

## SHELL PETROLEUM DEVELOPMENT CORPORATION OIL EXPLORATION AND SOCIO-ECONOMIC LIFE IN OGONI, NIGERIA

Arisukwu Ogadimma Chukwubueze and Kennedy Chinene Nnaomah

Department Of Sociology, University Of Ibadan

### ABSTRACT

The commencement of oil exploration activities by shell in Ogoni land have generated economic and socio-political problems which have impacted negatively on their communities. Against this background, the study examined the changes that have occurred in the community since the advent of Shell in Ogoni land. This study utilized the combination of Modernization and Dependency theories to explain the activities of shell oil exploration and economic development of the Ogoni community. The study was conducted in six component compounds of Ogoni Local Government Area of Rivers state. Both quantitative and qualitative instruments were used to collect and analyse data. The findings show that the effects of shell operations have been experienced in every nook and cranny of Ogoni land. There was no job security for Ogoni people employed by shell because most of them were casual labourers whose services could be terminated without notice. The socio-economic and political lives of the people were affected negatively by shell oil exploration activities. The study concluded that shell oil exploration destroyed the Ogoni environment without any alternative economic means of livelihood provided to the teaming unemployed youths. It recommends that shell need to partner with its host communities in economic empowerment that promotes sustainable development and peace.

**Keywords:** Oil exploration, community, development, environment

### BACKGROUND TO THE STUDY

Nigeria is one of the leading oil-producing countries in Africa. It is the second largest oil producing nations in Africa and is ranked the eighth leading producer in the world. Since her first export of crude in 1959, the commodity has become the centre piece of Nigeria's foreign exchange. According to Nwankwo (1982:11), Nigeria has become heavily dependent on her oil revenue to the neglect of her Agricultural sector. Agriculturalists conceive development in terms of large production of Agricultural products, using mechanized and modern scientific methods of farming (Chukyezi, 2003:3). There has been a lot of controversies and crisis over Shell's oil exploration activities in Ogoni community in Nigeria. While shell claims to have brought development to the people through the provision of infrastructure, the people claim that shell has brought hardship to them by destroying their land and polluting the environment without providing any alternative economic activities to them.

According to (Sharma & Vredenburg, 1998) since the World Commission on Environment and Development Report of 1987 (commonly known as the 'Brundtland Commission Report') was published, corporate managers and management scholars have been grappling with the questions of how and why corporations should incorporate environmental concerns into strategic decision making. The Brundtland Commission Report coined the term 'sustainable development' and explicitly postulated a positive role for the business corporation in furthering the cause of environmental protection (as

opposed to the negative traditional role of corporations being the ‘problem’ and governments being the ‘solution’) by integrating environmental protection with economic performance. The main issue in sustainable development is the ability to explore natural resources like oil without compromising the existence of future generations in the process. The continued gas flaring in the Niger Delta region of Nigeria by oil companies do not mean well for both present and future generations of the host communities. In Ogoni land, oil spillage was a common source of land and water pollution without adequate efforts made to clean up the environment and rehabilitate the poor farmers and fishermen mostly affected.

Anele, (1998:24) shares the view that development should be oriented towards the satisfaction of human needs. He argues further that, for any definition of development to be meaningful, it has to encompass certain variables, and should be seen to address vital issues affecting man in his environment. Development is supposed to be people centred and affects both the individual and the society. According to Walter Rodney, (1972), development at the individual level, implies increased skill, capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. The ultimate purpose of development then is not just the provision of infrastructure, but includes the development of man, the realization of human potentials and the liberation of man from poverty.

### **HISTORY OF SHELL IN OGONI COMMUNITY**

The commencement of oil exploration activities by shell in Ogoni community have generated economic and socio-political problems which have impacted negatively on the communities. The advent of shell’s oil explorations in Ogoni community interfered with and disrupted their traditional occupation which is centred on farming and fishing activities. Oil prospecting in Nigeria began in 1908 when the Nigeria Bitumen Corporation, a German firm, started exploration in Araromi area of present day Ondo state. But the First World War wiped out the pioneering efforts of the German corporation. Oil prospecting resumed in Nigeria in 1937 when shell petroleum Development Corporation was given the sole right of operation covering the whole territory of Nigeria. The activities of the company were interrupted by the Second World War, but in 1947, they resumed exploration and prospecting for oil. The federal government of Nigeria acquired 35% of the company in 1973, following the policy of indigenization of foreign companies operating in Nigeria. The acquisition of 35% interest gave rise to the joint venture operation that exists between shell and Nigeria till date (Osuji, 1998:9).

At present, Shell Petroleum Development Company (SPDC) is the largest oil companies in Nigeria. It covers an area of over 31,000 square kilometres and produces nearly half of the nation’s oil of some 2.0 million barrels per day. Shell has about 900 producing oil wells, 1000 flow stations/gas plant, some 545,000 kilometres of oil and gas flow lines and over 1,500 kilometres of trunks lines (Anderson 1999 cited in Baniyo, 2000:38). Most of these pipelines criss crossed Ogoni community and farm lands were destroyed. While people’s farm lands were acquired by shell, their waters were constantly polluted through oil spillages. Therefore the main economic and traditional means of lively hood of the people were truncated due to shell’s oil exploration activities.

This deprivation of economic means of survival made the people jobless and vulnerable to shell’s manipulation and control. Ogoni people are faced with myriad of problems that were considered uncommon before the commencement of oil exploration and exploitation by shell. These equally generated intra and inter community clashes because shell chose

to favour some groups and individuals in their community development efforts more than others. Although, efforts have been made by shell to mitigate these problems through community development such as provision of medical health care services like building hospitals and schools, these efforts appear inadequate as the people still remain poor and deprived of the good use of their natural resources (Land and Rivers) to cater for their needs.

The air has also been severely polluted. The natural gas that is a by-product of drilling is flared off horizontally from five flaring stations some of which are near homes and villages. This gas flaring activities releases poisonous gases which are linked with diseases like asthma, cancer and other lung infections. The ogoni people are deprived of fertile land, good water to drink and fish and good air to breath due to shell's oil exploration activities.

This study therefore, seeks to discover the actual effect of oil exploration activities on Ogoni community. The study equally looked at community development efforts of shell to see if they could provide stable employment and sources of income for individuals in Ogoni community.

## **THEORETICAL FRAMEWORK.**

This study utilized the combination of Modernization and Dependency theories to explain the activities of shell oil exploration and economic development of the Ogoni community. **Modernization theory**

According to Prof Mark Anikpo, as late as the early 20<sup>th</sup> century, theories of development had not completely recovered from the hangover of the evolutionary anthropology and neo-classical economics, in their perceptions and formulations on the other societies. Modernization theory is an attempt by Western writers to provide a conceptual frame work to understand, explain and prescribe solutions to the problems of backwardness or underdevelopment of third world countries. This study, formulated by western bourgeois scholars for African, is rooted in the assumption that all societies transform from traditional to modern types (Eteng 1987). The theory also assumes that in the process of this transformation, certain positive factors and social values come to play. These factors are economic, demographic, socio-cultural and political.

So, in this view, western capitalist countries are characterized by social values which emphasized universality, achievement orientation and functional speciality, But in contrast, third world countries of Asia, Africa and Latin America are characterized by particularistic social values as well as functional diffuseness. Therefore to develop third world countries must move from their present state of irrationality and communalism to the stage of rationalism in economic behaviour. They need to imitate those social features and values that enabled the west to develop. In other words, they must open up their economies to capitalist penetration.

Modernization implies a transition from tradition to modernity W.W Rostow (1960) is one of the earliest proponents of this theory. Rostow tried to prove that there is transition from traditional to modern society. According to Rostow, anything traditional is considered an obstacle to socio-economic development, and supposedly explains the backwardness of the people. What this means in essence is that the problem of rural community in Africa like Ogoni community and the third world countries which are regarded as backward can be located within the communities poor values.

On the other hand, modernity is associated with western values which are considered progressive. The implication is that if under developed countries are to develop, they must abandon their traditional values and institutions and in their stead

embrace westernization (Naanen 1984:6). This justifies shell's oil exploration activities in Ogoni community, and sees nothing wrong in depriving farmers their land in the process. Shell sees itself as doing the people of Ogoni a favour by operating in their community. The negative consequences of shell's oil exploration activities on the environment and socio-economic life of the people are treated with levity by shell.

### **THE DEPENDENCY THEORY**

Dependency theory of under development was popularized by Marxian Latin America scholars like Gunder Frank (1989), Walter Rodney (1972) and Clive Thomas (1987) to mention just a few. It was indeed a set of micro theories that varied almost in accordance with the number of theorist. However, they all insist on a single world system predominantly cabalistic, in which the development at the metropolis (centre) creates a corresponding underdevelopment in the satellite countries through expropriate and appropriation of surplus upwards and outwards (Foster Carter 1978).

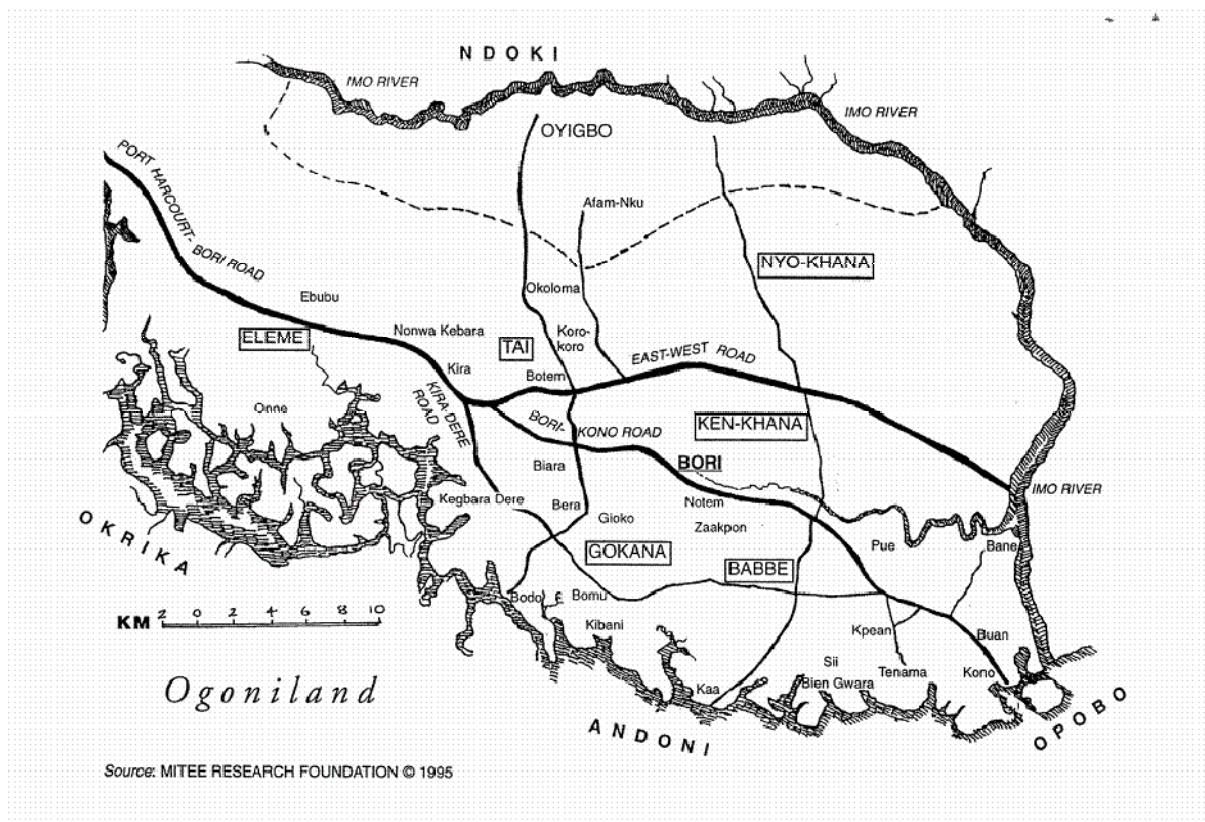
These theories place a lot of emphasis on how the developed capitalist countries under developed the third world countries (Rodney 1972) and (Chinweizu 1981). Using a Marxian type historical approach, the dependency theorists highlighted the native consequences of capitalism in the third world.

So the socio-economic dislocation and environmental pollution of the people of Ogoni can only be explained and understood by looking at the oil exploration and exploitation activities of shell in Ogoni community. The way and manner shell operates in Ogoni community created and sustained poverty and conflicts in the land by depriving the people their economic means of livelihood and promoting conflict among the communities through unequal monetary reward system within Ogoni community. Shells destroyed the environment and take away the profit without providing alternative means of economic empowerment to the people.

### **STUDY LOCATION/POPULATION.**

Ogoni community comprises of the following component compounds;

1. Eleme
2. Babbe
3. Gokana
4. Ken-khana
5. Nyo-Khana
6. TAI



Source: MITEE RESEARCH FOUNDATION © 1995

These communities make up Ogoni Land. They are all part of Rivers state of Nigeria. The population of this study comprised of adult male and female members of these compounds in Ogoni community. This was done so as to get the views of adults who take active part in the commercial and other economic activities within the community.

## SAMPLE SIZE

A total of 250 respondents were purposively selected for this study. In addition to the 250 respondents, 27 other respondents comprising prominent leaders of thought, traditional rulers, executive members of Ogoni Community Development Council and other prominent social groups based in the community.

### Distribution of respondents by component compounds in Ogoni

Compound	No of respondents	Percentage (%)
Eleme	56	20.21
Babbe	37	13.35
Gokana	50	18.05
Ken-Khana	50	18.05
Nyo-Khana	34	12.27
TAI	50	18.05
Total	277	100

(Source: field trip,2011)

## **INSTRUMENTS OF DATA COLLECTION**

The instruments of data collection in this study were; Questionnaire, Observation, In-depth Interviews, Case study and secondary sources of data (documents and reports).

## **STUDY FINDINGS**

### **Hazards suffered from shell operations in Ogoni**

<b>Responses</b>	<b>frequency</b>	<b>percentage</b>
<b>Yes</b>	<b>241</b>	<b>87%</b>
<b>No</b>	<b>29</b>	<b>10.46%</b>
<b>Don't know</b>	<b>7</b>	<b>2.52%</b>
<b>Total</b>	<b>277</b>	<b>100%</b>

**Source: field work 2011**

The table above shows the volume (87%) of affected by Shell's oil exploration activities in Ogoni community. This high percent shows that the effect of Shell operations have been experienced in every nook and cranny of Ogoni land. Before the incursion of Shell in to Ogoni land, the people were predominantly farmers and fishermen, producing crops like cassava, okro, vegetables and yams. The land was fertile and conducive for Agricultural activities.

However, shell activities created irreversible land scarcity in Ogoni due to frequent oil spills and laying of pipes in peoples farm lands. Another area affected by Shell operations is water supply. The streams were polluted and the rain water is poisoned by gas flaring, yet Shell failed to provide adequate pipe born water for the people to drink. Even the buildings of the people were destroyed due to the vibrations from shell's equipment.

The study found that segments of Ogoni community like, Eleme, Babbe, Gokana, Ken-Khana and Nyo-Khana now depend on leasing farm lands from neighbouring communities at exorbitant rates to farm.

### **Status of Ogoni workers Employed by Shell**

<b>Responses</b>	<b>frequency</b>	<b>percentage</b>
<b>Management</b>	<b>Nil</b>	<b>nil</b>
<b>Senior staff</b>	<b>1</b>	<b>0.21%</b>
<b>Supervisor</b>	<b>3</b>	<b>0.65%</b>
<b>Junior</b>	<b>2</b>	<b>0.43%</b>
<b>Casual</b>	<b>457</b>	<b>98.91%</b>
<b>Total</b>	<b>462</b>	<b>100%</b>

**Source: field work 2011**

From the table above, it can be seen that the bulk of workers from Ogoni in the employment of shell fall within the casual labour category. The casual workers are the most neglected and are predominantly recruited from the host-communities. There is no job security for the casual workers as their services can be terminated without notice. Shell operations made

the people to abandon their farm due to pollution yet there is no stable job from shell. They people simply move around hoping to be engaged by shell in another casual labour which is hard to come by.

### **IMPACT OF SHELL OPERATIONS ON CULTURAL LIFE OF THE PEOPLE**

The operations of shell in Ogoni community truncated the family and other traditional value system of the people. The authorities of the elders were eroded. The youths were no longer controlled by the elders because some of them now cater for themselves. Their families too do not have any control over them because most of them no longer live with their parents. Shell also induced some youth leaders with contracts and made them to work against the interest of the elders and others in the community.

Shell operations equally caused a lot of conflicts in marriages in Ogoni community. Shell workers used their money to entice the local ogoni women who were married. These married women began to date shell workers who give them more money than their poor unemployed husbands. So the operations of shell in Ogoni community disorganized the social structure and relations in Ogoni land. Shell activities increased the quest of material comfort among the youths and most of them took to stealing to realize their material desires. So the level of crime increased in Ogoni due to shell operations and relations with the people.

### **DISCUSSION OF FINDINGS**

The study showed that there is a connection between shell operation and the incidence of food crises in Ogoni community. This is due to the pollution and disorganization of the means of economic production of the people. This supports the arguement of the dependency theories. Rather than to encourage the development of the community, the study revealed that the operations of shell alienated the skilled labourers among the people. So instead of the expected growth due to shell operations as argued by modernization theorists, the study discovered that the people had to move out of their environment to seek for jobs and engage in other economic activities. Even when the people of Ogoni were employed by shell they occupy very insignificant positions and usually have stunted career growth.

### **CONCLUSION**

This study concluded that though shell's oil exploration enhances the national development of the nation, its operations affects the local people and their environment negatively. The people have been driven away from their traditional economic activities to unstable and insecure jobs in shell locations. So while the company made so much profit, the people of Ogoni still groan in poverty and lack. So the activities of shell under-developed the ogoni community as argued by the dependency theorists.

Shell's oil exploration activities equally dislocated the social structure and value system in Ogoni land. Social vices like prostitution, and kidnapping became the aftermath of ineffective family and religious institutions in the commodity. The oil workers used their wealth to oppress and intimidate the locals dispossessing them their wives and girlfriends. Money and material acquisition became the only language the youths understand. These jobless youths often take to crime and violence to realise their goals.

At the final analysis, shell brought hardship, communal crisis and other social vices to ogoni people through their oil exploration and social relations with the people. Oil which is supposed to be a blessing to the people turned out to be a

curse to them. The tacit support the federal and state governments gave to shell did not help matters. Corruption and bad governance among the traditional and political leaders in ogoni made it impossible for the genuine desires and agitations of the people to fall on deaf ears. The lack of trust of the leadership at all levels has made the youths to become more violent in their approach and has led to more bloodshed and destructions in ogoni land. It was observed that ogoni land has been abandoned by the government and deserted by businessmen. The entire community awaits compensation from shell to ameliorate the untold hardship it brought on the people.

## **RECOMMENDATION**

The study recommends that for oil industries to be useful to host communities they should be made to incorporate the company's perspective through purposeful mobilization and participation of the people in identifying their major needs where this is not done it may disorganize and in extreme cases, destroy the pattern of livelihood of the community. This is in line with the observation Taylor (1981:227) that:

"Capitalist intrusion into non-capitalist model leads to restricted and uneven development which manifests in a disarticulated economy, massive unemployment, extreme inequality between social classes, absolute poverty as opposed to relative poverty, political instability and a dependent neo-colonial state"

The study equally recommends that the welfare and economic development of the local population be considered in the operations of any company within the community. The sustainability of the social and environmental order must be ensured before citing companies in the rural community like Ogoni so as not to cause conflict and economic crisis.

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#### **ABOUT THE AUTHORS:**

**Arisukwu Ogadimma Chukwubueze** is a Teaching Assistant in the Department Of Sociology University Of Ibadan, Nigeria.

**Kennedy Chinenyen Nnaomah** is a graduate of Sociology from University of PortHarcourt and University of Ibadan. His research interest is on sociology of development and Industrial Sociology.