Turning potential collision into cooperation in Ghana’s oil industry

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Abstract

Purpose – This paper aims to examine the potential impact of the presence of oil resource on the Ghanaian society. Specifically, the paper investigates the relationship between key stakeholders in the oil sector, how stakeholder interactions create the potential for collision and advances measures aimed at turning possible collision into cooperation.

Design/methodology/approach – The paper uses a literature review-based approach, drawing on existing literature in a number of areas including corporate social responsibility (CSR), oil and gas industry in Ghana and Nigeria as well as communication.

Findings – The paper advances that expectations of stakeholders as regards oil being a panacea to all their problems must be managed to avoid possible collision. Additionally, Ghana’s oil industry must identify and engage all stakeholders in planning suitable and sustainable CSR programmes for economic development, thus fostering a friendly environment for oil companies. Transparency and accountability are also needed to promote cooperation rather than collision among stakeholders in Ghana’s oil industry.

Originality/value – This paper raises and brings to the fore critical issues that can lead to potential collisions in the oil and gas industry in Ghana if not well-managed, and thus an innovative work in that regard.

Keywords Cooperation, Collision, Oil, Stakeholder engagement, Ghana, Nigeria

Paper type Conceptual paper

Introduction

The announcement of oil find in Ghana in commercial quantities was met with significant optimism from the Ghanaian populace (World Bank Group, 2009). Despite the announcement of the presence of oil by the Government of Ghana in June 2007, there has been widespread concern about the benefits accruing to the country, especially in the Western Region where the oil is located. The perception by some that mining companies in the country have failed to live up to expectations regarding their discharge of corporate social responsibility (CSR) in communities where they are situated is the platform for the current concern on the oil find. The eruption of violence in oil-rich countries such as Nigeria due to the poor relationship between oil companies and the communities in which they are located is a cause for concern for the current oil find in Ghana. This paper seeks to find out whether the oil find in Ghana has the potential for creating conflict situations between the stakeholders of the oil find and the oil companies, as seen in other countries and in Ghana’s mining sector.
Over the years, research conducted to ascertain or examine the impact the abundance of natural resources had on the development (social, economic and political) of some countries showed that there exists a negative relationship between resource availability and development in most developing countries (Palley, 2003; Human Rights Watch, 2005; Human Development Report, 2004). This phenomenon is what has been described as the “Paradox of Plenty” by Karl (1997). Karl adopted this expression to explain the situation where a country benefits less from more resource inflow. Many reasons have been espoused for this murky situation. In most of the countries that have experienced this phenomenon, natural resources are viewed as lootable resources that provide the impetus for instability and conflict (Collier and Hoeffler, 2004). A decline in terms of trade of primary commodities, instability of international commodity markets, poor economic linkages between resource and non-resource sector and the “Dutch Disease” are all part of the economic explanation of why natural resource-abundant countries can show such poor economic performance in terms of growth and income redistribution (Ross, 1999, p. 298).

The resource curse syndrome is a phenomenon that describes the inability of natural resource-abundant countries to derive full benefits from their natural resource (Soros, 2007). It epitomizes the fact that the resource which is a blessing becomes a curse due to some intervening factors. These intervening factors which are economic, political and social underpin the phenomenon of the resource curse. It is the management or otherwise of these factors which has significantly contributed to the fact that only few countries with natural resource have been successful in reaping benefits and the many others that have failed, particularly in Africa.

The objective of this paper, therefore, is to examine the potential conflict situations among the internal oil stakeholders that are likely to draw the country Ghana into the League of Nations with the resource curse tag hanging around their “necks” and to explore measures, particularly the potential of the stakeholder theory in CSR in addressing the possible conflicts that may arise as a result of the oil find. For the purpose of this paper, collision and conflicts are used interchangeably to refer to the opposing interests/demands between the stakeholders of Ghana’s oil and the oil companies.

**Lessons from within: Ghana’s mining sector as a case study**
Preceding the Jubilee Field, oil discovery was an already thriving extractive industry in Ghana. The mining industry has been operational for over four decades, largely controlled by multinational companies that engage in gold, diamond, bauxite or manganese mining. The gold sub-sector has received substantial investment, resulting in increased mining activities and production due to the policy changes in the mining industry. While this policy changes have brought generous incentives to the mining companies, the benefits of such investments to the nation are quite spurious (Akabzaa, 2001). In spite of the huge revenues generated from the mineral resource, Ghana gets less than 15 per cent of the revenues from its mineral resource. While revenues from gold have facilitated growth and development in South Africa, the same cannot be said about Ghana. Rather, it has resulted in the destruction of forest cover threatening ecological biodiversity, destruction of arable agricultural lands and human settlements, pollution of water bodies and generally threatening the very survival of the local communities. This has been the source of friction between mining companies and the local communities and civil society groups. This friction has arisen because the laws on
mining and environmental protection have been very cosmetic, to say the least. The lack of environmental management in the mining sector is attributable to the lack of effective monitoring, lapses in the environmental guidelines and lack of effective coordination among mining sector institutions (Akabzaa, 2001, p. 149).

The central government’s role to address social, environmental and other institutional concerns has been inadequate. Laws requiring governments to return a percentage of minerals’ tax to the communities for developmental purposes are not strictly adhered to. Hence, the indigenous people living in mining communities are quick to lay blame at the doorsteps of mining companies for destroying their environment and livelihoods without developing the communities. In Ghana, this is a major cause of collision between mining companies and members of the local communities within which they are located. Whereas community members look up to the mining companies for developmental projects, mining companies are also of the view that taxes paid directly to the Government and the District Assemblies should be used to develop the communities.

The example of the mining sector provides good lessons for the emerging oil sector of the extractive industry, as both are non-renewable natural resources that are extracted with rent-seeking characterized. They are both enclave economies with huge foreign control, and present high revenue potential for the economy if well-harnessed. The inability of the mineral resources to engender the expected development and assuage the difficulties of the communities and its concomitant collision between mining companies and the local communities provides food for thought for the management of the oil resource in turning potential collision or conflict to cooperation. The oil industry will have to critically examine their development plans for the local people to avoid a similar situation as exists in Ghana’s mining sector.

Lessons from without: Nigeria’s oil find
Beside the experience from the mining sector in Ghana, the onshore oil production in Nigeria also presents some lessons from without. Nigeria’s oil was first discovered in the early twentieth century and by the time of independence in 1960, oil production in Nigeria stood at 17,000 barrels of oil per day (bopd), which rapidly rose to 1 million barrels of oil per day by 1970 (Whaley, 2008). The Nigerian economy is heavily reliant on its oil production, which accounts for about 80 per cent of government revenues, 90-95 per cent of export revenues and over 90 per cent of exchange earnings (source: www.iags.org/nigeria.html). Despite the relative wealth the presence of oil presents to Nigeria, there has been a lot of unrest and violence, especially in the areas where the oil deposits are located. One of the underlying factors for the violence in these communities is the belief that the foreign multinational companies involved in the oil industry are directly responsible for the poverty and exploitation of the local people and associated pollution (Whaley, 2008). As a result, a number of militant groups have sprung up over the years in an attempt to “right the wrongs” made by these multinational corporations.

One such group is the Movement for the Emancipation of the Niger Delta (MEND), which has stated their aim as destroying the capacity of the Nigerian Government to produce oil through the bombing and destruction of oil pipelines. According to Whaley (2008), unofficial reports have currently estimated that as much as a quarter of Nigeria’s production of oil is kept off the market through militant violence. One of the most infamous and perhaps tumultuous relationships between multinational oil company
and society in Nigeria is the Shell–Ogoni relationship. The collaboration between The Shell Petroleum Development Company (SPDC) and the Nigerian National Petroleum Corporation netted billions of dollars from oil extracted from Ogoni in the Niger Delta area (Boele et al., 2001). The people of Ogoni, dissatisfied with the lack of benefits from the oil extraction, coupled with the deterioration of the environment, mounted national and international campaigns in a bid to pressurize the SPDC to be more socially responsible. According to Boele et al. (2001), the inability of SPDC to come to terms with the people of Ogoni led to violent clashes resulting in the loss of many lives. In 1993, SPDC was forced to temporarily suspend production in the face of mounting pressure from local and international protests. However, the violence that was sparked by the actions of the Nigerian military to defend SPDC’s installations escalated, and led to the loss of more lives, including the execution of Ken Saro-Wira, an environmental activist and leader of the Movement for the Survival of the Ogoni People (MOSOP).

Nigeria’s oil production is onshore, unlike Ghana’s, which is offshore. The difference in the source or point of exploitation presents different challenges to the stakeholders. However, oil is a common denominator in both onshore and offshore exploration shaping the relationship between the stakeholders, particularly government, oil companies, local communities, civil society, non-governmental organizations (NGOs) and the media, thus presenting certain similar outcomes. For example, the presence of oil triggers high expectations of well-being in the citizenry; the pollution of the environment, whether land or water, may affect the health and livelihood of the local communities, which creates discontent and may lead to the possible formation of social movements or groups that may pursue the path of violence to address their concerns. The case of Nigeria, notwithstanding, presents useful lessons for Ghana’s nascent oil industry, particularly against the backdrop that the country is beginning to show signs that have the potential of creating collision or conflict even before full-scale oil production is reached. The oil industry will have to take steps to be socially responsible towards the internal stakeholders, particularly the local communities in which they are located, to enhance the cooperation of the locals in their business.

Potential triggers of collision or conflict in Ghana’s nascent oil industry

*Heightened euphoria: mismatch between expectations and actuals*

The announcement of the discovery of oil in commercial quantities in the Jubilee Field by the Jubilee partners in 2007 was greeted with a lot of excitement and high hopes. Many viewed it as an act of God and a blessing; the needed key to unlocking the gate to prosperity (Ghana Broadcasting Corporation, 2010; Osei-Tutu, 2012). The political elite have described this new oil find as the panacea to Ghana’s development, the salvation to its economy and employment for the youth (Osei-Tutu, 2012). The sum effect of these is the heightened euphoria and high expectations generated and the extent to which it has framed oil as an end in itself and not a means to an end. Political vituperations and the media have contributed substantially in creating this potentially primed grenade. This should give cause for concern, because it has the potential of generating conflict if not well-managed. The disparity between these highly anticipated expectations and the actual oil benefits could create discontentment, disenchantment, suspicion and lack of trust, which may have far-reaching consequences.

Interrogating further the potential opportunities that oil brings reveals the need for caution and conscientious efforts at managing these high expectations. Drawing from
the Ghana National Petroleum Corporation (GNPC), International Monetary Fund (IMF), World Bank and GTZ projected estimates of oil revenue to accrue to Ghana, the value of oil per annum to the individual, with no portion set aside for investment, will be US$43 per year. According to an IMF report in 2008, the projected oil revenue will add about 30 per cent to the national income and less than 10 per cent to the gross domestic product (GDP). Certainly, this calls for circumspection, especially against the backdrop that Nigeria and Angola have far more oil revenue, which contributes 85 and 90 per cent to the government total revenue, and 41 and 55 per cent to the GDP, respectively, and yet still grapple with economic challenges. The inability of governments to prosecute the expected development agenda may bring them in collision with the citizenry.

Also worth considering is the employment opportunities that oil exploration presents to especially the youth of Ghana. The oil industry has been described as an “enclave economy” because it depends largely on expatriates and mechanical inputs from the outside world with few links to the local communities (Paes, 2004). The technical nature of the industry requires highly skilful human resource with technical competencies. One gets the impression from the discourse so far that the huge unemployment deficit will be addressed by the emerging oil industry. However, projected statistics from Tullow Ghana Limited of direct employment opportunities indicate otherwise. The upstream activities require highly skilled and technical expertise and so present very little opportunities for the locals. While the oil industry may contribute in absorbing a part of the unemployed youth, it nonetheless cannot be the panacea of unemployment in Ghana. The failure of the industry to absorb the teeming unemployed youth may set it on the course of collision with the local communities. As witnessed in the example of the Niger Delta in Nigeria (Douglas et al., 2003) and also in Angola’s Cabinda enclave (Porto, 2003), this can trigger new conflicts. The frustration aggression theory also postulates that the blockage of a goal reaction is likely to evoke behaviours through which the blockage can be terminated and the initial goal reaction executed if aggressive responses hold promise for such an overcoming of the frustration (Dollard et al., 1939). Thus, in cases where indigenous people’s hopes of securing jobs from oil industry are blocked because they do not have the required skills and expertise, these people tend to evoke aggressive behaviours which send them on a collision course with the oil companies. In this respect, understanding oil as a means to an end may engender a better approach to managing oil revenues.

The creation of this euphoria and high expectation can be attributed to a number of factors. First is the quest of political elites to arrogate to themselves, the “discoverer” of the oil resource, and the “bearer” of good tidings. This found expression in their speeches, thus heightening expectations. Second, the often high prices of oil in the global market and its huge economic strain on Ghanaians, naturally elicited hope and expectation with the announcement of the oil find. Third, the activities of NGOs via conferences and seminars helped heighten the euphoria. Civil Society Platform on Oil and Gas argue that government propaganda with the local content policy is fuelling this very high expectation of good employment intended to transform their lives.

The potential threat to Ghana’s emerging oil and gas economy is the unrealistic expectations of the citizens created by these myriad of factors. The expected revenues from the sector and the potential employment opportunities fall short of meeting the anticipated aspirations of Ghanaians in the short term. The present situation can be
described as a “timed bomb” which may explode with dire consequences on the peace, security and development of Ghana.

**Marginalization of women in oil discourse**
The oil and gas industry in Ghana, though a nascent industry, has begun exhibiting some gender distortions. While the downstream sector is gender-sensitive, the upstream sector seems to discriminate against women. Only 6 of the total of 450 workforce on shift on the Rig at the Jubilee Field are females and are deployed in peripheral roles such as catering services on the Rig. The traditional cultural construct of the woman’s role as the keeper of the home makes it unacceptable for a woman to stay out offshore for 28 days. Where even these odds are broken, the women are given socially defined gender roles such as stewards and cleaners instead of the core activity of drilling.

Gender exclusion is also visible in the stakeholder consultation on oil in the frontier communities. The government agencies’ and oil companies’ engagements with these communities were mainly with the fishermen to the exclusion of women fishmongers whose livelihood equally depended on the fish. This situation has been reinforced by the cultural values of the people to the extent that the women seem to have no problem with it. The main occupation of the women in these frontier communities is fish mongering. These women are key actors in the supply chain of the fishing industry. They interface between the fishermen and the final consumers, providing a ready market to the fishermen. In addition, these women make significant financial contribution to the upkeep of the home, and in some cases, they bear all the cost of feeding at home. In this regard, the survival of the women is closely linked to activities on the sea. These women should, therefore, have equal space for engagement as their fishermen counterparts, as they both depend on the fish for their livelihood. This current situation if unchecked may create future clash with gender advocates and feminist theorists. This is against the backdrop that gender mainstreaming has assumed prominence and general acceptability in contemporary times, particularly in Ghana. Feminist scholars and gender activists continue to advocate for gender equality and mainstreaming in all sectors of the economy. Unfortunately, their activism is yet to be extended to the emerging oil and gas industry in Ghana.

**Tilting the balance: over concentration on revenue maximization**
The discovery of oil and gas has been welcome news for Ghanaians and non-Ghanaians alike. Ghanaians expect to derive the optimum benefit from this natural resource, through concrete transformation of their lives. This natural resource is held in trust by the government for the people. This imposes a responsibility on the ruling political elite to maximize and manage the oil revenue for the good of the people and avoid the resource curse. As important as this may seem, it takes more than revenue maximization to ensure the general good of Ghanaians, because the revenue generated can suffer political capture. How this revenue will be invested and distributed to all, especially the poor and “losers” is of paramount interest to the ordinary Ghanaian. Although commercial production has commenced, the appropriate legislations have not been passed, indicating a tilt of balance in favour of revenue maximization. While the government professes to ensure that Ghana maximizes revenue from the oil, agreements signed with oil companies until recently were shrouded in secrecy. This lack of transparency and the absence of relevant institutions will enhance corruption and
kleptocracy. This may underscore the tilt of balance. Corruption in most cases has stood in the way of political leadership to fulfil the social contract they have with the people, a situation that can trigger violent response from society, as evidenced in the Niger Delta.

The grievance debate: winners and losers

The presence of lootable resources such as oil has generated some controversies even before the flow of petro dollars into the Ghanaian economy. The emerging oil economy has produced winners and losers whose different positions and locations shape the debate with potential consequences for conflict. Even before commercial production, the Sekondi-Takoradi Metropolis (a town in the Western Region of Ghana that hosts Ghana’s oil) is already harbouring losers and winners. There is an influx of people in the Western Region either as workers or in search of work in the emerging oil industry. This has put pressure on the social and economic activities in the metropolis. There has been large acquisition of land by oil companies and auxiliary service companies, some of whom are using locals as fronts. The future of the youth is mortgaged through these sales, with the effect of denying them future space for economic and social development. This situation has potential for future conflict, as seen in the Niger Delta in Nigeria.

The increase in expatriate and local non-indigenous workers in the metropolis has led to high cost of accommodation and a rise in the general cost of living. This aggravates the plight of the ordinary citizen and the poor, while owners of property such as accommodation, offices and land benefit. Another worrying development is the heavy traffic congestion on the roads due to the influx of vehicles in response to the population drift. The oil region is noted for its very bad roads, especially to the food-, cocoa- and diamond-producing communities. The very few good roads in the Metropolis are reeling under severe pressure from heavy-duty vehicles and trailers of these oil companies, hastening their destruction. It can be pointed out that the development of the oil and gas field is creating hardship and underdevelopment in metropolis of the Western Region. The impact on productivity and inconvenience cannot be overemphasized.

Health-wise, there is also a migration of sex workers from neighbouring countries and within other parts of Ghana to the metropolis with consequences on youth development. The booming commercial sex activity poses a risk to HIV infection in the region, particularly so when their activities are illegal and therefore unregulated. The threat of a thriving drug business is also eminent due to the intricate link between prostitution and drugs. These sex workers could also be used as baits to engage in kidnapping and hostage taking of expatriate workers. It is not all about losers, as winners are created in the process.

There is also a major debate over the ownership of the resource and the livelihood of the fishing community. The perspectives of the various actors reflect their specific locations and positions. Many of the fishermen along the frontier communities have expressed concern about their dwindling fortunes in respect of their daily catch. They complained that the activities on the Oil Rig concentrate the fishes around it and the five nautical miles no-fishing zone denies them of good catch. They contend that the low catch is affecting their livelihood and suggested some form of compensation to ameliorate their sufferings; a claim that has been sharply rebutted by the duty bearers as laughable. The latter argue that Section 6 of Article 257 of the 1992 Constitution of Ghana makes all natural resources a property of the Republic of Ghana, vested in the
President on behalf of the people, thus making untenable the claim by the fishermen. However, for the fishermen, the sea is their blood, life and the very source of their existence. These contrasting views epitomize the tension between livelihood of these poor fishermen and ownership of the natural resource. These entrenched positions if not ironed out may evolve into conflict.

Another development in Ghana which has dire consequences on the emerging oil and gas industry is the formation of a pressure group by the chiefs of the Western Region to ensure the Region does not lose out on the necessary benefits from the oil discovery as done in earlier resources such as cocoa, gold, bauxite and diamond. The chiefs have met with the President and parliament to register their concerns; arguing that, despite the region’s significant contribution to the bread basket of the country, it has been alienated and marginalized. The region is home to many natural resources such as cocoa, diamond, gold, bauxite, manganese, rubber and, now, oil. They further argued that the Western coastal zone and fisheries industry will bear the brunt of any possible oil seepages and spillage. They, therefore, requested the setting up of a Western Regional Development fund into which 10 per cent of revenues from the oil proceeds will be paid into. This demand has been rubbished by many Parliamentarians and government officials, who explained that the oil is not within the territorial jurisdiction of the region and that the demand may promote regionalism, which may further degenerate into ethnicity and tribalism. While diverse opinions have been expressed on the issue, it remains a delicate one with security and political implications if not well-handled. Although the operation is offshore, it requires logistic support such as airfield, transport unit, maintenance and repair stand and administrative staff all located onshore in the Western Region, which can suffer attacks from disgruntled youth in the region. The ruling political elite may suffer political rejection and will lose out on votes from the region if the Western dwellers remain dissatisfied over the issue. This development from the Western Region has both positive and negative implications on security, depending on how it is approached. The chiefs offer a platform for engagement to discuss grievances to avert possible conflicts. The flip side of the coin is that these same chiefs could serve as a mobilization point for resistance movements, and violent activities against oil companies. They may also organize their subjects not to renew the mandate of political leaders. Entrenched positions by the various actors, particularly the government, parliament and the chiefs, are a potential recipe for conflict. In this regard, the government should use dialogue in addressing the concerns of the chiefs and keep the space of engagement open.

The greed and grievance theory as posited by Collier and Hoeffler (2004) limited their argument of the cause of conflict to the greed of rebels for lootable resources. The theory failed to recognize how the greed of international oil companies (IOCs) could create radical groups to engage in conflict activities. For example, Kosmos Energy’s determination for superfluous profit from its operation in the Jubilee Field, as reflected in its activities, has created pressure groups that are gradually getting radicalized with threats to the government to resist the attempts by Kosmos to sell its shares to Exxon Mobil. Where the activities of oil companies are perceived to create a win-lose situation against the interest of the people, it could generate resistance from the latter with negative consequences.
Unlike Delta State in Nigeria, the Jubilee Field oil exploration is an offshore operation with its peculiar challenges and opportunities. Torvik (2009) and Lujala (2009) posit that offshore oil is less prone to violent conflict due to the difficulty of accessing drilling platforms and the risk of oil bunkering is minimal. The Jubilee field is about 63 km from the coastline, making access difficult and out of sight of the general public. However, offshore also presents some challenges which have not been observed by Lujala and Torvik. Operations upstream are obscure and out of the watchful eyes of the media, presenting an opportunity for abuse by the oil companies. Bad labour practices have been reported on the Rig offshore the Jubilee Field. There is no space for engagement, and communication channels are non-existent. There are reported cases of indiscriminate dismissals without due process, and worse of all racism, with the effect that workers are intimidated and cowed into submission for fear of dismissal. A correspondence from the General Transport, Petroleum & Chemical Workers' Union of Ghana T.U.C to GNPC indicated that 20 Ghanaians on board the Rig have been shown the exit without any reason. Contrary to the Labour Act (Act 651), workers on the Rig are prevented from forming or joining labour unions. This unfair labour practices may push workers to engage in activities detrimental to operations upstream. Most of these workers have been exposed to some of the negative skirmishes in other oil exploration theatres and may be a potential threat to the oil industry if not well-managed. The labour relations as they pertain currently in the Jubilee Field may incite an aggressive response with the potential of degenerating into violent conflict. This situation may persist in the absence of an independent regulator of upstream operations.

The oil and gas industry has been described as an international job, and all over the world, it attracts huge remuneration due to its high turnover. The salary structure in Ghana is generally very low and has been described in some quarters as a non-living wage. The remuneration of workers at the upstream oil sector is very high when compared to the salaries of other sectors of the economy. This huge disparity has the potential of engendering unrest in the labour front which may degenerate to conflict if not well-managed.

The way forward for Ghana

Having regard for the experiences in the mining sector in Ghana and Niger Delta in Nigeria, the current happenings in the nascent oil and gas industry in Ghana should give cause for concern. All key stakeholders thus have a responsibility to ensure that their presence does not spark waves of violence and unrest.

Management of expectations

Management of the high expectations of the people is necessary to avoid conflict at different levels and also to minimize the socioeconomic and possible security challenges. Government must be measured in the estimation of expected revenue from oil and same be communicated. There should also be circumspection in communicating the potential direct and indirect jobs the industry may provide. An effective management of these expectations before the “massive” flow of petro dollars is necessary if the potential collision and conflict is to be avoided. It is also important that the oil and gas resource be seen as means that should be utilized to facilitate economic growth to achieve the desired end of poverty alleviation and development, rather than an end in itself.
Transparency and accountability
Until recently, all the oil agreements with the IOCs were shrouded in secrecy. The public was kept in the dark with respect to the goings in the oil and gas industry, creating a thriving environment for speculations and distrust. Transparency and accountability in the oil industry is important in keeping all stakeholders abreast with the happenings in the industry, and helps minimize suspicion. It is essential in fighting corruption, kleptocracy, greed and connivance between officials and industry operators. It is in this regard that the extension of the Extractive Industry Transparency Initiative (EITI) to cover the oil sector to ensure the transparency in the management of the oil revenue is most welcomed. Notwithstanding the significance of the EITI, it does not address the issues of upstream activities such as procurement or issues of distribution of income and public expenditure of the oil revenue (Ghana Research and Advocacy Programme, 2009). Important issues such as establishment and disbursement of petroleum accounts, transparency and accountability of oil revenues, management and investment of oil funds, participation and ownership by the locals and a national development plan are all necessary in ensuring that the maximized revenue trickles down to the poor and promotes development. However, a good balance of revenue maximization, transparency and accountability, investment and distribution especially to the deprived will place Ghana on a trajectory of making the oil resource a blessing, thus turning potential collision to cooperation.

Institutional architecture
The institutional arrangement in the oil and gas industry is vital in turning potential collision to cooperation. The prevailing institutional architecture is inadequate to address the myriad of challenges confronting the emerging oil economy. The need for the establishment of adequately resourced institutions to regulate the industry cannot be over emphasized. The establishment of an independent regulator of the upstream operations will be crucial in addressing the many labour issues upstream. The passage of the Boundary Commission Bill, the establishment of the Ghana – Cote d’ivoire Joint Commission and the efforts at maintaining good neighbourliness as enshrined in Ghana’s foreign policy are a step in the right direction. If security in the oil industry is to be guaranteed to ensure the resource becomes a blessing and not a curse, it will require well-established and equipped institutions and cross-border collaboration in intelligence gathering and sharing.

Stakeholder identification
Oil companies in Ghana, as part of their corporate objective, should seek to conduct a thorough assessment of all the stakeholders associated with the production of oil. According to Freeman (1984), a stakeholder is defined as “any group of people who can affect or is affected by the achievement of an organisation’s objectives”. Typically, most firms take the initiative of identifying all relevant stakeholders by adopting a company-centric approach. However, Wheeler et al. (2002) points out the risk associated with this approach; the presence of “self declared” shareholders in the form of social movements. These are groups that challenge the goals and operations of an organization and take actions that directly or indirectly affect the organization. To mitigate this risk, it is essential that the organization formally recognizes the existence of such groups and take the appropriate steps to resolve any issues that arise from their presence. One of the
criticisms of the SPDC’s operations in Nigeria was its failure to properly assess and recognize the various stakeholders associated with the oil (Wheeler et al., 2002). Rather than assess the legitimacy and claims of the MOSOP, the SPDC quickly moved to dismiss them and sought instead to deal with other malleable and conservative groups, including the Shell Chiefs (Boele, 2000). This is not, however, to suggest that the failure of the SPDC to identify MOSOP as a legitimate stakeholder was the cause of all their problems. It did, however, contribute to later difficulties in achieving reconciliation with the Ogonis as well as MOSOP (Wheeler et al., 2002).

The events that unfolded in the SPDC-Ogoni incident highlight the importance of developing solid organizational policies that will ensure that relevant stakeholder groups are well-defined and addressed. Therefore, what oil companies in Ghana should seek to avoid at all costs is ignoring inconvenient stakeholders in the hope that they will lose their influence on matters concerning oil production.

Stakeholder engagement
In addition to proper identification of relevant stakeholders, oil companies in Ghana should also seek to involve the various stakeholders in their planning of CSR activities with emphasis on effective communication especially at the local level. This allows for a healthy relationship to develop between the oil company and the various stakeholders as well as minimize conflicts and tension (Boon and Ababio, 2009). With regards to effective communication, the stakeholder involvement strategy proposed by Morsing and Shultz (2006) could serve as a guideline for oil companies in Ghana to effectively strategize their CSR activities. They explain that the stakeholder involvement strategy involves a two-way communication process between an organization and its stakeholders. This, therefore, allows organizations to explore the concerns and expectations of the stakeholders through dialogue to reach mutually beneficial outcomes. This theory, however, rests on the premise that the organization must be willing to be influenced by the stakeholder.

The presence of the pressure groups of the chiefs and queen mothers of the Western Region presents two outcomes – collision or cooperation, depending on how government and oil companies relate to them. Establishing an open space for engagement via continuous dialogue with the chiefs and queen mothers may help in turning collision to cooperation. This dialogue should also involve gender activists, fishmongers, fishermen and also the youth. Therefore, through effective dialogue with District Assemblies and community organizations at the local level, oil companies in Ghana can carry out CSR activities while avoiding conflict and tension with the communities in which they operate.

Setting up of an oil fund
Oil companies in Ghana could also look at setting up oil funds that would be used to develop areas affected by oil operations. To achieve this, it would be useful for oil companies to incorporate the idea of improving the socioeconomic well-being of the communities in which they operate in their policy development. Additionally, the oil fund could also serve as a backup in case of emergencies. For example, in the event of an emergency such as an oil spill, the oil fund could serve as a buffer from which resources can be pulled to deal immediately with the spill without having to draw funds from other
much needed activities. The oil fund can be achieved perhaps by setting aside a certain amount of company profit at the end of the year.

Conclusion
Evidence from resource countries like Nigeria and Angola have pointed to a constant collision between industry players and the indigenous people. This has resulted largely due to a mismatch between expectations and actuals, lack of transparency and accountability and a lack of proper identification and engagement of all stakeholders. Nonetheless, the case of Nigeria and Angola does not necessarily have to be the case with Ghana’s oil find – the stakeholder approach is needed to turn the potential collision in the oil sector into cooperation. Government and the oil companies must identify and engage all possible stakeholders at all levels of the oil operations to address to some extent their demands, to avoid a possible collision if their demands are left unmet and for the oil find in Ghana to have a positive impact on the nation. Additionally, the government must set the relevant institutional architecture in place, coupled with transparency and accountability, to reduce mistrust with its consequent speculations, collusions and corruption and to ensure that the oil find benefits the citizenry of the nation. These measures are likely to turn the potential collisions in the oil industry into cooperation.

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Further reading


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