

THE IMPACT OF OIL AND GAS ACTIVITIES ON LOCAL BUSINESSES

INTRODUCTION

Undoubtedly the oil and gas industry is one of the major industry driving the economies of the world. This is because oil and gas constitutes a major part of the global energy mix and it is expected to assume such position for a very long time despite the existence of emerging and competing renewable sources of energy. The oil and gas activities engage a lot of resources in terms of labor, land and capital in order to increase shareholder value and meet immediate and remote needs of humanity.

Oil and gas activities despite the magnitude and complexities are not undertaken outside the parameters of international standards, laws and regulations. However these international guides don't render local or national guides ineffective. The blend of the two creates the enabling and operating environment for oil and gas activities to be conducted without taking any stakeholder for granted.

It is very much easy for one to assume or probably identify oil and gas activities as an international business in our part of the world because of the manner in which it is conducted here in Africa but such perception will be corrected as more indigenes get involved. Oil and gas activities has international identity because of the international market and demand across the globe. Also, most countries such as Ghana, within which oil and gas activities are conducted rely heavily on external investment and importation of skill sets. The expatriate to indigenous employee ratio in terms of human resource also makes it seem more of an international business. It can only be called an international business if it harmoniously combines the efforts of local and foreign hands hence creating the right balance and depicting international and collaborative efforts.

A lot of institutions are affected by the oil and gas. In terms of local businesses, the effect of oil and gas industry can be viewed from several perspectives, however this piece seek to highlight on how it impacts local businesses directly in the oil and gas industry and those outside the oil and gas industry

The Impact on Local Businesses Directly Involved in Oil and Gas Industry.

In every nation where oil and gas activities are highly patronized or in progress, there exist local enterprises and organization who are fully committed to the growth and development of the sector. These entities invest their time, labor and other resources wholly into their activities in the oil and gas industry with the expectation of making profit. When these local organizations are duly engaged then, its leads to a rise in their revenues.

As much as local business entities are being engaged and revenue is being generated, the citizenry also become gainfully employed and then the national skill pool is enriched concurrently. Unemployment a major issue in Africa and Ghana will then be reduced as more local enterprises directly involved in the oil and gas industry are duly engaged.

Government will also be in a well-placed position of increasing her tax base since more local businesses will be generating revenues, which is another way of retaining funds in the country of operation

When local business are not duly engaged in the oil and gas industry, Ghana will be faced with the challenge of gaining enough tax from sector industries.

The Impact on Local Businesses Outside the Oil and Gas Industry.

On the hand, there exist categories of businesses who are not directly into oil and gas activities. Nevertheless, by virtue of engaging with business within the oil and gas fraternity they also gain revenues and successful ply their trade. They benefit from the ripple effect from the oil and gas industry and hence their sustainability indirectly depends on the oil and gas industry. By interacting and networking with players in the industry other lines of services and business which might not necessarily be of oil and gas nature are created for shared benefit and value creation.

Oil and gas activities therefore impact on local businesses directly and indirectly and this must be critically understood and managed within reasonable frameworks and engagements.

The Local Businesses, Giants Appearing as Dwarfs in Disguise

Most often it is when reality dawns on us that we realize what we are actually dealing with. Likewise when it comes to addressing local businesses in a country, it is when these businesses come together and collectively agitate for their place that we realize they were powerful and vibrant than we thought or we had perceived. The local businesses are made up of the very indigenes and the citizens to be precise, so anytime these individuals begin to feel marginalized, deprived and being taken for granted their response is sure.

A lot of incidences have occurred in most oil producing countries in Africa and the fact remains that corporate social responsibility is expected of major players in the oil and gas industry. Corporate Social Responsibility is what you do for the locals but impacting local businesses is helping the locals do things for themselves. However the impact of oil and gas activities on local businesses is expected to be very high because corporate social responsibility can reach but a few people and communities.

There is therefore the need for conscious and collective efforts to integrate local businesses duly into the entire value chain of the oil and gas industry. Then we can boldly say an enabling environment has been created for oil and gas activity to be peacefully conducted in a nation. The oil and gas industry does not and cannot exist in isolation.

Sheldon Kobina Ambaah

skambaah@gmailcom

