According to this view the only business of business is to make profits. This narrow "profit-driven" position is supported by Milton Friedman. On the flip side is the socio-economic view which is broad-based and predicated on the stakeholder model supported by Paul Samuelson. It stipulates that besides corporate social profits, management should be concerned for broader social welfare. [6] He asserts that there seems to be a dichotomy between the company's social responsibility drive and profit maximization targets. Yiu, L. U. (2014), postulates that while profit maximization is important, corporation should look beyond and carry out their business ethically and responsibly. [7]

The Concept of Resistance

The major components in the concept of Resistance according to Hollander and Einhover (as cited in Williams, 2009), are opposition and action. However, there appears to be no unanimity amongst scholars as to whether or not resistance must be pronounced or deliberately embarked upon in order for it to be recognized as such. However, with no intent to disregarding the above assertion, resistance whether implicitly or explicitly displayed, entails one form of opposition or the order. Williams (2009) asserted that human actors and social environment are the fulcrums of resistance. [8]

Dimensions of Resistance

Williams (2009), in his empirical sub cultural research postulated that there are four dimensions of resistance namely; passive – active resistance, micro-macro resistance and overt-covert resistances. Accordingly, the passive- active resistance dimension is predicated on the intentions that underlie the acts of resistance rather than the consequences. He stated that the gravity of any resistance of an individual or group is a function of whether or not it is intentional. Secondly, Micro-oriented resistance occurs within the singular instances of interaction where the issues as to what should be resisted, why and how it should be resisted is subjective. While macro-oriented resistance emphasizes on issues of power and inequality at the institutional level of society. [9]

Previous Community Investment Strategies of SPDC

The reliance on state security apparatus' protection to carry out operations within the region by the oil multinationals proved absolutely unsustainable on both medium and long term basis. Failure of the state development intervention efforts did little to address incidences of community resistance of CNL and SPDC activities in the region. To mitigate the impact of persistent community resistance of its activities, CNL and SPDC had adopted several strategies to manage community resistance issues from her host

communities through various shades of strategies.

Assistance/Philanthropy strategy

In the early 1960s SPDC's community investment initiatives took the form of Community Assistance/Philanthropy through Agriculture Extension programs, Multiplication and supply of improved seedlings to farmers. The Agriculture Extension program was borne out of the need to ameliorate the negative consequences of deteriorating ecology of local communities where oil is exploited. Thus, the Agriculture program was expected to support other sources of livelihood given the poor state of the environment. Others include scholarship awards, grants and donation. The company extended its support to include provision of water schemes, erection of school blocks, town halls, Health infrastructure and programs for some of her host communities without recurs to the actual needs of respective communities.

The strategy proved to be unsustainable in terms of conceptualization and deployment as SPDC continued to experience increase in social spending with a deteriorating social image. One of the weaknesses of this strategy is its top-down approach in which intervention activities were planned and implemented from the 'offices' without the involvement of the benefitting communities. Onosode (2003) rightly pointed out that the top-down approach to the endemic problem has failed to deliver results that are simultaneously socially and economically sustainable. Consequently, there was no community ownership of intervention projects and programs as they are not designed to meet actual community needs. Accordingly, such programs when conceptualized are usually implemented across all host communities irrespective of peculiar development challenges. As expected, the Community Assistance/Philanthropy strategy which aligns to the defensive strategy disposition of CSR however failed woefully in addressing the ecological, social and economic challenges of host communities it set out to address. [10]

Community Development Strategy

The failure of the Community Assistance strategy to provide the much desired unhindered access for production warranted the adoption of the Community Development strategy in which relational issues were mixed with other philanthropic efforts of the company with minor adjustment. In this strategy, development intervention projects and programs as well as other benefits were usually negotiated in Memorandum of Understandings with host communities.

This strategy saw SPDC negotiate over 1,000 MoUs with individual communities across the Niger Delta. As expected, SPDC lacked the time and resources to fulfill these MoUs especially using their internal processes. In this strategy, the community played a limited role as most of the intervention activities were planned and deployed using SPDC internal processes before the community's involvement. This strategy thrived with the 'divide and rule' antics of dealing with the community stakeholders and the consequent crises experienced in and among SPDC host communities within the 1980s and 1990s. This strategy brought about the littering

of communities with abandoned infrastructural projects originally designed to address presumed socio-economic needs of host communities. These abandoned and uncompleted projects were later tagged '*legacy issues*' by SPDC as it strived to close them out through other strategies. Consequently, expenditure on social investments and community relations continued to rise without a corresponding benefit to communities and other stakeholders continued to be critical of SPDC and her activities in the Niger Delta. Thus, the Community Development Strategy provided the springboard for more aggressive community resistance by host communities and drastic wane in SPDC's social image.

The Community Development era could be located at the Accommodative Strategy Continuum of Disposition of CSR in that it attempts to do the minimum ethically required through the alignment of its corporate behavior to be in congruent with society's prevailing norms, values and expectation largely due to pressure from communities and some civil liberty organizations.

The Sustainable Community Development (SCD) Strategy

The failure of SPDC's philanthropic and accommodative strategies to CSR tend to have warranted a shift to the proactive strategy through the Sustainable Community Development (SCD) initiative. This strategy ensured that SPDC moved away from their usual philanthropic donations of intervention projects and programs and *ad hoc* practices to more strategic ways of planning and delivering community investment programs. The SCD strategy lays greater emphasis on the business case of viewing Community Investment through the lens of risks and opportunities, and on creating shared value by aligning business goals with the development needs of communities as local stakeholders. The SCD strategy in addition to aligning business goals also include a focus on building social capital and local ownership through multi-stakeholder processes; factoring sustainability and handover strategies into intervention project design; and measuring and communicating results to optimize the business value derived from Community Investment.

The SCD is a structured social investment framework designed to optimize opportunities for wealth creation, build community capacity and confidence and promote peace and security in its areas of operation, and by so doing earn unhindered operation. Although, the SCD is pursued through other units such as Human Capital Development, Economic Empowerment and Public Health programs, the GMoU framework is the key driver of the community development component of the SCD.

Previous Community Investment Strategies of CNL

CNL had deployed her community investment programs directly through two primary strategies which include:

1. *MoU agreements with individual communities*
2. *Direct Implementation of larger-scale infrastructure development projects*

MoU agreements with individual communities

This strategy allowed CNL to enter into numerous MoU agreements with several communities on the basis of any

operational activity. Like SPDC, the MoUs and other community investment strategies were implemented using company's internal systems without the active involvement of benefiting communities. This strategy proved ineffective as there was little to justify the amount of money invested by the company for development intervention projects as few community leaders enriched themselves having served as contractor representatives for the execution of these projects. The strategy also evoked inter-community rivalry as each community measured itself against an imagined benchmark of what other communities were believed to be receiving in terms of development intervention project funds, irrespective of their rated status by CNL. Above all, the number of individual community MoU with CNL has grown too many to effectively manage with internal systems, as the strategy allows for fresh MoU agreement for every field operation activity. The inability of the company to manage and meet expectations of the communities as often documented on the MoUs soon engendered growing mistrust between company and communities. Thus the MoU strategy proved to be a failure in the long run.

Direct Implementation of larger-scale infrastructure development projects

This strategy was deployed simultaneously with the MoU strategy as CNL conceptualize and implemented larger-scale infrastructure projects including hospitals and schools. However, there was total lack of ownership of the projects as communities see the projects as purely CNL's property to the extent that the facilities were even targeted for destruction at the slightest of provocation. The simple reason for this state of affairs then was probably because CNL identified and implemented these projects as perceived basic needs of the communities without their engagements.

In addition to the above, CNL increased local hiring and local sub-contracting in an effort to support local economic development. They also provided scholarships for local communities. Again this effort also had the unintended consequence of generating tension in the company-community relationship as there was confusion and mistrust over how the opportunities were allocated. Expectedly therefore, these strategies proved highly effective in the long-run as CNL's operations continued to record persistent disruptions and community agitations remained on the rise.

The GMoU framework

The GMoU framework was first introduced by CNL in 2005 and adopted by SPDC in 2006 following an appraisal of past strategies which did little to provide desired stable operational environment for the companies and seeming wasteful contributions to community development of host communities. The development of the GMoU framework was driven by the following corporate objectives:

1. The need to reduce incidences and consequences of community resistance to company operations
2. The need to promote unity rather than competition among communities
3. The need to streamline company community engagement and reduce individual MoUs to a more

manageable set of relationships;

4. The need to see real development impacts resulting from company community investments
5. The need to encourage other partners to join in development efforts in the region, in recognition of the fact that the companies would never be able to provide sufficient resources for economic development in the region

The CNL GMoU

The model that emerged from CNL's strategy review created multi-year agreements with clusters of communities, grouped by region or ethnicity, rather than short-term agreements with individual communities. In the account of the General Manager, Policy, Government and Public Affairs, Chevron Nigeria Limited, Mr. DejiHaastrup, the community entities, which became known as Regional Development Councils (RDCs), were formed by CNL so it could negotiate with collectives and offer more substantial development funding. In line with this arrangement, eight RDCs were formed across the five states of the region where CNL operates. In the arrangement, CNL offered to make multi-year funding commitments to the RDCs to support community development activities and social investment projects and programs. In addition to the annual funding further incentive in the form a 'Peace Bonus' for community development funds was also committed to, if CNL operations remained unobstructed by the community. According to him, these agreements reshaped the company's relationships with the communities. The new agreements thus replaced the over 400 individual community agreements, and replaced the company's direct control over community project identification, selection and implementation which had characterized previous deployment strategies of the company. The current deployment strategy is characterized by community-driven decision-making approach.

Accordingly, the primary responsibility for identifying, developing, implementing and owning community development projects and programs now reside with the RDCs, whose membership were elected or selected by the communities at intervals. In line with the new framework, each RDC should have an oversight committee, called the Community Engagement Management Board (CEMB), consisting of representatives from the member-communities, CNL, NGOs, and local and state governments. This arrangement was intended to provide oversight through a Project Review Committee (PRC), an Account/Audits Committee, and a Conflict Resolution Committee.

The SPDC GMoU

In the quest to change strategy, SPDC tend to had experimented the workability of the bottom-top approach with two different pilot frameworks before it finally settles for the GMoU framework as the preferred strategy for deploying Community Investment projects and programs in her host communities under the sustainable development strategy. These pilot frameworks include the Project Advisory Committee (PAC) framework and the Central Project Management Committee (CPMAC) framework

deployed during two different major SPDC projects namely the Eastern Gas Gathering Systems (EGGS) 1&2 and the Afam Power Station Construction respectively. The CPMAC was an improved model from the PAC framework introduced to address the lapses of the PAC system while the GMoU as the final product tends to have addressed the lapses of both frameworks.

The SPDC GMoU framework is a five-year agreement with a cluster of communities that is aimed at building strong community development institutions that will drive development at the grass root level and serve as interface points between the communities and SPDC. The agreement spells out terms of relationship between a group of clustered communities and SPDC in terms of obligations. In line with the SCD strategy, SPDC business interests in a particular cluster are expressly protected from unnecessary obstructions in the cluster of communities while funding terms and other supportive obligations are undertaken by SPDC.

It is designed to allow host communities plan and deliver sustainable development interventions that will impact positively on the livelihoods of people living in SPDC's operational areas as SPDC through the joint venture partnership makes funding and technical support available through annual financial contributions. Through the technical support provided by Non-Governmental Organizations and Development Consultants, the communities are guided to draw up areas of needs that require intervention through the application of the donated funds by SPDC. In other words, the communities decide what and how their portion of the GMoU fund would be applied. The GMoU represents a longer-term approach that gives communities more responsibility in deciding how community investment funds are applied; provide a platform for building beneficial relationships with the host communities and create an enabling environment for business continuity and growth.

Since its adoption in 2006, SPDC have deployed the framework in well over forty (40) clusters across the Niger Delta region. However, there are currently thirty seven (37) active SPDC GMoU clusters across the Niger Delta region following the divestment of some of its fields in Delta, Bayelsa and Rivers States.

3. Empirical Review

Kiipoye and John (2013) carried out a comparative analysis of Agip, Total and SPDC's corporate social responsibility (CSR) in six oil bearing communities in Rivers State. Their study was aimed at determining the variations and intensity of CSR policy and practices adopted by these multinational oil and gas companies vis-à-vis the intensity of conflicts and resistance among them with the communities. The CSR policies and strategies adopted by the three multinationals were critically X-rayed with a view to ascertaining whether or not the pattern of the implementation of CSR by these companies is implicated in the scale and intensity of conflicts and resistance in the communities. Focus group discussions, interview and observations were the

key instrument of data collection complimented by secondary data. Findings from the study showed that SPDC has had more conflicts with communities than AGIP and TOTAL. Secondly, they discovered that SPDC's intervention projects in the communities were either poorly completed or completed but not functional and as such did not meet the actual need of the people. Thirdly, unlike AGIP and TOTAL where CSR packages were as a result of collaboration between the community and the companies, SPDC host communities' intervention projects were as a result of conflicts. Furthermore, they found that the choice of intervention projects and programs were solely made by SPDC without proper consultation with their host communities. Finally, AGIP and TOTAL scholarship schemes are community based as opposed to SPDC. They concluded in light of the aforementioned finding that indeed there exist a relationship between the CSR adopted by the multinationals and the variations in conflicts and community resistance such that a poorly formulated CSR strategy tends to perpetuate the rate of conflicts and vice versa. They recommended that there should be stakeholder's inclusiveness in the determination of intervention projects and programs rather than depend on the acclaimed altruistic developmental trends of multinational companies. [11]. [10] examined the efficacy of CSR as a tool to mitigate the Niger Delta crisis. He analyzed the contemporary CSR in the context of neoliberal forms of corporate governance. According to him, ideological, practical and political barriers are factors that could potentially render the CSR of multinational companies ineffective. He asserts that the state has taken sides in the conflicts in light of its own interest amongst which is the revenue collection. [12]. [11], in his publication title *"Shell in Nigeria: A conflict Perspective"* made an attempt to ascertain the challenges facing Niger Delta communities in relation to SPDC's operation. He identified, underdevelopment, unemployment, poverty and hunger, low life expectancy and depletion of biodiversity as some of the problems faced by Niger Delta Communities. According to him, SPDC's approach to these issues has been very aggressive in every sense rather than mutual and accommodating. He further cited various instances where SPDC's aggressive approach had aggravated rather than ameliorate the problems of the host communities. He concluded that SPDC has contributed to conflict in the Niger Delta through the various operations viz; pollution of air, land and water, Environmental impact assessment, Global Memorandum of Understanding (GMOU), Underdevelopment (lack of social infrastructure),

Unemployment, approach to conflict and association with the use of force by the Nigeria State. As an aftermath of the research, the following recommendations were made to SPDC amongst others; putting an end to gas flaring, revisit the recommendations of past external stakeholders' review and improve the delivery of sustainable community development etc. [12]

4. Study Method

This study adopted the survey research design in the collection, analysis, and interpretation of data. The nature of data was primary which was sourced from the indigenous adult population drawn from nine (9) GMoU clusters across selected states within the Niger Delta Region. The instrument employed was a combination of structured and semi-structured interviews, field notes, and recordings of responses.

Face validity method was used to ensure the instrument was valid for the study. In addition, a test-re-test method was adopted to assess the reliability of the instrument by administering 35 copies in three communities, which yielded a correlation coefficient of 0.87. Therefore, the responses were consistent and the instrument reliable for the study.

Sample and Data Collection

A total number of 436 questionnaires were administered to 86 communities drawn from 9 GMoU clusters across five states within the Niger Delta region out of which, 313 questionnaires representing 72% response rate was retrieved. The 313 questionnaire retrieved forms the basis of this analysis.

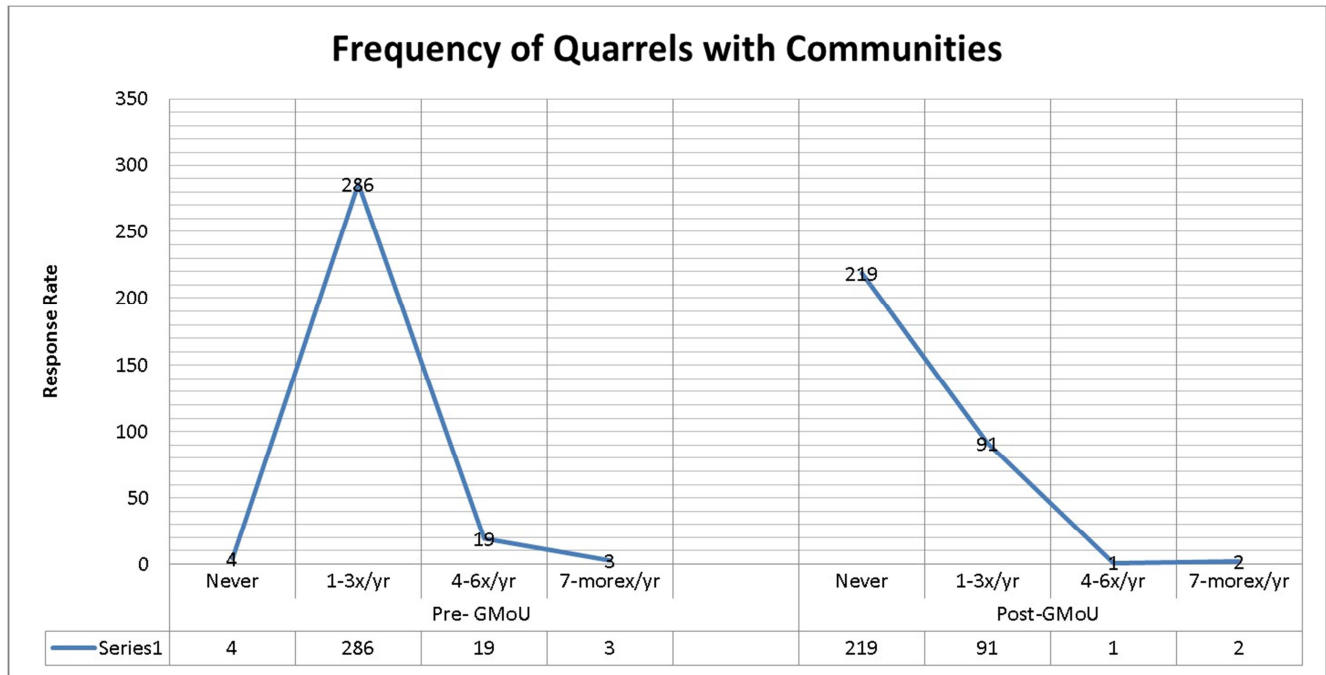
Method of Data analysis

The data was measured on the basis of the modified 4 point likert scale namely strongly agreed (SA) = 4, agree (A) = 3, disagree (D) = 2, strongly disagree (SD) = 1, and criterion mean = 2.5. If the mean is greater than or equals to the criterion mean we accept and when it is less we reject. The analysis employed percentage, mean and chi-square.

5. Results

The outcome of data analysis based on the aforementioned research questions are presented as follows:

Results regarding research question 1: *Can Community Investment strategies such as the GMoU framework help reduce incidences of community resistance against oil and gas multinationals in the Niger Delta region?*



(Field Survey 2017)

Figure 2. Respondents' ratings on the frequency of resistance issues with the oil companies before and after the Global Memorandum of Understanding introduction in the communities.

The figure above shows respondents' ratings across the clusters on the frequency of community resistance issues with CNL and SPDC before and after the GMoU framework deployment. Over 90% (286) of respondents affirm that community resistance issues were recorded with the oil and gas companies at least once a year prior to the GMoU framework introduction. After the deployment of the GMoU framework however, there appears to be a change in ratings as 70% of respondents claimed they hardly had issues with

the companies as frequent as it used to be Pre-GMoU era in the communities.

The respondents were also made to rate their relationship with the oil companies pre- and post-GMoU era in a bid to verify the outcome of their claims in the earlier questions regarding the frequency of issues with the companies. The figure below reflects respondents view on the perceived relationship between the oil companies and the host communities.

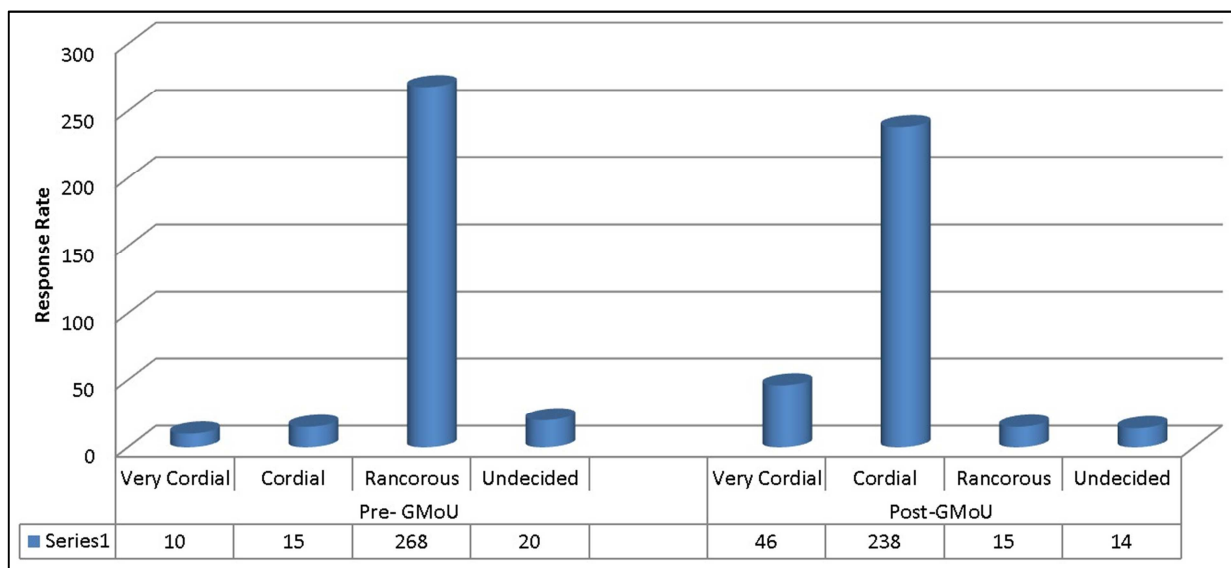


Figure 3. Chevron Nigeria Limited and Shell Petroleum Development Company Working Relationship with Communities.

The ratings here tend to corroborate the position of respondents on the drastic reduction of community resistance issues with the companies. From the above figure,

respondents overwhelmingly described their relationship with the oil companies as 'rancorous' during the pre-GMoU era and 'cordial' during the post-GMoU era.

Our focus group discussions and interviews with relevant CNL and SPDC staff also support this position as the companies now believe that the GMoU proved to be a panacea to the erstwhile incessant squabbles with host communities especially relating to Corporate Social

Responsibility issues with the communities. The companies' representatives however, described the other challenges of pipeline vandalism and regional threats to oil installations by Militant groups as a worrisome trend that demands permanent solution by the Nigerian State.

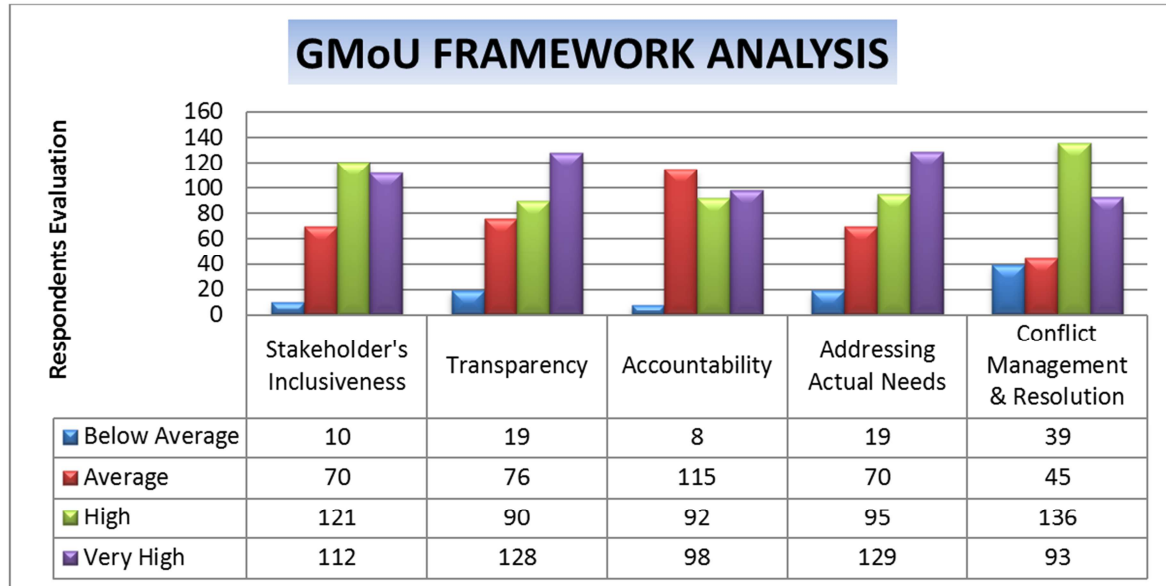


Figure 4. Global Memorandum of Understanding Framework Analysis.

Figure 3 shows that a significant number of respondents 121 (39%) rated the level of stakeholder's inclusiveness high, 112 (36%) rated it very high, while the combined respondents that rated it 'average' and 'below average' are 80 (25%).

In terms of transparency 128 (41%) of the respondents rated the framework 'very high', 90 (29%) rated it 'high' 24% (76) rated it 'average', while 6% (19) rated it 'below average'. The overall positive reactions of respondents tend to prove that the GMoU is rather effective in issues of

stakeholder inclusiveness and oil company-community conflict mitigation.

Test of Hypotheses

The Chi-square tool was employed to test the hypothesis. The respondent's responses to the selected performance criteria were collated and analyzed to either accept or reject the null hypothesis.

H_0 : There is no significant relationship between community investment strategies of oil and gas multinationals and community resistance of oil and gas operations in the region.

Table 1. Operational Variables.

S/N	PERFORMANCE CRITERIA	AGREE		DISAGREE		TOTAL
		Responses	%	Response	%	
1	In your opinion, the GMoU Strategy of deploying community interventions in your community is much better than previous methods	43	84.3	8	15.7	51
2	The GMoU implementation strategy has not significantly reduced the rate of poverty in your community	41	39.4	63	60.6	104
3	The GMoU strategy excludes the community stakeholders in the implementation of programs and projects.	12	14.8	69	85.2	81
4	The introduction of the GMoU strategy has significantly reduced the quarrels between the community and CNL/SPDC	64	83.1	13	16.9	77
	TOTAL	160		153		313

Source: Field Survey, (2017)

Table 2. Chi-square Analytical Breakdown.

Ob ₁	E ₁	Ob ₁ -E ₁	(Ob ₁ -E ₁) ²	(Ob ₁ -E ₁) ² /E ₁	Ob ₂	E ₂	Ob ₂ -E ₂	(Ob ₂ -E ₂) ²	(Ob ₂ -E ₂) ² /E ₂	TOTAL
43	26.1	16.9	286.6	11.0	8	24.9	-16.9	286.6	11.5	51
41	53.2	-12.2	147.9	2.8	63	50.8	12.2	147.9	2.9	104
12	41.4	-29.4	864.7	20.9	69	39.6	29.4	864.7	21.8	81
64	41.4	22.6	510.5	12.3	13	37.6	-24.6	607.1	16.1	77
160				47.0	153				52.4	313

Source: Author's Computation from survey (2017)

Table 3. Result of the Test Statistics.

Level of Significance (α)	Degree of Freedom	Calculated Value X^2	Critical (table) Value X^2
5%(0.05)	3	99.4	7.8

The result of the test of hypothesis in the table above shows that the calculated X^2 value is 99.4 while the critical or table value is 7.8 at 5% level of significance and degree of freedom of 3. Since the calculated X^2 value is greater than the critical X^2 value, we reject the null hypothesis. The result of the test suggests a statistically significant difference between the observed or empirical distribution from the expected distribution. Consequently, the result shows that the community investments strategies of the oil and gas multinational companies have serious implication on issues of rural poverty and the rate of community resistance in the region.

The study therefore corroborated the assertion by [12] in which he noted the rising incidences of community resistance and agitations irrespective of increased funding of CSR projects by SPDC; thus bringing to fore, the inefficacy of previous community investment strategies of CNL and SPDC. As implied by [1], when not properly applied, community investment deployment strategy could constitute a source of crisis in the rural communities. The study shows that old strategies of deploying community investment projects and programs by CNL and SPDC constitute a source of continuous agitations and resistance of the oil companies' activities in the communities. The stakeholder inclusiveness of the GMoU framework brought to fore the flaws of previous strategies adopted by CNL and SPDC; hence the significant relationship between community investment strategies of oil and gas multinationals and issues of rural poverty and community resistance of oil and gas operations in the Niger Delta region.

6. Discussion of Findings

In realization of the counter-productiveness of former community investment strategies, CNL and SPDC had resorted to the GMoU framework as alternative strategy for the deployment of community investment projects and programs in the host communities. The primary aim of adopting the GMoU strategy by CNL and SPDC was to curb resistance issues from the host communities and alleviate the grueling impact of their activities on the socio-economic lives of the host communities.

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7. Conclusion

This study therefore concludes that adaptive community investment strategies of multinational companies such as the GMoU framework has the potential to not only manage, but also address recurrent community resistance issues against oil and gas multinational companies' operations in environments akin to the Niger Delta region of Nigeria. Thus, the adaptive nature of the GMoU framework in the deployment of community investment projects and programs in the host communities by SPDC and CNL has entrenched a somewhat harmonious relationship between the oil multinationals (CNL and SPDC) and the host communities where the GMoU framework has been deployed. In other words, the seeming sharp drop in community resistance issues against CNL and SPDC is largely linked to the deployment of community investment projects and programs using the GMoU strategy.

The study revealed that the GMoU strategy as adopted by CNL and SPDC has recorded very high rate of success in terms of stakeholder's inclusiveness, transparency, accountability, addressing actual needs and conflict management and resolution which accounts for the significant reduction in the rate of resistance and conflict between the companies their host communities as opposed to what was obtainable in pre-GMoU period.

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