CRISIS MANAGEMENT IN NIGERIA'S OIL AND GAS INDUSTRY: THE IMPERATIVE OF PEACE MARKETING

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ABSTRACT

The study examined the nexus between peace marketing, represented as peace creation and crisis management, measured in terms of crisis prevention and crisis mitigation. The study adopted the survey research design; while its population comprise oil and gas multinational companies in South-south Nigeria. A total of two hundred and forty two (242) management level staff of the oil and gas multinational companies were sampled. The study used a structured questionnaire to collect primary data, and analyzed same using the Pearson Product Moment Correlation statistic. The study found that peace marketing in the form of peace creation positively and significantly relates to crisis management. This study concludes that peace marketing represented as peace creation; facilitate crisis management through crisis prevention and crisis mitigation. The study thus, recommends that multinational oil and gas companies in Nigeria that desire to optimally manage crises in their host communities should embrace peace creation as peace marketing. They should identify and provide solutions to problems of host communities; endeavour to uphold memorandum of understanding reached with them; and respect their beliefs, culture and values in order to avert crisis.
Keywords: Peace marketing, crisis management, crisis mitigation, crisis prevention

INTRODUCTION

Oil and gas has been the mainstay of Nigeria's economy since the discovery of oil in commercial quantity in the Niger Delta region in 1956. The discovery and exploration of oil led to the abandonment of agriculture which hitherto, was the source of revenue for the Nigerian Government. Oil exploration was carried out in communities by major oil companies in collaboration with the federal government without recognizing the host communities. This attitude resulted in pockets of crisis in the domains of operations of the oil companies; as the host communities decried the adverse effects oil exploration on their environment, on the one hand, and exclusion of the communities and their interests in decision making by the oil companies and the government. The situation engendered discontent among individuals, groups and entire communities, and led to resistance in various conventional and unconventional manners. Such extreme tactics as criminality (including kidnapping, terrorism, and vandalism) and other malicious means of expressing their displeasures were resorted to.

Business all over the world requires a peaceful environment to record success in terms of returns on investment and meeting corporate responsibility to stakeholders. It is in this light that Zamoun and Gorpe (2018) opined that crisis is an event that threatens successful operation of organizations and disrupts the peace of stakeholders. Coombs (2007) emphasized that crisis in the oil and gas industry ensued from oil spillage and gas flaring which pollutes the environment, and to which the multinational oil companies involved in oil exploration pay little or no attention (Perry & Hayes, 2008). This demonstrates that crises between the oil producing communities and the multinational oil giants are occasioned by neglects.

It is worthy of note that poor crisis management in the oil and gas industry has given rise to continuous vandalism and destruction of oil and gas facilities by disgruntled persons and groups, causing serious disruption in oil and gas operations. It is on this premise that this paper opts to explore how crisis prevention and mitigation can be achieved through the instrumentality of peace marketing technique in the study.

REVIEW OF RELEVANT LITERATURE

Peace Marketing

Peace is a concept of societal friendship and harmony and the absence of hostility and violence (Coombs, 2007); while marketing is "the processes and activities of firms that sense and serve customers' requirements better than competitors, and create and maintain relationships to facilitate the attainment of stated objectives" (Ateke & Nwokah, 2022). Technique is a way of carrying out a task, especially the execution or performance of a scientific procedure. Peace marketing is a new social marketing concept that has attracted the attention of scholars and researchers in marketing. As non-profit forms of marketing, peace marketing is driven by the need to ensure peaceful co-existence between business organisation and their host communities (Nedelea & Nedelea, 2015). Peace marketing is viewed as social support programme embarked upon by companies to support the efforts of government and non-governmental organisations to restore peace in conflict communities. The underlying principles of peace marketing are based on the need to strike a balance between interest and abilities and need to reduce the level and intensity of conflict between the public and business community (Bejan, 2017). Thus, peace marketing in this discourse can be looked upon as effort expended to create peace between a firm and its host communities. We therefore use peace creation to represent peace marketing.

Crisis Management

Venette (2003) argue that crisis is a process of transformation where the old system can no longer be maintained. It is equally important to stress that crisis management is the most important process in public relations (Venette, 2003). Crisis management involves dealing with threats, before, during, and after they have occurred (Venette, 2003). Bundy and Pfawer (2017) view crisis management as the process by which an organisation deals with a disruptive and unexpected circumstances that threatens to harm the organisation or its stakeholders.

The increasing spate of crisis in companies' domains of operations has made peace marketing an important instrument to the business community. This is why scholars posit that the increasing cases of crisis in host communities call for techniques that mitigates, prevents and where possible, terminates crisis (Ohiagu, 2009). In the words of Hiroshima (2016), peace marketing tends to preach peace and restore harmony between members of a society and companies that operate in their domain. It is vital to note that people do not necessarily look for product from organisations that operate in their domain rather they are interested in finding solution to their problems (Woolf, 2006). The inability of companies to identify community problems and proffer solution to them is mostly the cause crisis between host communities and businesses operating in their domain. In view of the forgoing conceptualization of crisis management, and the positions of scholars on the key facets of crisis management, this study views crisis management through the lenses of crisis prevention and crisis mitigation.

Peace Creation and Crisis Prevention

Peace creation is the reduction in the probability of conflict between members of a given society (Hadjiyiannis, Heracleous, & Tabakis, 2014). Ballentine and Nitzsche (2009) view peace creation as a social programme embarked upon by individuals or groups to ensure sustainable peace in the society. Peace creation cannot be left in the hand of the government alone, rather multinational firms who operate in the communities can ensure peace in their domain of operations, hence, prevent crisis. Kendie (2010) states that oil multinationals have a major role to play in peace creation in host communities, because the resources they manage and the people they employ, hands them economic power to prevent crisis in the communities.

Doyle and Sambanis (2000) emphasized that companies that carry cooperate social responsibilities and undertake inclusive intervention programmes to address societal problems will prevent crisis in communities. Haski-Leventhal (2014) states that oil multinational firms are the most powerful force for addressing pressing issues of society, as such prevent crisis or create peace in their communities of operation. Data (2014) admitted that once an institution identify the needs and wants of a society and proffer solution to them, peace is instilled, and crisis adverted. Kotler and Zactman (1971) emphasized that peace creation is born out of value creation and delivering the right products at the right time, to the right people, in the right place so as to prevent crisis. Drawing from scholarly contributions so far, it can be speculated that a relationship exist between peace creation and crisis prevention, thus the study hypothesizes that:
Ho_1: Peace creation has significant relationship with crisis prevention.

Peace Creation and Crisis Mitigation

Peace the need of mankind for security and safety; and which is on the same scale with protection and order (Mcleon, 2016). Forte and Gilpin (2012) submits that companies hiring the services of people in their communities of operations should do so to create peace among members of the community. Kendie (2010) on the other hand, submits that multinational firms can create sustainable peace in their area of operations by respecting the rule of law as enshrined in the labour and environmental laws which gives right to the principles of corporate citizenship; and equally emphasized that peace as a social contract is active through negotiation, adjustment, resolution and decisions. In mitigating crisis in

the society, the need and want of the communities should not be compromised (Bello, 2010). These assertions suggest that a relationship between peace creation and crisis mitigation is possible. Thus, the study hypothesizes that:

Ho$_2$: Peace creation significantly relates to crisis mitigation.

RESEARCH METHODOLOGY

The study is focuses on examining the link between peace marketing (proxied by peace creation) and crisis management (measured as crisis prevention and crisis mitigation). The study adopted a cross sectional survey methods. The study was carried out among seven (7) oil and gas companies (Agip, Chevron, Elf, Mobil, NNPC, shell and Texaco (MRS),) in South-south, Nigeria. The study used the individual firms as units of analysis, and sampled a total of two hundred and forty two (242) top level management derived through the purposive sampling technique. Data was primarily sourced with a structured questionnaire in a 5-point likert scale. The instrument was validated through content validity, while Cronbach's Alpha technique was used to ascertain the reliability of the instrument. Pearson Product Moment Correlation technique was applied to ascertain the relationship between the independent variable (peace creation) and measures of the dependent variable (crisis prevention and crisis mitigation). The statistical package for social science (SPSS) version 22.0 aided the data analysis.

Table 1: Reliability statistics of study variables

S/N.	Variable	Number of Item	Alpha Value
1.	Peace creation	6	.903
4.	Crisis prevention	6	.875
5.	Crisis mitigation	5	.861

Source: Survey Data, 2022

Results in Table 1 show the viability of the variables, since the alpha value is greater than 0.5 as a threshold for the measurement of reliability of an instrument.

RESILTS AND DISCUSSION OF FINDINGS

Table 2: Correlation between Peace Creation and Crisis Prevention

Correlations		Peace Creation	Crisis Prevention
Peace Creation	Pearson Correlation	1	.980**
	Sig. (2-tailed)		.000
	N	230	230
Crisis Prevention	Pearson Correlation	.980**	1
	Sig. (2-tailed)	.000	
	N	230	230

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data, 2022

Table 2 displays the correlation upshot between peace creation and crisis prevention. The correlation statistics (r = .0.980, p < 0.001) shows that peace creation explains 98.0%

variations in crisis prevention. This is an indication of a very strong positive relationship between the variables. In term of intensity of the relationship, the upshot indicated that peace creation with (r = 0.980) is highly related to crisis prevention.

Table 3: Correlation between Peace Creation and Crisis Mitigation

Correlations		Peace Creation	Crisis Mitigation
Peace Creation	Pearson Correlation	1	.688[**]
	Sig. (2-tailed)		.000
	N	230	230
Crisis Mitigation	Pearson Correlation	.688[**]	1
	Sig. (2-tailed)	.000	
	N	230	230

[**]. Correlation is significant at the 0.01 level (2-tailed).
Source: Survey Data, 2022

Table 3 shows the correlation results between peace creation and crisis mitigation. The results signify a strong, positive and significant relationship between the variables. The correlation statistics (r = .0.688, p < 0.001) shows that peace creation explains 68.8% variations in crisis mitigation. This is an indication of a positive relationship between the variables. In term of intensity of the relationship, the outcome indicated that peace creation with (r = 0.688) is highly related to crisis mitigation.

The foregoing results demonstrate positive and statistically significant relationship between peace creation and crisis management through crisis prevetion and crisi mitigation. The findings align with the views of Giboa (2000) that societal happiness, improved standard of living, and a problem free environment for oil and gas multinationals is dependent on cross-functional marketing activities of these firms to manage crisis in host communities. The findings also corroborates the views of Kendie (2010), Call and Consens (2007) and Fort and schipani (2004) that peace creation in host communities increase productivity because no meaningful achievement is possible in an environment of crisis.

Ballentine and Nitzsche (2009) stated that peace creation through social programmes by multinational oil firms in their communities of operations prevent crisis between them and the communities. The findings of the current study strongly support this statement. The findings also consolidate the emphasis of Doyle and Sambanis (2000) that companies with cogent corporate social responsibility and inclusive intervention programmes aimed at addressing societal problem is capable of preventing crisis in their host communities. In the view of Data (2014), that peace creation is based on how multinational companies resolve basic necessities of their host communities which serves as a catalyst in crisis prevention.

The findings also support the position of Delta (2012) that once an institution identifies the needs and wants of a society or target market and offer something of value to cushion the effects, crisis is mitigated and productivity of the firm is enhanced. Hale's (2002) submission that crisis can be put on hold or reduced by oil producing companies by relating well with

host communities is also confirmed by the results of this study. The position of Hale (2002) and the results of this study are further validated by the fact that corporate social responsibility of companies significantly promote peace and reduce conflict between firms and host communities. The position of Ku, Mustapha, and Goh (2010) that crisis mitigation in hostile oil regions can be attained through companies' respect for agreements entered into with host communities, and that of Bello (2011) that to mitigate crisis in the society of oil production, the communities' view must be respected are also in alignment with the findings of this study.

CONCLUSION AND RECOMMENDATIONS

In a turbulent business environment, only peace can drive productivity. This is because no meaningful achievement can take place in an environment in which crisis is pervasive. The place of peace marketing principles in driving harmony between oil and gas multinationals and their host communities is established. Thus, it is tenable that the application of peace marketing in crisis situations by oil and gas firms could allow for the identification of balance between host communities' problems and goals of the oil firms. This will result in crisis prevention and crisis mitigation; and enhanced productivity of the firms, and community development through corporate social responsibility by the firms. This study therefore, concludes that peace marketing represented as peace creation relates positively and significantly to crisis management through crisis prevention and crisis mitigation. The study recommends that multinational oil and gas companies in Nigeria that desire to optimally manage crises in their host communities should embrace peace creation as peace marketing. They should identify and provide solutions to problems of host communities; endeavour to uphold memorandum of understanding reached with them; and respect their beliefs, culture and values in order to avert crisis.

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