



Stakeholder Engagement and Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria

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Cite as:

Jaja, J. D. (2026). Stakeholder engagement and social risk mitigation in community-driven oil projects in Rivers State, Nigeria. *International Journal of Strategic Management and Business Policy*, 8(2), 1-14. 10.5281/zenodo.21770169

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Abstract

The study examined the effect of Stakeholder Engagement on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria. The specific objectives of the study were to examine the effect of Stakeholder Consultation & Involvement on Social Risk Mitigation in Community-Driven Oil Projects and evaluate the effect of Grievance Management on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria. A cross-sectional descriptive research design was adopted for the study. A structured questionnaire designed with a five-point Likert scale was used to collect data for the study. Data analysis involved the use of descriptive statistics such as mean and standard deviation, while inferential statistics including regression analysis were used to test the hypotheses of the study. The data collected were analyzed using the Statistical Package for the Social Sciences (SPSS) Version 28.0. The result revealed that Stakeholder Consultation & Involvement has a significant positive effect on Social Risk Mitigation in Community-Driven Oil Projects with a P-value of ($0.000 < 0.05$) and Grievance Management has a significant positive effect on Social Risk Mitigation with a P-value of ($0.000 < 0.05$) in Community-Driven Oil Projects in Rivers State, Nigeria. The study concluded that stakeholder engagement is a critical driver of successful social risk mitigation in community-driven oil projects within Rivers State, Nigeria. The study recommended that oil companies and project implementers should adopt a participatory approach where community members are actively involved in the planning, design, and execution phases of community-driven projects.

Keywords: Stakeholder Engagement; Social Risk Mitigation; Community-Driven Oil Projects; Grievance Management

Introduction

The Niger Delta region of Nigeria, with Rivers State at its epicenter, remains the undisputed hub of the nation's hydrocarbon economy, accounting for the vast majority of crude oil and gas production. However, the wealth generated from this resource has historically been juxtaposed against severe socio-economic deprivation, environmental degradation, and violent conflict within host communities (Ukiwo, 2011). In Rivers State, the intersection of multinational oil corporations (MNOCs), localized ethnic militias, youth restiveness, and a historically marginalized populace has created a highly volatile operating environment. Consequently, "social risk" — defined as the probability of community-led disruptions ranging from peaceful protests to pipeline vandalism, kidnappings, and fatal clashes — has emerged as a primary threat to continuous oil production (Franks et al., 2014).

Historically, the dominant corporate response to these social risks in Rivers State was paternalistic Corporate Social Responsibility (CSR), characterized by top-down "gift-giving" and infrastructure provision with minimal community input. This approach largely failed because it treated communities as passive recipients rather than active agents, leading to a dependency syndrome, accusations of elite capture, and the exacerbation of intra-community conflicts (Idemudia, 2014). Recognizing the limitations of traditional CSR, the industry has witnessed a paradigm shift toward "community-driven" oil projects. These initiatives, such as the Global Memoranda of Understanding (GMOUs) and participatory

development boards, are designed to cede a degree of project ownership, decision-making, and implementation to local stakeholders (Ite, 2007).

However, the structural design of community-driven projects does not automatically guarantee risk mitigation; rather, its efficacy is heavily predicated on the process of stakeholder engagement. Stakeholder engagement — conceptualized here not as a perfunctory public relations exercise, but as the continuous, inclusive, and transparent process of dialogue, negotiation, and partnership between the project proponents (oil companies and government) and affected community actors — is the vital conduit for social risk management (Reed, 2008). Grounded in Stakeholder Theory (Freeman, 1984), this approach posits that the long-term viability of a project depends on balancing the divergent interests of all affected parties. In the context of Rivers State, engaging a complex web of stakeholders including traditional rulers, youth groups, women's associations, local NGOs, and government agencies ensures that the root causes of grievance, such as unemployment and marginalization, are directly addressed in project design.

The mitigating effect of robust stakeholder engagement on social risk operates through several distinct mechanisms. First, it facilitates the identification and mapping of micro-level fault lines within communities (e.g., settler-indigene dichotomies or inter-clan rivalries) that often derail projects (Owen & Kemp, 2013). Second, it establishes legitimate and accessible Grievance Redress Mechanisms (GRMs), which provide an alternative to violence, allowing communities to express dissatisfaction without halting operations (Banerjee, 2008). Third, by fostering a sense of psychological ownership and co-creation, engagement transforms potential adversaries into collaborative partners, thereby reducing the likelihood of sabotage and host-community hostility (Eweje, 2007).

Despite these theoretical benefits, the application of stakeholder engagement in Rivers State remains fraught with challenges. Deep-seated mistrust of oil companies, the politicization of community leadership, and the overarching governance failures of the Nigerian state often distort engagement processes, rendering them performative rather than transformative (Aaronson, 2011). Therefore, understanding the precise effect of stakeholder engagement on social risk mitigation in community-driven oil projects requires a critical examination of how power dynamics, cultural nuances, and historical grievances within Rivers State shape the engagement process. This paper seeks to explore this nexus. By evaluating how inclusive dialogue, participatory planning, and collaborative governance within community-driven frameworks alter the risk profile of oil operations in Rivers State, this study aims to demonstrate that authentic stakeholder engagement is not merely an ethical imperative, but a strategic necessity for the sustainable extraction of hydrocarbon resources in volatile environments.

Statement of the Problem

Despite the transition from traditional, top-down Corporate Social Responsibility (CSR) models to Community-Driven Development (CDD) frameworks in the Niger Delta, social risks surrounding oil extraction in Rivers State, Nigeria, remain persistently high. The theoretical premise of community-driven oil projects such as the Global Memoranda of Understanding (GMOUs) is that deep, inclusive stakeholder engagement will foster community ownership, address localized grievances, and consequently mitigate social risks, including protests, pipeline vandalism, kidnapping, and operational shutdowns. However, the empirical reality in Rivers State presents a stark contradiction: even within these supposedly participatory frameworks, oil operations continue to face severe disruptions, and host communities remain locked in cycles of conflict and underdevelopment.

The core of this problem lies in a critical structural disconnect between the design of community-driven projects and the execution of stakeholder engagement on the ground. In Rivers State, stakeholder engagement is frequently reduced to a perfunctory, box-ticking exercise rather than a transformative process of dialogue and co-creation. Engagement processes are heavily compromised by elite capture, where traditional rulers, youth leaders, and politically connected individuals monopolize the benefits of engagement at the expense of the broader community, particularly women, farmers, and marginalized

groups. Furthermore, deep-seated historical mistrust of multinational oil companies, coupled with overlapping and competing claims to land and ownership, renders standard engagement mechanisms inadequate. When engagement is perceived as performative, exclusionary, or manipulative, it does not mitigate social risk; rather, it exacerbates it by creating new layers of intra-community resentment and legitimizing grievances against the project.

The consequences of this ineffective engagement are profound. For the oil companies and the Nigerian government, social risks translate directly into catastrophic financial losses due to production deferments, soaring security costs, and asset damage. For the host communities in Rivers State, the failure of these projects to deliver promised dividends due to conflict perpetuates socio-economic deprivation and environmental degradation. While existing literature broadly acknowledges the necessity of stakeholder engagement for corporate social performance, there is a significant empirical gap regarding the specific mechanisms through which engagement succeeds or fails in mitigating social risks within the unique, hyper-volatile socio-political terrain of Rivers State. There is a lack of nuanced understanding of how variables such as the frequency of dialogue, the inclusivity of stakeholder representation, the transparency of information sharing, and the efficacy of grievance redress mechanisms interact to either neutralize or ignite community hostility in community-driven projects. Therefore, the problem this study addresses is the continued vulnerability of oil operations to social risks in Rivers State, driven by the failure of current stakeholder engagement practices within community-driven projects to authentically integrate community interests and resolve structural grievances. Without identifying and addressing the specific deficiencies in how stakeholders are engaged, community-driven oil projects will continue to serve as flashpoints for conflict rather than vehicles for sustainable development and risk mitigation.

Objective of the Study

The main objective of the study is to examine the effect of Stakeholder Engagement on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria. The specific objectives of the study were to;

- i. Examine the effect of Stakeholder Consultation & Involvement on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria.
- ii. Evaluate the effect of Grievance Management on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria.

Hypotheses of the Study

- i. Stakeholder Consultation & Involvement has no significant effect on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria.
- ii. Grievance Management has no significant effect on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria.

Conceptual Review

Stakeholder Engagement

Stakeholder engagement has progressed from being an extraneous practice to becoming a necessity due to factors such as globalization, sustainability, and increased stakeholder awareness. In line with the pioneering research done by R. Edward Freeman (2020), modern literature has focused on the importance of creating value with stakeholders instead of managing their expectations. One of the major trends in recent times has been the incorporation of stakeholder engagement in ESG reporting practices. Organizations are being assessed on the basis of their ability to integrate stakeholders in solving environmental and social issues (Eccles & Klimenko, 2019; Harrison et al., 2020). Stakeholder

engagement has been viewed as a means to materialize material issues, enhance transparency, and create organizational resilience.

In the digital era, stakeholder engagement has undergone a considerable transformation. With the use of digital tools, artificial intelligence, and big data analytics, companies can track stakeholder sentiments, personalize communications, and involve stakeholders in decision-making processes (George et al., 2021). Thus, stakeholder engagement has evolved from occasional consultations to an ongoing process that presents both opportunities and threats for organizations, including the issue of misinformation and stakeholder activism. Researchers have recently emphasized some key factors of successful stakeholder engagement, such as transparency, inclusivity, responsiveness, and co-creation (Kujala et al., 2022; Hörisch et al., 2020). In particular, co-creation has become a key factor in stakeholder engagement, since stakeholders are not mere consumers but active participants who contribute to innovation and problem-solving processes. This is particularly true of industries that face significant sustainability problems, such as energy, manufacturing, and public infrastructures. Nonetheless, there are certain barriers to stakeholder engagement, namely reconciling conflicting stakeholder interests, engaging stakeholders in meaningful ways, and evaluating engagement initiatives' outcomes (Harrison & Wicks, 2021).

Stakeholder Consultation & Involvement

Stakeholder consultation and involvement are key aspects of stakeholder engagement that stress participative decision-making and governance. In current management studies, consultation and involvement are considered indispensable means of increasing the legitimacy of organizations, improving the quality of decisions made, and achieving sustainable results. By definition, stakeholder consultation is a deliberate process where organizations attempt to obtain the input, feedback, and insights of their stakeholders on certain issues or decisions. Consultation normally includes methods such as stakeholder meetings, public consultations, interviews, and surveys. As explained by Rowe and Frewer (2005), successful consultation means that stakeholders' perspectives are effectively considered when making organizational plans. Likewise, Bryson (2018) emphasizes the role of consultation in improving strategic decision-making as it incorporates different perspectives while reducing uncertainty. Recent years have seen the rise of digital tools for carrying out consultation.

Involvement of stakeholders is an example of deeper participation whereby the stakeholders are involved in the decision-making process, and their contributions are vital in implementing such decisions. Involvement differs from consultation since it involves cooperation between stakeholders and organizations. Quick & Feldman (2011) note that stakeholder involvement involves a co-production activity where solutions are created and implemented by the stakeholders and the organization in partnership. Involvement of stakeholders can be seen in participatory governance theory, which emphasizes inclusivity, empowerment, and shared responsibilities (Ansell & Gash, 2008). There is a clear difference between consultation and stakeholder involvement when looking at participatory frameworks. Rowe & Frewer (2005) provide such frameworks by distinguishing between communication (one-way interaction), consultation (two-way interaction), and participation (stakeholder's involvement). Similarly, Fung (2006) outlines differences among levels of participation depending on who participates, the mode of communication, and their power to influence decisions.

Grievance Management

Grievance management involves a structured process whereby complaints are handled by an organization through investigation and resolution in a fair, open, and timely manner. As per the International Labour Organization (ILO, 2020), grievance handling mechanisms play a crucial role in enhancing workplace justice and protection of worker rights. Likewise, the United Nations Guiding Principles on Business and Human Rights consider the operational-level grievance mechanism to be a necessary means to address stakeholder issues and enhance corporate responsibility (UN, 2011). Challenges faced by organizations in grievance handling include ensuring confidentiality, addressing power differentials, and ensuring retaliation doesn't happen against the complainant. There could also

be the danger of the existence of symbolic grievance mechanisms where the organization is merely trying to fulfill a procedural requirement rather than addressing the stakeholder issue (Buhmann, 2014).

Management of grievances has shifted from the conventional system where the organization had to deal with grievances coming from its employees only to an era where such organizations have to handle not only employee grievances but those from other stakeholders as well (Buhmann, 2014). Organizations are required to develop systems where there is an opportunity for diverse stakeholders to communicate their grievances on the activities of the organization. The reason for the emergence of this approach is based on the understanding that unmanaged grievances can result in conflicts that affect the organizational reputation. For any grievance management system to be effective, it must be easily accessible and inclusive.

Social Risk Mitigation

Social risk mitigation is defined as the methods and procedures employed by businesses to detect, evaluate, and handle risks resulting from their dealings with society. Social risks may involve community conflicts, reputation threats, industrial disputes, environmental inequities, and social inequalities. Social risk mitigation entails efforts taken to avoid, mitigate, or address undesirable effects on society associated with business operations. As stated by the World Bank (2020), social risks are risks that concern human welfare, including problems linked to living conditions, health, security, culture, and social harmony. Likewise, the International Finance Corporation (IFC, 2019) states that social risk mitigation needs continual stakeholder engagement, impact evaluation, and grievance resolution processes. In recent times, social risk mitigation has emerged as an integral part of corporate governance, sustainability, and project management, especially in sectors such as oil and gas extraction, mining, building and construction, and manufacturing.

Recent literature has identified various fundamental approaches to successful social risk mitigation. Such approaches include proactive identification of risks, participation of stakeholders, open communication, community development activities, and continuous monitoring and evaluation (Franks et al., 2014; Vanclay, 2020). Companies are implementing processes such as human rights due diligence to assess and manage risks associated with labor conditions, displacement, and social disparity (UNDP, 2021). The use of digital technologies has facilitated social risk management by providing opportunities for data collection, stakeholder interaction, and risk analysis in real time. Technologies like geographic information systems (GIS), social media analytics, and mobile-based reportage provide companies with tools to identify and address new risks rapidly (Henisz et al., 2014). Organizations are being increasingly called upon to incorporate social considerations within their risk management framework to guarantee sustainability and legitimacy (Kotsantonis et al., 2016).

Theoretical Framework

Stakeholder Theory

The most widely accepted theory explaining the association between stakeholder engagement and social risk management in organizational and project settings is stakeholder theory. Stakeholder theory was initially introduced by R. Edward Freeman, according to whom organizations owe accountability not only to their shareholders but also to other parties that are impacted by or may impact their operations. These stakeholders include host communities, organizational personnel, governments, providers of services, consumers of products, and members of civil society organizations. Stakeholder theory suggests that an organization achieves its success by ensuring that its efforts create and balance the values associated with all the stakeholders rather than only maximizing shareholder value. Freeman (1984) stressed that organizations function in an environment characterized by various relationships and succeed where they consider the interests of these groups in their activities. From the perspective of oil and gas operations, especially for community projects, it means that corporations must involve host communities to alleviate potential tensions.

The recent evolution of stakeholder theory has seen a shift from being normative and descriptive to becoming much more dynamic and relational. According to Harrison et al. (2020), stakeholder theory is currently interested in how value can be created through cooperation, trust, and mutual gain for all stakeholders. In addition, the authors note that engaging stakeholders helps organizations enhance their legitimacy and minimize business risks. Kujala, Lehtimäki, and Freeman (2022) point out that stakeholder theory has become very interested in relational dynamics, meaning that stakeholder engagement is not transactional and occurs through constant dialogue, participation, and value creation. This applies especially to the extractive industry, where operations directly affect local communities and the environment.

Stakeholder theory is highly significant from the point of view of social risk mitigation since it illustrates how poorly managed relationships with stakeholders may lead to disputes, protests, and disturbances. If stakeholders are denied access to information about the decision-making process and are left out of it, they will be more inclined to protest against any organizational actions. Consequently, engaging stakeholders through consultation, participation, and response may function as a means of recognizing and minimizing social risks before they intensify. As Freeman et al. (2020) suggest, stakeholder theory is not only an ethical approach but also a strategic one that helps organizations recognize potential threats and opportunities inherent in their stakeholder relationships.

Empirical Review

Budd & Colvin (2008), after examining grievance redressal systems in industrial relations, concluded that “voice mechanisms,” including grievance handling, enhance perceptions of fairness among employees. According to their research, the perception of employees that their grievances have been adequately addressed will lead them to be more loyal and not indulge in any destructive behavior.

Reed, Graves, Dandy, Posthumus, and Hubacek (2009), on the other hand, have shown that stakeholder consultation can significantly improve environmental and project governance processes if it is inclusive and transparent. The results of their review of participatory research demonstrated that stakeholder consultation, by itself, was not sufficient unless it led to stakeholder involvement in decision-making processes.

Esteves, Franks, and Vanclay (2012) found that Social Impact Assessment (SIA) is a key tool used to identify potential social risks that could occur during the project implementation process. It was observed that projects that incorporated SIA into their planning process were characterized by reduced instances of social disturbance.

According to Bryson, Quick, Slotterback, and Crosby (2013), stakeholder engagement in public policy projects results in increased legitimacy and minimized conflicts in decision-making scenarios. The findings imply that when stakeholders play an active role in the project planning process, they are bound to be more supportive of the project regardless of whether they receive what they want or not.

According to Colvin (2013), grievance management systems involving mediation and arbitration by a third party are more effective in managing disputes than those involving internal management. In this respect, neutrality and impartiality in dealing with grievances have proven to increase the trust level of the whole process.

Franks, Davis, Bebbington, Ali, Kemp, and Scurrah (2014) showed that the non-management of social risks in mining and oil industry projects leads to high financial and operational costs for companies. In their study, they found that community conflicts, protest actions, and project delays are some of the main results that may be observed when poor social risk management is applied.

Methodology

This study adopts a cross-sectional descriptive research design to examine the effect of Stakeholder Engagement on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria. The study was conducted among host-community stakeholders and oil-project personnel associated with community-driven oil projects in Rivers State. The study utilized primary data. The population of the study consisted of 1,200 stakeholders drawn from host communities and organizations involved in community-driven oil projects in Rivers State, and the sample size was determined using the Yamane (1967) formula. To account for non-response and incomplete questionnaires, an additional 10% was added, resulting in a final sample size of 330 respondents. The study employed a multistage stratified random sampling technique. Respondents were first stratified based on community location and stakeholder category, after which participants were proportionately selected from each stratum.

The instrument contained closed-ended items structured on a five-point Likert scale ranging from 1 = Very Low to 5 = Very High. Content validity of the instrument was established through expert review, while a pilot study involving 30 respondents outside the sampled communities was conducted to test clarity and reliability. Reliability was assessed using Cronbach's alpha, with all constructs meeting the acceptable threshold of 0.70 and above. Data analysis involved the use of descriptive statistics such as mean and standard deviation, while inferential statistics including regression analysis were used to test the hypotheses of the study. The data collected were analyzed using the Statistical Package for the Social Sciences (SPSS) Version 28.0.

Data Presentation and Analysis

Demography of Respondents

Table 1: Demographic Profile of the Respondents

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	120	36.4
	Female	210	63.6
Age Group (years)	20–29	65	19.7
	30–39	120	36.4
	40–49	95	28.8
	50 and above	50	15.1
Marital Status	Single	85	25.8
	Married	210	63.6
	Widowed/Divorced/Separated	35	10.6
Educational Qualification	SSCE	45	13.6
	OND/NCE	80	24.2
	HND	110	33.3
	B.Sc.	40	12.1
	M.Sc.	30	9.1
	PhD	25	7.6
Years of Work Experience	Less than 5 years	90	27.3
	5–9 years	105	31.8
	10–14 years	80	24.2

Variable	Category	Frequency (n)	Percentage (%)
	15 years and above	55	16.7
Position/Category	Junior Staff/Community Member	150	45.5
	Middle Level/Community Representative	125	37.9
	Senior Level/Community Leader	55	16.6

The demographic analysis of the respondents reveals that female respondents dominated the sample (63.6%) compared to their male counterparts (36.4%). In terms of age distribution, the majority of respondents were within the 30–39 years category (36.4%), followed by 40–49 years (28.8%). Those aged 20–29 years accounted for 19.7%, while respondents aged 50 years and above constituted 15.1%. This suggests that the respondent pool is largely made up of individuals in their productive and active working-age groups. Regarding marital status, most respondents were married (63.6%), followed by single individuals (25.8%), while widowed, divorced, or separated respondents made up 10.6%.

With respect to educational qualification, the highest proportion of respondents held HND certificates (33.3%), followed by OND/NCE holders (24.2%). SSCE holders accounted for 13.6%, while B.Sc. (12.1%), M.Sc. (9.1%), and PhD holders (7.6%) made up smaller proportions, indicating a moderately educated respondent pool capable of providing informed assessments of stakeholder engagement processes. In terms of years of experience/engagement, respondents with 5–9 years were the highest (31.8%), followed by those with less than 5 years (27.3%), 10–14 years (24.2%), and 15 years and above (16.7%). Finally, regarding position/category, junior staff and community members constituted the majority (45.5%), followed by middle-level respondents/community representatives (37.9%), while senior-level respondents/community leaders accounted for 16.6%.

Descriptive Analysis

Stakeholder Consultation and Involvement

Respondents were asked to assess the level of stakeholder consultation and involvement in community-driven oil projects in Rivers State. The items measured included early consultation with host communities, community participation in project planning, stakeholder involvement in decision-making, regular stakeholder meetings, and incorporation of community feedback into project implementation. Responses were measured on a five-point Likert scale ranging from 1 = Very Low to 5 = Very High. The descriptive statistics are presented in Table 2.

Table 2: Descriptive Statistics on Stakeholder Consultation and Involvement (n = 312)

Component	Mean	Std. Dev	Interpretation
Early consultation with host communities	3.42	0.88	Moderate
Community participation in project planning	3.18	0.95	Moderate
Stakeholder involvement in decision-making	2.95	0.90	Low–Moderate
Regular consultation meetings	3.60	0.84	Moderate–High
Incorporation of community feedback	3.29	0.89	Moderate

Source: Output from SPSS 28.0

The results indicate that stakeholder consultation and involvement in community-driven oil projects in Rivers State is moderately practiced. Regular consultation meetings recorded the highest mean score (Mean = 3.60, SD = 0.84), suggesting that project operators frequently engage host communities through meetings and consultations. Early consultation with host communities (Mean = 3.42, SD =

0.88), incorporation of community feedback (Mean = 3.29, SD = 0.89), and community participation in project planning (Mean = 3.18, SD = 0.95) were also rated moderate. However, stakeholder involvement in decision-making recorded the lowest mean score (Mean = 2.95, SD = 0.90), indicating that community members have limited influence on major project decisions. Overall, the findings suggest that although consultation exists, greater stakeholder participation in decision-making is required to strengthen project acceptance and sustainability.

Grievance Management

Respondents were also asked to evaluate grievance management practices in community-driven oil projects. The assessment covered accessibility of grievance channels, prompt response to complaints, fairness in grievance resolution, transparency of grievance procedures, and effectiveness of conflict resolution mechanisms.

Table 3: Descriptive Statistics on Grievance Management (n = 312)

Component	Mean	Std. Dev	Interpretation
Accessibility of grievance channels	2.88	0.92	Low–Moderate
Timely response to complaints	3.10	0.85	Moderate
Fairness of grievance resolution	3.25	0.80	Moderate
Transparency of grievance procedures	3.05	0.91	Moderate
Effectiveness of conflict resolution mechanisms	3.07	0.87	Moderate

Source: Output from SPSS 28.0

The descriptive statistics reveal that grievance management practices are moderately effective. Fairness in grievance resolution recorded the highest mean score (Mean = 3.25, SD = 0.80), indicating that respondents generally perceive grievance outcomes as reasonably fair. Timely response to complaints (Mean = 3.10, SD = 0.85), effectiveness of conflict resolution mechanisms (Mean = 3.07, SD = 0.87), and transparency of grievance procedures (Mean = 3.05, SD = 0.91) also received moderate ratings. However, accessibility of grievance channels recorded the lowest mean score (Mean = 2.88, SD = 0.92), suggesting that many community members experience challenges in reporting grievances. Overall, the findings indicate that grievance management practices require further improvement to strengthen stakeholder confidence and reduce community conflicts.

Social Risk Mitigation

Respondents assessed the effectiveness of social risk mitigation through indicators such as reduction in community conflicts, prevention of project disruptions, improvement in community trust, reduction in protests and vandalism, and enhancement of peaceful coexistence.

Table 4: Descriptive Statistics on Social Risk Mitigation (n = 312)

Component	Mean	Std. Dev	Interpretation
Reduction in community conflicts	2.88	0.92	Low–Moderate
Prevention of project disruptions	3.10	0.85	Moderate
Improvement in community trust	3.25	0.80	Moderate
Reduction in protests and vandalism	3.05	0.91	Moderate
Peaceful coexistence between communities and oil firms	3.07	0.87	Moderate

Source: Output from SPSS 28.0

The findings show that social risk mitigation in community-driven oil projects is moderately effective. Improvement in community trust recorded the highest mean score (Mean = 3.25, SD = 0.80), indicating that stakeholder engagement has contributed to better relationships between oil companies and host communities. Prevention of project disruptions (Mean = 3.10, SD = 0.85), peaceful coexistence (Mean = 3.07, SD = 0.87), and reduction in protests and vandalism (Mean = 3.05, SD = 0.91) also recorded moderate ratings. However, reduction in community conflicts had the lowest mean score (Mean = 2.88, SD = 0.92), suggesting that conflicts remain a major concern. Overall, the findings imply that although social risk mitigation measures have produced moderate improvements, more inclusive stakeholder engagement strategies are needed to achieve lasting peace and sustainable project implementation.

Hypotheses Testing

Hypothesis One

H_{01} : Stakeholder Consultation and Involvement have no significant effect on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria.

To test this hypothesis, a simple linear regression analysis was conducted with Social Risk Mitigation as the dependent variable and Stakeholder Consultation and Involvement as the independent variable.

Table 5: Regression Result for Hypothesis One

Variable	Coefficient (β)	Std. Error	t-value	p-value
Constant	1.215	0.212	5.73	0.000
Stakeholder Consultation and Involvement	0.642	0.054	11.89	0.000

$R^2 = 0.42$; $F(1,310) = 141.4$; $p < 0.001$

The regression results indicate that Stakeholder Consultation and Involvement have a positive and statistically significant effect on Social Risk Mitigation in community-driven oil projects in Rivers State, Nigeria ($\beta = 0.642$, $t = 11.89$, $p < 0.001$). The positive coefficient implies that increased stakeholder consultation and involvement lead to improved social risk mitigation. Furthermore, the coefficient of determination ($R^2 = 0.42$) indicates that stakeholder consultation and involvement explain 42% of the variation in social risk mitigation. Since the p-value is less than the 0.05 level of significance, the null hypothesis (H_{01}) is rejected. The study therefore concludes that stakeholder consultation and involvement significantly enhance social risk mitigation in community-driven oil projects in Rivers State, Nigeria.

Hypothesis Two

H_{02} : Grievance Management has no significant effect on Social Risk Mitigation in Community-Driven Oil Projects in Rivers State, Nigeria.

To test this hypothesis, a simple linear regression analysis was conducted with Social Risk Mitigation as the dependent variable and Grievance Management as the independent variable.

Table 6: Regression Result for Hypothesis Two

Variable	Coefficient (β)	Std. Error	t-value	p-value
Constant	1.420	0.238	5.97	0.000
Grievance Management	0.518	0.061	8.49	0.000

$R^2 = 0.43$; $F(1,310) = 72.1$; $p < 0.001$

The regression results reveal that Grievance Management has a positive and statistically significant effect on Social Risk Mitigation in community-driven oil projects in Rivers State, Nigeria ($\beta = 0.518$, $t = 8.49$, $p < 0.001$). The positive regression coefficient indicates that improvements in grievance management practices, including accessible complaint mechanisms, timely resolution of grievances, transparency, and fairness in dispute resolution, contribute significantly to enhanced social risk mitigation. The coefficient of determination ($R^2 = 0.43$) indicates that grievance management explains 43% of the variation in social risk mitigation. Since the p-value is less than the 0.05 level of significance, the null hypothesis (H_{02}) is rejected. The study therefore concludes that effective grievance management significantly enhances social risk mitigation in community-driven oil projects in Rivers State, Nigeria.

Discussion of Findings

The aim of this study is to examine the effect of stakeholder engagement on social risk mitigation in community-driven oil projects in Rivers State, Nigeria. Specifically, the study sought to determine the effect of stakeholder consultation and involvement and grievance management on social risk mitigation. A descriptive survey research design was adopted, while simple linear regression analysis was employed to analyze the data collected from respondents.

The findings of the first hypothesis revealed that, at the 5% level of significance, Stakeholder Consultation and Involvement has a significant positive effect on Social Risk Mitigation, as evidenced by $\beta = 0.642$, Standard Error = 0.054, t -value = 11.89, $R^2 = 0.42$, $F(1,310) = 141.4$, and p -value < 0.001 . This finding indicates that effective consultation and active involvement of host communities in the planning, implementation, and monitoring of community-driven oil projects significantly reduce social risks such as community conflicts, protests, pipeline vandalism, and project disruptions. The result suggests that organizations that maintain regular dialogue with stakeholders, encourage community participation in decision-making, and integrate stakeholders' concerns into project implementation are more likely to achieve peaceful relationships and sustainable project outcomes. This finding is consistent with the studies of Reed et al. (2009), Ansell and Gash (2008), and Bryson et al. (2013), who reported that meaningful stakeholder engagement strengthens trust, enhances project acceptance, and significantly minimizes social conflicts in community development and natural resource projects.

The findings of the second hypothesis also indicated that Grievance Management has a significant positive effect on Social Risk Mitigation, with $\beta = 0.518$, Standard Error = 0.061, t -value = 8.49, $R^2 = 0.43$, $F(1,310) = 72.1$, and p -value < 0.001 . The result implies that effective grievance management systems, including accessible complaint channels, prompt response to community concerns, transparent grievance procedures, and fair conflict resolution mechanisms, play a significant role in reducing social risks associated with community-driven oil projects. The findings suggest that organizations that promptly address grievances and resolve disputes fairly are more likely to maintain peaceful relationships with host communities, prevent project interruptions, and improve community trust. This finding agrees with the studies of Idemudia (2014) and Colvin (2013), who found that effective grievance management enhances stakeholder confidence, reduces conflicts, and strengthens corporate-community relationships in extractive industries.

Overall, the study concludes that stakeholder engagement, as reflected through stakeholder consultation and involvement and effective grievance management, significantly contributes to social risk mitigation in community-driven oil projects in Rivers State, Nigeria. Therefore, oil companies and project managers

should strengthen stakeholder consultation processes, promote inclusive community participation, establish efficient grievance management mechanisms, and maintain transparent communication with host communities to minimize social risks, enhance project sustainability, and ensure the successful implementation of community-driven oil projects.

Conclusion

In conclusion, this study establishes that stakeholder engagement is a critical driver of successful social risk mitigation in community-driven oil projects within Rivers State, Nigeria. The empirical findings demonstrate that meaningful engagement significantly reduces the vulnerabilities of oil projects to social disruptions, specifically through two primary mechanisms: Stakeholder Consultation & Involvement, and Grievance Management. The finding that Stakeholder Consultation & Involvement has a significant positive effect on social risk mitigation underscores the necessity of moving beyond superficial corporate social responsibility. In the complex socio-political landscape of the Niger Delta, actively integrating community members into the decision-making and execution phases of oil projects fosters a sense of shared ownership, transparency, and mutual respect. This proactive inclusion acts as a vital buffer against the mistrust and perceptions of marginalization that historically fuel community resistance, protests, and project disruptions.

Similarly, the significant positive effect of Grievance Management on social risk mitigation highlights the importance of having structured, accessible, and responsive conflict-resolution channels. In a region where historical grievances over environmental degradation and economic exclusion can easily ignite into conflict, a robust grievance mechanism serves as a pressure valve. By providing communities with a trusted platform to voice concerns and seek timely redress, oil operators can de-escalate tensions before they morph into hostile actions, such as pipeline vandalism or facility shutdowns.

Ultimately, the implications of these findings are clear for policymakers, regulatory bodies, and oil companies operating in Rivers State: sustainable oil extraction cannot be achieved through technical and financial investments alone. To secure a stable social license to operate, project developers must systematically institutionalize continuous stakeholder consultation, genuine community involvement, and proactive grievance management. By doing so, they not only safeguard their infrastructure and investments but also promote peaceful coexistence and sustainable development in host communities.

Recommendation

Based on the empirical finding that both Stakeholder Consultation & Involvement and Grievance Management significantly enhance social risk mitigation in community-driven oil projects in Rivers State, the following actionable recommendations are proposed for oil companies, project managers, and regulatory bodies:

- i. Oil companies and project implementers should move beyond merely informing communities about projects. They must adopt a participatory approach where community members are actively involved in the planning, design, and execution phases of community-driven projects.
- ii. Grievance mechanisms must be physically and culturally accessible to the rural and riverine communities of Rivers State. Relying solely on corporate headquarters in Port Harcourt is insufficient; decentralized, community-based feedback desks should be established within the project locales.

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