

Social License Effects on Conflict Management and Oil Pollution in the Niger Delta Region, Nigeria

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Abstract: Social License to operate is an important tool for achieving successful oil operations in any community. Conflicts are constant happenings in the Niger Delta. These conflicts sometimes, get so severe occasioning destruction of property and avoidable killings. Conflicts between oil companies and host communities are mainly due to lack of Social License to operate. This paper examined the impact of Social License on conflict management and oil pollution in the Niger Delta. The study was conducted in six communities, two each from Delta, Rivers and Bayelsa States respectively. These states have the highest incidence of oil pollution in the region. A simple random sampling technique was used to select households for the study. The sample size was 157. Structured Interview schedule constituted the instrument for data collection. The study identified low community involvement as the highest factor, amongst the main causes of conflict in the Niger Delta region, indicating that a high-level community involvement by way of Social License ensures a peaceful co-existence between oil companies and communities. The study also identified that though artisanal crude oil refining impacts negatively on the environment and livelihoods in the Niger Delta, host community members do not react violently or oppose its operations due to high level community involvement. This signifies Social License. It was thus recommended that operating oil companies in the Niger Delta region should have high level community involvement in their actions to avoid conflicts.

Keywords: Conflict Management, Community, Oil Pollution, Social License, Niger Delta

1. Introduction

The environment and humans have a symbiotic relationship. While the environment sustains man, man's prudent use of resources obtained from the environment is required to ensure the sustainability of the environment. Man's use of the environment disproportionately impact communities [1], particularly in countries that rely on natural resources. For instance, several communities in the Niger Delta area of Nigeria suffer the dilemma of oil pollution despite the abundance of oil as a natural resource. Other sources of environmental problems are pipeline vandalism and gas flaring which introduces hydrocarbons to the environment. Hydrocarbons have chemical and physical properties that are dangerous to the environment [2]. The

effects of oil drilling by oil companies in the Niger Delta includes the pollution of streams and rivers, making it dangerous for human consumption of aquatic food and the destruction of the environment due to the toxicity of the oil [3]. These cause severe damage to the ecosystem.

Oil spills destroy crops and water bodies through pollution, leading to negative health consequences on humans who consume seafood from the contaminated water bodies [4].

To some scholars, a major reason for the severity of the oil pollution in the region results from the fact that the operating oil companies explore and produce oil without due diligence or without best environmental and technological practices that are obtainable in the developed countries. Government's inability to make relevant anti-pollution laws caused the sustenance of environmental degradation in the region [5]. Existing legislations in the oil sector have no provisions for

the negative impact of oil production activities on Nigerians and their environment [6]. In developed countries, environmental laws are well defined and adhered to [6]. Unlike in Nigeria, crude oil pipelines failure is completely non-existent due to high quality [6]. The exploitation of the environment of the Niger Delta caused severe damage to the ecosystem [7]. The communities were thus neglected and impoverished leading to activities such as artisanal crude oil refining, bunkering and violence against operating oil companies in the region.

Artisanal crude oil refining was started by households as an occupation in the region. Those engaged in the business chain of artisanal crude oil refining consider themselves to be gainfully employed as refiners or sellers of the produced products. Poverty and unemployment are major causes of the activity and violence in the region [8]. Artisanal refining enhances the living conditions of families, support small businesses and uplift the social aspirations of community members [8]. Most households in the region consider the issue of environmental degradation as crisis to economic sustainability. Thus, there was need for coping strategies to cope with the resulting economic hardships. However, artisanal crude oil refining also plays a role in environmental degradation. It causes the loss of mangrove forests and also, affects the phosphate, nitrate and sulphate of the environment [9-11].

Conflicts are constant happenings in the Niger Delta. These conflicts sometimes, get so severe occasioning destruction of property and avoidable killings. Conflicts and crisis in the region are traceable to altercations between community members and oil companies or the government due to the exploration and production of oil. Environmental pollution, insufficient community level involvement, compensation and poor development and neglect of the area are the main causes of conflict and crisis in the region [12]. The violence that is being meted to the operating oil companies is basically due to environmental degradation and the hopelessness of farmers and fishers [8]. Farming and fishing are the main livelihoods of the people. Environmental degradation such as land and water pollution directly destroys viability of traditional livelihoods, leading to poverty and unemployment. Poverty and unemployment are factors that trigger violence in the Niger Delta [8].

To enable peaceful coexistence of oil companies and host communities and development that impacts positively on communities in the region, it is essential to dwell on conflict management strategies. Thus, this study examined the causes of conflicts in the context of oil companies and host communities' relationship in the Niger Delta and develops a conflict management strategy for the region.

2. Social License to Operate

Social License is a situation where mineral exploitation has firm approval from the local community who ironically, suffer the impact of the mineral exploitation [13]. Acquiring social license to operate is very important to achieving a

successful oil operation or mining in any community [14]. Social license to operate is not issued by a government regulatory body but by community acceptance. It may manifest in various ways e.g. absence of opposition and moral or vocal support [14]. Lack of social license to operate can lead to conflicts between oil companies and the communities [15].

Social license is a socially acceptable or approved constructed perception that ascribes legitimacy to a project in the community [16]. In Peru for instance, the company located in Cajamarca, suffered violence due to non-closeness with the community. However, the company in Arequipa had a peaceful coexistence with the community within the context of its social responsibility policies [17]. Thus, arising from social license phenomenon, oil companies are now more engaged in corporate social responsibility to enhance their socio-economic and environmental performance beyond the actual contractual obligations of their projects.

This study used three models to explain the specifics of social license, namely pyramid, three strand and triangle models [18]. In the pyramid model, legitimacy differentiates projects with withheld or withdrawn social license from the accepted ones by stakeholders. Credibility differentiates accepted projects from the approved ones based on formal discussions with stakeholders in the context of roles and responsibilities of the firm. Trust on the other hand, differentiates projects that possess stakeholders' sense of co-ownership from those that have been approved [18].

The second is the three-strand model: This model explains that firms require regulatory and statutory control from government, social license from local community groups, environmentalists and sometimes the public. The third model is the triangle model. The triangle model identified market, socio-political and community acceptance as the various types of acceptance required for granting social license to operate [19].

3. Theoretical Framework

The Sustainable Livelihood Framework espoused the link between capital assets and ability to produce other forms of capital for sustenance. Households must adopt livelihood choices to use the assets. Such choices are often determined by external circumstances. Households discharge livelihood to obtain goods and services. The attainment of sustainable livelihood is thus, intrinsically linked to the five capital assets, human, physical, natural, financial and social capital assets. The framework discusses how the mix of capital assets enable livelihood outputs i.e. physical asset, natural asset, etc to produce desired livelihood outcomes. The framework also helps to identify environmental and livelihood problems by analysing the vulnerabilities and strategies of the livelihoods of households including their opportunities and problems to help rural households to cope, using various strategies because households are prone to risks and loss in income [20]. This impacts their survival during crisis. They survive crisis situations based on their resource capacity.

The adaptive capacities of each society are based on their capital assets. Some societies reduce the threat of famine caused by drought by using earlier methods adopted by persons in the past in the same region. The capacity to adapt varies from society to society. Adaptive capacity is when a system possesses the ability to transform itself to be able to cope or survive anticipated or existing external stresses [21].

The Niger Delta region is degraded by oil pollution. Oil pollution is thus the main vulnerability. The region has suffered from oil pollution for decades. The affected communities become vulnerable and thus adopt coping methods to adapt to the situations to survive the threat faced by traditional livelihoods.

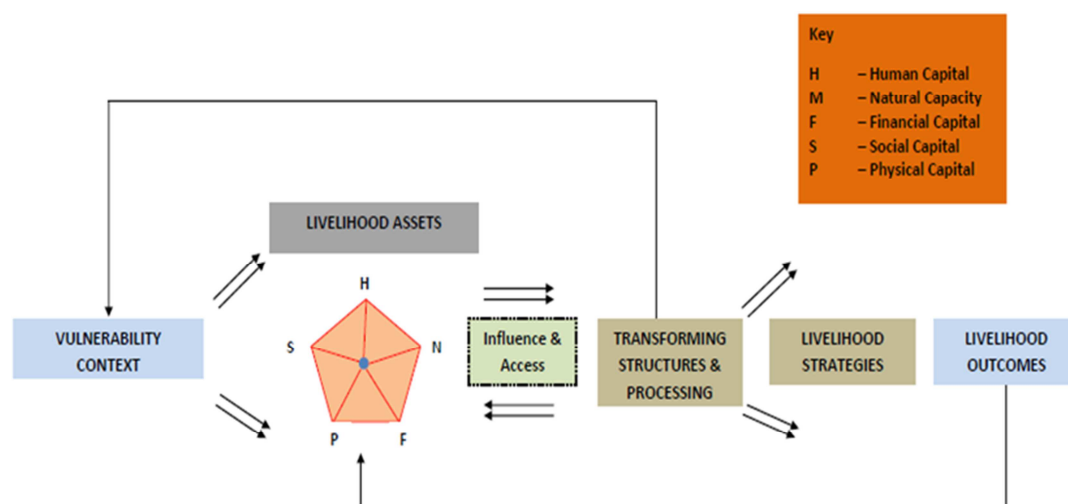


Figure 1. Sustainable Livelihood Framework [22].

4. Materials and Methods

The research was conducted in the Niger Delta region, South-South of Nigeria. The region has enormous petroleum resources and tropical rain and mangrove forests. The Mangrove forest has salt water rivers while the tropical rainforest has fresh water rivers. The region has heavy conventional rainfall due to its nearness to the equatorial belt. It has both rainy and dry seasons. The region is heterogeneous in terms of ethnic identity, though the major tribe is Ijaw. The core traditional occupations are fishing and farming.

Using a cross-sectional research design, the work was

done in six communities in Bayelsa, Rivers and Delta states. Two communities each from each state based on purposive selection. Both primary and secondary sources were used for the study. Simple random sampling technique was used in selecting households for the study. Structured Interview schedule constituted the instrument for data collection. A sample size of 157 was used for the study.

5. Findings and Discussion

The absence of social license to operate mostly leads to conflicts. Conflicts and crisis in the Niger Nelta region are more traceable to altercations between community members and oil companies due to oil exploration and production.

Table 1. Main causes of conflict and crisis in the Niger Delta region.

Causes	No. of Respondents	Percentage
Environmental pollution and degradation	12	20.0
Inadequate community level involvement	18	30.0
Underdevelopment	11	18.3
Neglect	4	6.7
Poor Compensation	15	25.0
Total	60	100

Source: Adapted from [12]

Table 1 shows that 18 (30.0%) respondents averred that inadequate community level involvement constitute the highest cause of conflict. For example, excluding the community in the siting process of projects among other issues could trigger conflict, in addition to creating distrust, hate and suspicion. This is closely followed by poor

compensation regime where community members may not be contented with compensation rates for land use, farms etc. The same research reported that 15 (25.0%) respondents, attributed compensation regime as the main source of conflict and crisis. Also, environmental pollution and degradation, underdevelopment and neglect of the area and other causes

had 12 (20.0%), 11 (18.3%) and 4 (6.7%) respondents respectively. Other causes include involuntary displacement and relocation of people, poor environmental management and administration, etc.

This is in line with the finding of a study which averred that insufficient community level involvement is the major cause of conflict and crisis between oil companies and community members in the Niger Delta region [12]. Thus, adequate community involvement in the initiation and execution of activities or projects by oil companies grants them social license to operate. Social license to operate is very important to achieving a successful oil operations or mining in any community. Though not issued by government, social license to operate is the acceptance by communities in an operational area.

Despite the environmental degradation, pollution among other effects of oil exploration and production, the cooperation between the oil or mining company and the community in terms of involvement is a panacea for peace. It brings moral support or zero opposition. This corroborates the findings of a study that suggests that conflicts between oil

companies and the communities can ensue due to lack of social license to operate [15]. The implication of this is that even with a track record of good corporate social responsibility, compensation and provision of infrastructure; it requires a high level of community involvement for the company to continue to operate peacefully. For example, a community can decide to contest the siting of a project or disagree with the project provided because the community was not involved or had no say in the siting or type of project provided. Also, communities can kick against oil spill compensation paid by a company due to the same issue of poor community involvement.

Social license to operate will invariably cause operating oil companies to provide quality and acceptable services to their host communities. However, given the services provided, the communities would bear the effect of the environmental degradation. This corroborates the assertion of a study that says that social license is a situation of mineral exploitation that has firm approval from the local community who ironically, suffer the impact of the mineral exploitation [13].

Table 2. *Impact of artisanal crude oil refining on Livelihoods.*

Statement	Response	Frequency	Percentage
Oil pollution impacts negatively on traditional livelihood	Strongly Disagree	8	5.1
	Disagree	18	11.5
	Undecided	41	26.1
	Agree	24	15.3
	Strongly agree	66	42.0
	Total	157	100

Table 2 shows the analysis of the negative impact of artisanal refining of crude oil on traditional livelihoods in the study area. While 5.1% of the respondents strongly disagreed with the fact that artisanal crude oil has negative impact on livelihoods, 11.5% disagreed, 26.1% are undecided, 15.6% agreed while 42.0% strongly agreed.

The hypothesis is stated as follows:

Ho: There is no significant difference in the perception of negative impact of artisanal crude oil refining on traditional livelihood.

Table 3. *Frequencies of Chi-Square Test on the Perception of Negative Impact of Artisanal Crude Oil Refining on Traditional Livelihoods.*

Response	Observed N	Expected N	Residual
Strongly Disagree	8	31.4	-23.4
Disagree	18	31.4	-13.4
Undecided	41	31.4	9.6
Agree	24	31.4	-7.4
Strongly agree	66	31.4	34.6
Total	157		

Table 3 shows the Observed N, which is the observed frequency of the responses. It shows the Expected N (31.4), which is the expected frequency if the responses were the same or the null hypothesis is correct and Residual. The Residual is the difference between the Observed N and Expected N.

Table 4. *Chi-Square Test statistics on Perception of Negative Impact of Artisanal Crude Oil Refining on Traditional Livelihoods.*

Impact of Artisanal Crude oil refining	
Chi-Square	65.962 ^a
Df	4
Asymp. Sig.	.000

^a 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 31.4.

The chi-square test statistics on table 4 was calculated based the data from table 2. The calculated $X^2(2) = 65.982$ and the $p = 0.000$. Since the p value is less than 0.05, the null hypothesis was rejected. It means that artisanal crude oil refining is perceived to impact negatively on livelihoods in the Niger Delta region.

Oil pollution caused by oil companies has severely destroyed the environment of the Niger Delta region because oil companies down play the impact of their activities to undermine the environment of the region. The emergence of artisanal refining is a survival measure to cope with the environmental degradation. [23] These oil companies have brought severe damage to the ecosystem of the region leading to food insecurity and poverty. This has been worsened by the devastating effects of artisanal crude oil refining. Though this activity has indeed caused a flourishing

informal economy that creates employment and increased economic gains, artisanal crude oil refining has also led to environmental and livelihood problems in the region because of its impact on farming and fishing. It is also considered to be illegal by the government. Despite its illegality and the environmental degradation issues, community members do not react violently or oppose the operations of artisanal refineries due to high community involvement which signifies social license to operate. The artisanal refining of crude oil is an activity that is operating a local moral economy that has community encouragement [10]. Community encouragement of artisanal crude oil refining enhances a peaceful operation of the refineries just as it creates environmental degradation and pollution. This is in line with the finding of a research which asserted that artisanal refining means operating a local moral economy that has community encouragement [10]. It also corroborates the affirmation that social license is a situation of mineral exploitation that has firm approval from the local community who ironically, suffer the impact of the mineral exploitation [13]. Also, conventional oil companies that are setup by government's approval require community acceptance. Community acceptance will enhance peaceful operation. This is in line with the finding that social license to operate enhances successful oil operations or mining because it is issued by communities, which manifests in zero opposition as well as moral and vocal support for the company by the community [14].

6. Conclusions

Social license to operate has a predominant impact on conflict management and environmental quality in the Niger Delta region in relation to oil exploration and production activities of operating oil companies. The study identified insufficient community level involvement as the highest factor, amongst the main causes of conflict in the Niger Delta region, indicating that community involvement by way of social license will ensure a peaceful co-existence between oil companies and host communities. Invariably, conflicts between communities and oil companies in the region are mostly due to absence of social license to operate. The study also identified the devastating effects of artisanal oil refining on the environment and livelihoods in the region. Instructively, community members do not react violently or oppose the operations of artisanal refineries due to high community involvement which signifies social license to operate, leading to the intensity and increase of environmental pollution that affects fishing, farming etc. in the region.

It is thus recommended that operating oil companies in the Niger Delta region should have adequate or sufficient community level involvement in their actions to avoid violence and crisis. They should identify the peculiar needs of their host communities. Communities should use social license to operate as a veritable tool to leverage on oil companies to adopt best global practices in oil exploration and production to mitigate oil pollution. Also, social license

to operate should inspire oil companies to embark on corporate social responsibility, involving the communities. Regular environmental remediation exercises to clean up oil spills should be carried out by the government to protect the environment. In addition to provisions by the operating oil companies, government should provide physical infrastructure and create jobs to reduce the conflicts in the region. Communities should withdraw social license on the operations of artisanal crude oil refining. Households should be educated on the dangers of artisanal refining, despite the economic gains. Finally, government should boost the financial assets of traditional livelihood practitioners by granting them credit facilities to boost their productivity level to prevent food scarcity.

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