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CORPORATE CONSCIENCE AND SUSTAINABILITY: A STUDY OF OGBIA LOCAL GOVERNMENT AREA OF BAYELSA STATE NIGERIA

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Abstract
Organization cannot operate in isolation without the critical roles that various stakeholders play in influencing organizational operations and ultimate corporate performance. Environmental crises are on the increase mostly in Africa. Corporate organizations operating on oil producing communities attach more interest in their output thereby showing less interest in corporate consciousness. This evaluation study concentrates on the development of communities in Ogbia Local Government in Bayelsa State of Nigeria. In carrying out this study, literature in the related areas was extensively reviewed. On the spot evaluation were carried out in five communities. A sample of 367 selected randomly from the communities using gender, age and educational qualification as the bench mark. A descriptive statistics used for the variables revealed that Corporate conscience (Predictor X= 3.8937, SD= 0.76161) and Sustainability (Criterion X= 3.8338, SD=0.85542). The study revealed that the oil producing companies are not conscious of CSR, and are operating zero corporate conscience. Based on the findings we recommend among others that: companies operating in oil producing communities should support educational projects, take responsibility for social problems emanating from their operations. That they should also contribute substantially to the overall welfare of the society by providing more educational institution build and manage a health centre in all the communities, provide good pipe bourne water and increase their yearly scholarship number. Finally their Reporting accountants should separate their corporate social responsibility costs (such as costs of building health centres, schools pipe bourn water, scholarship) should stand on its own in the accounts and not to treat them as operating expenses.

Keywords: Community, Corporate Conscience, Corporate Social Responsibility, Environmental, Sustainability.

Background to the Study
It is common knowledge that an organization cannot operate in isolation without the critical roles that various stakeholders play in influencing organizational operations and ultimate corporate

performance. Environmental crises are inefficiencies deriving from a failure to calculate all social costs, internalize externalities, or design enough properly-functioning markets. Even global warming, according to this perspective, is a mere 'market failure' (Bhattacharya, 2011), correctable through improved pricing and information flow.

Organizations operate in communities; therefore they are bound to take care of their host communities and should appropriately report such costs in their financial report. In 2004, the International Federation of Accountants issued a guideline for the reporting of environmental issues. According to them, Environmental issues - along with the related costs, revenues and benefits - are of increasing concern to many countries around the world. But there is a growing consensus that conventional accounting practices simply do not provide adequate information for environmental management purposes.

Statement of the problem

Environmental degradation has a lot of impact on the environment. Nature has deposited natural resources in some part of the world and it is expected that corporate organization that come to extract these resources should consider the communities as stakeholders. In most cases there have been various conflicts between the community and the operating organizations, vandalization of oil pipe lines, abduction of workers of the operating organizations etc. Again, where an organization manages to recognize the stakeholders, the reporting system is not properly done.

Objective of the study

Therefore, the purpose / objective of this study is to determine the conscience of the organizations in their host communities with respect to CSR and their reporting procedure to other stakeholders such as employees, creditors, suppliers, customers, banks, government, public interest groups and the general public.

According to Schalteger and Burritt, (2000), considerable debate has taken place among the international bodies on the recognition, classification and quantification of environmentally induced costs, risk and liabilities. A number of recommendations were put forward in the 1990s by standardization and professional bodies such as the Financial Accounting Standard Board (FASB), Fédération des Experts Compatibles Européens (FEE) and the International Accounting Standards Committee (IASC). There are considerable contradictions among the various recommendations and management still has a large element of discretion when deciding which environmental issues to recognize, how to measure these and what to disclose.

Accounting is a system meant for measuring business activities, processing of information into reports and making the findings available to decision-makers. Corporate disclosure and transparency are vital for a strong corporate governance framework. Transparency, which is a desirable characteristic of financial reporting, according to (Barth and Schipper, 2008) is defined as: "the extent to which financial reports reveal an entity's underlying economics in a way that is readily understandable by those using the financial reports" The need for accurate, reliable, timely and accessible financial and non-financial business information is imperative in order to maintain corporate accountability.

Literature Review and Theoritical Foundation

Corporate conscience is a form of corporate HYPERLINK "http://en.wikipedia.org/wiki/Self-policing"self-regulation integrated into a business model. Its policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. Thus, it is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.

Consequently, business would embrace responsibility for the impact of its activities on the environment, consumer, employee, communities, stakeholders and all other members of the public sphere. Furthermore, Corporate conscience focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, Corporate conscience also known as Corporate Social Responsibility is the deliberate inclusion of public interest into corporate decision- making and the honoring of a triple bottom line people, planet, profit. According to Stovall et al. (2004) there have been cases where companies have shown total neglect of some critical stakeholders in order to please other stakeholders, such as employees, customers, the community, and the natural environment are usually ignored and their interests are often virtually disregarded (Khomba, 2011). Thus, corporate conscience focuses on how the organizational wealth that is created is allocated and distributed to those who were involved in the process of value creation, directly or indirectly. It is not enough, it has been felt, for a body corporate, to just operate within the law but going beyond and addressing the stakeholders with a conscience (Krumwiede et al 2012).

Corporate conscience highlights the need for the organizational wealth that is created to be shared equitably amongst all the stakeholders that are involved in all the value creation processes that are intertwined and interdependent in nature (Capra and Pauli, 1995, Stead and Stead, 2004). Therefore, every business firm should have a conscience regarding its obligation to share the value created or resources with different stakeholders in the most equitable and ethical manner (Carroll, 1979; Morgan et al., 2009; Rasche and Esser, 2006). Contributions to corporate social responsibility in local communities, and the protection and enhancement of the natural environment are clearly areas where organizations can show their corporate citizenship that should come from their inner corporate conscience.

Technological improvement has helped mankind to tremendously advance in our understanding of the world around us, and none of us would choose to return to a medieval world. Industrialization has equally brought many material benefits to humanity, and none of us would choose to return to a pre-industrial agrarian society. However, the science of the past is inherently incapable of addressing the most important ecological and social questions of today. This paradigm shift of industrialization is inherently incapable of meeting the challenge of sustainable economic development. New technologies will simply accelerate the generation of problems that we cannot solve and the exploitation of resources that we cannot replace, unless the technologies are used in ways that reflect a new understanding of the world and our place within it.

Sustainability is a business imperative that helps us identify product improvements, cost-saving initiatives and innovation opportunities. According to Hoffman (2006) accurate and reliable data are a necessary foundation of effective corporate sustainability initiatives and valid corporate sustainability reports. Sustainable development ultimately will require that human organizations recognize and respect the laws of nature, including human nature, that determine sustainability. Humans must recognize that nature eventually will limit, or even extinguish, the human species if it attempts to appropriate the total energy resources of the earth for its own purposes. Sustainability requires that we manage both natural and human resources in ways that are in harmony with the basic nature of reality. Other species have no choice in their relationships with nature. But humans have the capacity to make conscious and purposeful choices about how we relate to our natural environment and to each other. We humans must choose to maintain the integrity of the ecological and social environment upon which the future of humanity ultimately depends.

Sustainability is the capacity to endure (Scott-Cato, 2009). As a term, sustainability has come into widespread use as a result of increased global environmental awareness. However, sustainability is broader than just this singular subject matter. Dyllick and Hockerts (2002) posit that within business circles sustainability is closely related to corporate social responsibility. Dunphy et al (2007) insist that sustainability is a business strategy that drives long-term corporate growth and profitability by mandating the inclusion of environmental and social issues in the business model.

Managing a Sensitive Environment, Perspectives and Challenges

Nowadays, focusing on the ecology has become a priority to all types of organizations. In fact, numerous companies worldwide have embraced this growing trend that encourages global initiatives to preserve the planet and its natural resources for future generations. What is the influence of the civil society on the global ecology? What is the role and responsibility of the NGO's in preserving the environment? What is the role of multinational corporations in protecting the developing countries' natural environment? To gain customers' trust, corporations need to think beyond traditional means in addressing change from its various perspectives. Today's business world is not only about keeping up with technology, new business practices and market needs; it is rather a compilation of all these factors combined with governance practices that look beyond an organization's internal environment to include society and in environment at large (Saether and Aguilere 2008).

Corporate Conscience and Sustainability: the Ogbia experience

Ogbia Local Government Area is one of the LGAs in Bayelsa State. Its headquarters is in the town of Ogbia in the south of the area at 4°39'00?N 6°16'00?E. It has an area of 695 km² and a population of 179,926. It is well known for its historic value to the Nigerian economy mainsay i.e. its oil industry, being the local government area encompassing Oloibiri the first place oil was discovered on Sunday15thJanuary1956. The postal code of the area is 562. It should be noted that Bayelsa State is a major oil and gas producing area and it contributes over 30% of Nigeria's oil production. These are hundreds of oil wells and flow stations across the state. Gas production activities are currently being intensified in the State. The LNG Gas Supply Plant that supplies 53% of the gas feedstock to the LNG plant in Bonny is located in Oluasiri in Nembe Local Government Area of Bayelsa State. There is a proposed network of associated gas gathering pipelines from the Nembe Creek oilfields to the LNG plant. The major oil exploration and production companies operating in the State are Shell, Agip and ChevronTexaco. However, Ogbia does not depict an oil producing community as more than 85% of the populations are farmers and nothing serious as project can be associated from the oil producing companies.

Methodology

The study is correlational and was conducted as a cross sectional survey. The study units were individual members of the selected target communities. The population consist of 179,926 residents and the sample size was determined using the Krejcie and Morgan (1970) sample size table was 384 (Sekaran, 2003). Respondents were sampled using the simple random sampling technique with data generated from civil servants, students and entrepreneur's resident within the target communities. After data cleaning, 367 copies of the instrument were considered useful for the analysis.

Corporate conscience was operationalized and measured on a five item instrument which was used to capture concept. Sustainability was also measured on a five item instrument and both variables are scaled on a 5 – point Likert scale of (1) strongly disagree (2) disagree (3) Undecided (4) agree (5) Strongly agree. For the test of reliability of the scales the following Cronbach alpha coefficients were obtained: Corporate conscience (0.922) and Sustainability (0.890) in accordance with Nunnaly (1978) model which recommends a bench mark of 0.70. Content (face) validity was adopted as the instrument was first examined by various scholars and necessary corrections made.

Research Findings

For our primary analysis, frequencies and descriptive statistics was involved. Analysis made use of percentages, mean scores and standard deviations which illustrated the nature of the distribution, first with the demographic data and then the study variables. The demographic analysis was used to describe the nature of the distribution through various sample characteristics. The characteristics included in the study are respondents' age, gender, community and qualification.

Table 1 showing the sample characteristics

Item	Categorization	Frequency	Percentage (%)
Gender	Male	202	55
	Female	165	45
Age	18 – 25 years	23	6
	26 – 35 years	114	31
	36 – 45 years	133	36
	46 – 55 years	84	23
	56 – 60 years	13	3
Community	Ogbia	112	30
	Otuoke	80	22
	Elebele	48	13
	Emeyal	64	17
	Imiringi	63	17
Education	SSCE	28	8
	Diploma	38	10
	First Degree	243	66
	Masters	50	14
	PhD.	8	2

Source: Data output 2014

The table above is used to illustrate the sample characteristics for the study with corresponding frequencies and percentage rates. The figures above show that most of the respondents are male and are between the ages of 26 – 45 years. The table also shows that most of the respondents are residents in Ogbia community and have obtained educational qualification up to first degree levels.

Table 2 showing Community and Education Cross -Tabulation

		Education					Total
		SSCE	Diploma	First Degree	Master's	PhD	
Community	Ogbia	10	13	75	13	1	112
	Otuoke	7	8	57	5	3	80
	Elebele	3	6	27	9	3	48
	Emeyal	4	5	41	13	1	64
	Imiringi	4	6	43	10	0	63
Total		28	38	243	50	8	367

Source: Data Output 2014

Table 2 and figure 1 above are used to illustrate the cross-tabulation of the community and education items. The diagrams are used to illustrate the educational levels of the respondents and their respective communities.

Table showing the descriptive statistics for the study variables

	N	Minimum	Maximum	Mean	Std. Deviation
Conscience	367	1.40	5.00	3.8937	.76161
Sustainability	367	1.00	5.00	3.8338	.85542
Valid N (listwise)	367				

Source: Data Output 2014

The table 2 is used to illustrate the descriptive statistics for the study variables; Corporate conscience (Predictor X = 3.8937, SD = 0.76161) and Sustainability (Criterion X = 3.8338, SD = 0.85542). Based on the adoption of a 5 – point Likert scale of measurement, the analysis indicates a moderate level of response for both variables and low levels of deviations.

Figure 1 showing the linear relationship between the study variables

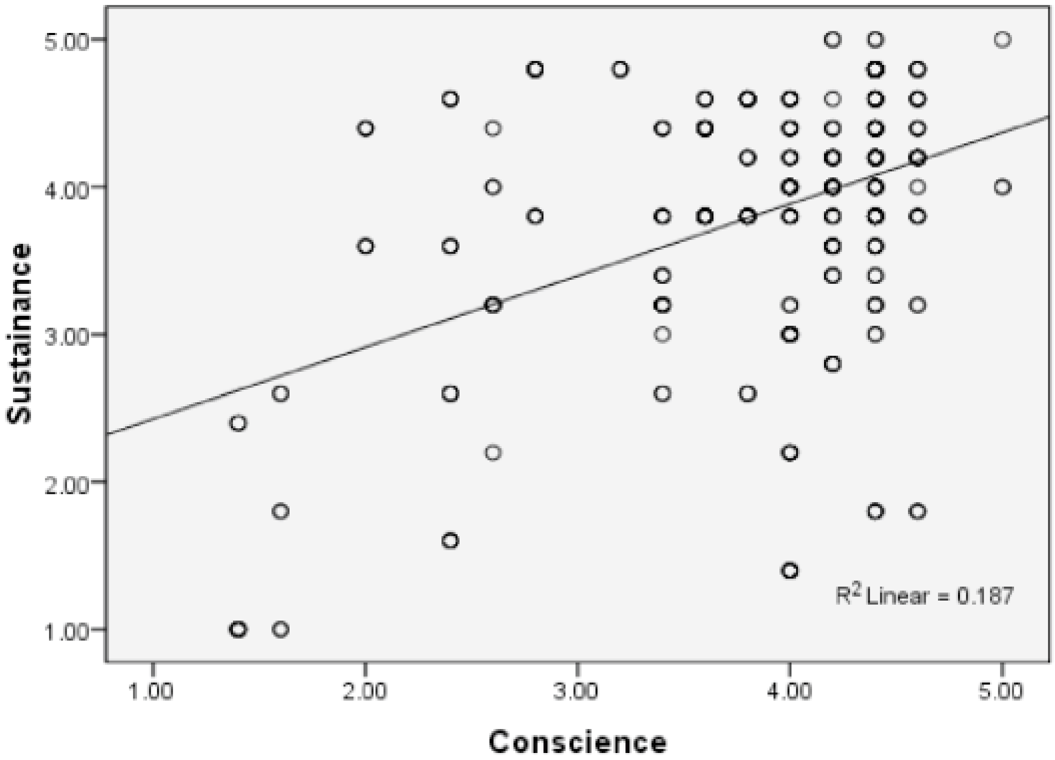

Figure1 is used to illustrate the linear relationship between both variables with an R2 value of 0.187 showing a corresponding 19% change in the dependent variable (Sustainability) as a result of unit changes in the independent variable (Corporate conscience).

Table 3 showing the correlation between the study variables

			Conscience	Sustainability
Spearman's rho	Conscience	Correlation Coefficient	1.000	.315
		Sig. (2 -tailed)	.	.000
		N	367	367
	Sustainability	Correlation Coef ficient	.315	1.000
		Sig. (2 -tailed)	.000	.
		N	367	367
Source: Data output 2014				

Table 3 is used to illustrate the bivariate correlations between corporate conscience and Sustainability (rho = .315, Pvalue = .000, N = 367). Therefore based on a p<0.05 criterion for the rejection of the null hypothesis, we therefore state that there is a significant relationship between corporate conscience and sustainability.

Discussion of Findings

The findings of the study reveal that a good number of the respondents from the communities are educated; although majority having only first degrees; it still shows a good level of exposure and knowledge especially as regards the study concepts. The findings also reveal a significant but moderate correlation between corporate conscience and sustainability based on the output of our spearman statistical analysis (Bryman and Bell, 2003). This finding corroborates with previous studies which sort to link organizational environmental consciousness and attention through corporate conscience and sustainability as regards environmental awareness and development (Saether and Aguilere, 2008).

Conclusion

Business organizations are expected to be more socially responsible because their most important stakeholders expect them to understand and address the social and community issues that are relevant to them. Understanding what causes are important to employees is usually the first priority because of the many interrelated business benefits that can be derived from increased employee engagement (i.e. improved recruitment, increased return on investment, increased return on equity, higher productivity etc.). The major external stakeholders include customers, consumers, investors (particularly institutional investors), and communities in the areas where the organization operates its facilities, regulators, academics, and the media. Every organization tries to strive for sustainability, thus to simultaneously improve social and human welfare while reducing their ecological impact and ensuring the effective achievement of organizational objectives (Sharma, 2003). The host communities are friendly but their presence (the corporate organizations) is not really felt. Shell, Agip and ChevronTexaco should do more to encourage the communities (see appendix 1).

There seem to be less than 35% of Corporate Social Responsibility in the area. The modern age of CSR covers many aspects, keeping a clean environment, community support, gas emissions, recycling, waste reduction, employee rights etc. In this respect CSR has social and environmental aspects. The social aspects of CSR involve business ethics, relationships with stakeholders, workers, and external customers as influenced by the political and cultural framework. Ethical issues encompass a wide array of concerns; corporate governance, communication with the public and stakeholders and human rights. Social aspects of CSR include; working conditions, health, and safety are also social aspects of the CSR. Environmental issues also fall under the umbrella of CSR. Pollution control, recycling, waste treatment, green initiatives, and the efficient use of energy and resources are environmental aspects of CSR. Efforts to conserve energy, reduce emissions or use fewer resources throughout the manufacturing and distribution channel are part of CSR (Krumwiede et al., 2012). The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones (e.g., Deming's Fourteen Points, balanced scorecards). Orlitzky et al, (2003) found a correlation between social/environmental performance and financial performance. However, businesses may not be looking at short-run financial returns when developing their CSR strategy.

Recommendations

Based on our findings, we recommend that companies operating in oil producing communities should keep their corporate conscience alive and support educational projects, take responsibility for social problems that they have caused and also contribute substantially to the overall welfare of the society. Companies operating in such communities should reserve funds for natural environmental projects which are a critical component of the company's future sustainability programmes. That issue of preserving natural environments in trying to address climate change concerns and environmental degradations (CSR) should be giving priority attention since these communities contribute greatly to the nation's existence. Cost accountants should be exposed to continuous technical trainings to enable them be acquaint themselves the technical terminologies. Reporting accountants should report environmental cost separately in their balance sheet and not to treat them as operating expenses. Corporate social responsibility costs (such as costs of building health centres, schools pipe-bourne water, scholarship) should stand on its own in the accounts.

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Appendix 1

Figure 1 Completed and Abandoned Rig in Elebele Community

Figure 2: A living House for a family of 7 in Ogbia

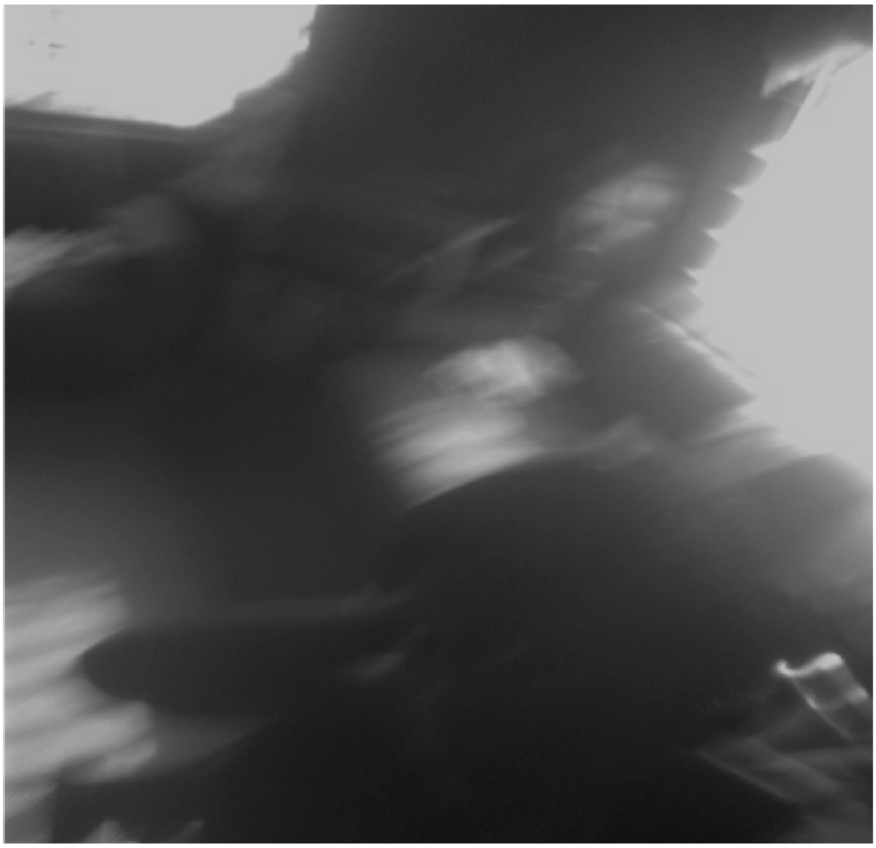

Fig 3: A burning pipeline at Ogbia

Figure 4: A Drilling Rig at Otuoke Community

Figure 5: A Drilling Rig near a living house of a family of 6 in Emeyal

Figure 6: A family house in an Oil Producing Community in Emeyal

Figure 7: A family house in Elebele, an Oil Producing Community

Figure 8: A family house in an Oil Producing Community in Emeyal