

**CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE**

**FACULTY OF ECONOMICS AND MANAGEMENT**

**DEPARTMENT OF ECONOMICS**



## **Master's Thesis**

**CORPORATE SOCIAL RESPONSIBILITY : A CASE STUDY OF SHELL  
PETROLEUM DEVELOPMENT COMPANY, NIGERIA**

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# **DIPLOMA THESIS ASSIGNMENT**

**Bomonyo Jessica Afa, MBA**

Economics and Management

Economics and Management

Thesis title

**Corporate Social Responsibility: The Case of Shell Petroleum Development Company, Nigeria.**

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## **Objectives of thesis**

The objectives of this thesis is to gain insight into CSR practice in Nigeria by paying particular attention to SPDC and to evaluate the impression and impact of CSR as practiced by the company on the selected host communities. For this purpose, the following research questions will be answered:

1. What is the perception of individuals in the selected host communities about CSR?
2. What is the perception of individuals in the selected host communities about SPDC's CSR practices/activities?
3. What is the impact of the CSR activities of SPDC Nigeria on the selected host communities?

## **Methodology**

This study will use a qualitative research approach

The data for this study will be gathered through a semi-structured interview:

Face-to-face interview

Key-informant interview

Written sources like books, journals, and CSR Reports will be used to answer the study research questions in addition to the data from the interviews.

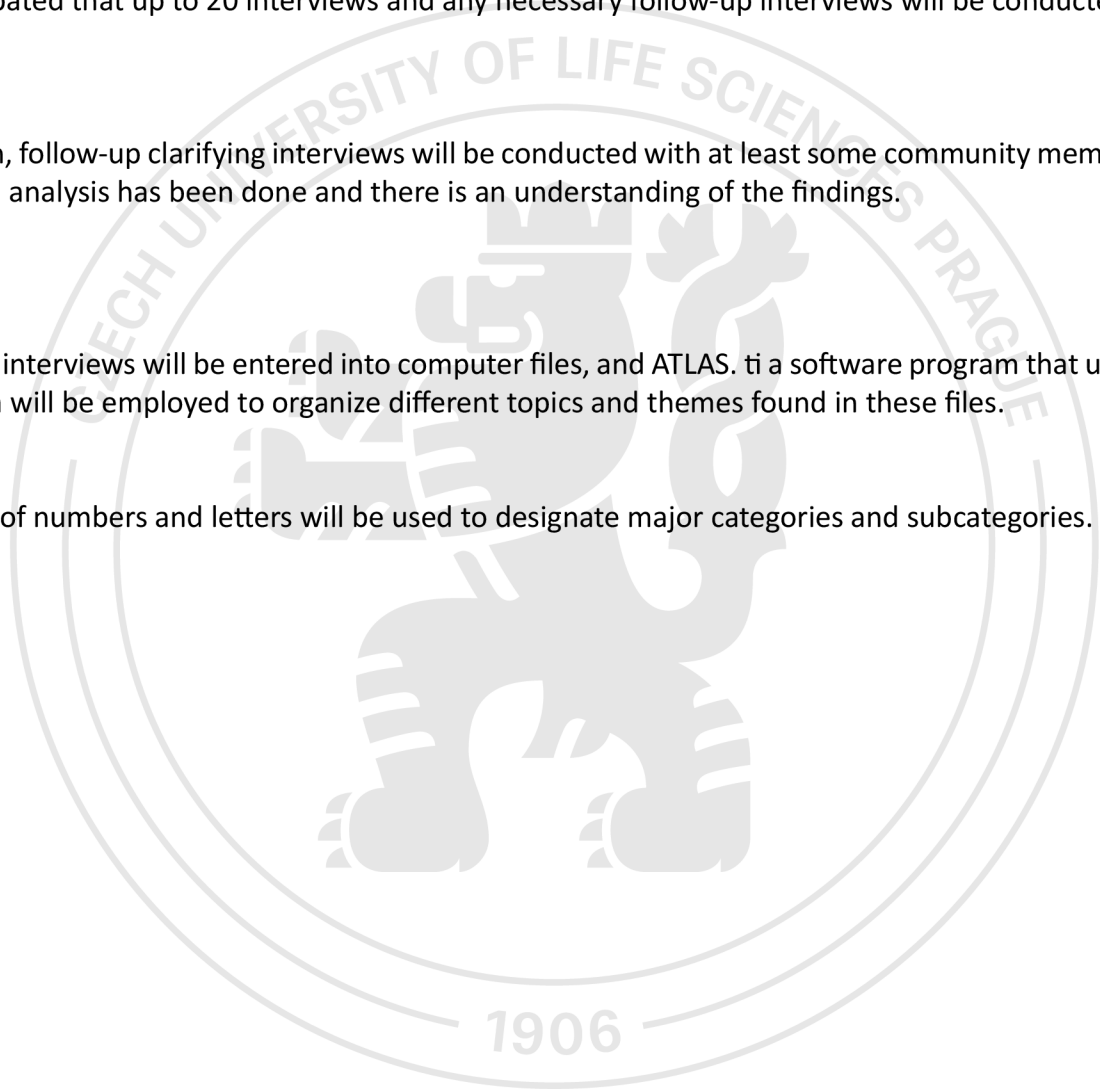
Questionnaires will be subjected to validation and reliability tests

It is anticipated that up to 20 interviews and any necessary follow-up interviews will be conducted for this study

In addition, follow-up clarifying interviews will be conducted with at least some community members after some data analysis has been done and there is an understanding of the findings.

The taped interviews will be entered into computer files, and ATLAS.ti a software program that uses a coding system will be employed to organize different topics and themes found in these files.

A scheme of numbers and letters will be used to designate major categories and subcategories.



## The proposed extent of the thesis

70 – 90 p.

## Keywords

ethics, CSR, corporate social responsibility, sustainability, moral, Niger Delta, Africa, policy formulation, fairness, equity, equality, humanity, environment, ecosystem, organizations, society, development, developing countries, host communities

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## Recommended information sources

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## **Declaration**

I declare that I have worked on my master's thesis titled " Corporate Social Responsibility: A case study of Shell Petroleum Development Company, Nigeria" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 31 March 2023

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**Bomonyo Jessica Afa**

## **Acknowledgement**

I would like to thank my Supervisor Dr. Irena Jindrichovska for her guidance and support all through my project, i am enormously grateful for coming this far with her help.

Also, I would like to thank the people that participated in the interview process of this thesis. I appreciate the effort for taking out time to make this thesis happen.

Lastly, I would like to appreciate my family and loved ones for the encourage during this process.



## **CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF SHELL PETROLEUM DEVELOPMENT COMPANY, NIGERIA**

### **Abstract**

This study examines the impact of corporate social responsibility on sustainable community development of Shell Petroleum in Nigeria's Niger Delta. This study used a case study research design and a qualitative research inquiry approach to investigate how the community and individuals perceived the phenomenon being studied. Semi-structured interviews were performed to gather the data, and thematic content analysis was employed to find codes and patterns in the data using the Atlas.ti software and also Statistical Package for the Social Sciences (SPSS) software, Nonparametric Testing for hypothesis to analyze. which had a 20-person target sample size. The study's findings made it clear that SPDC is engaging in corporate social responsibility (CSR) activities in their community, but they also showed that the community is unaware of SPDC's CSR initiatives and programs. The findings also revealed significant disparities in how the participants perceived the community's CSR programs. The results also showed that poor commitment and communication are some of the barriers to a community-based CSR implementation that is successful.

The study therefore recommended that the company should bridge the communication gap between herself and the community in order to implement sustainable CSR programs. Furthermore, the company should educate the community through stakeholders to enjoin their support and committed and dedicated people within the community and the organization should be employed each time there is a CSR project

**Keywords:** *Corporate social responsibility; Sustainable community development; Community engagement; Shell petroleum; Niger Delta; Nigeria*

## **Abstrakt**

Tato studie zkoumá dopad společenské odpovědnosti firem na udržitelný rozvoj komunit společnosti Shell Petroleum v deltě Nigeru v Nigérii. Použitá metodologie se opírá o přístup případové studie a přístup kvalitativního šetření s pomocí obsahové analýzy a zkoumá, jak komunita a jednotlivci studovaný fenomén vnímali - společenskou odpovědnost Shell Petroleum Development Company. Pro sběr dat byly provedeny semistrukturované rozhovory, jejichž cílem bylo nalezení kódů a vzorů v sebraných datech pomocí softwaru Atlas.ti a také software Statistical Package for the Social Sciences (SPSS), Neparametrické testování pro hypotézu k analýze. Pro interpretaci byla použita tematická obsahová analýza. Studie, cílovou velikostí vzorku 20 osob.

Výsledky studie jasně ukázaly, že SPDC se zapojuje do aktivit v oblasti společenské odpovědnosti firem (CSR) ve své komunitě, avšak na druhou stranu také ukázaly, že komunita tyto iniciativy a programy SPDC v oblasti CSR nezná. Zjištění také odhalilo značné rozdíly v tom, jak účastníci komunitní programy CSR vnímali. Výsledky rovněž naznačily, že špatné nasazení a komunikace vytváří na úrovni komunity překážky úspěšné implementace CSR.

Práce proto doporučila, aby společnost překlenula tuto komunikační propast mezi ní a komunitou v jiných oblastech, k tomu aby zavedla udržitelné programy CSR. Kromě toho by společnost měla vzdělávat komunitu prostřednictvím zúčastněných stran, aby získala podporu a angažovaných a oddaných lidí. Společnost by měla angažovat takové osoby v rámci komunity a organizaci pokaždé, když zavádí projekt CSR.

**Klíčová slova:** *Společenská odpovědnost firem; Udržitelný rozvoj komunity; Komunitní angažovanost; Shell petroleum; delta Nigeru; Nigérie*



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## LIST OF ACRONYMS AND ABBREVIATION

BE	Business Ethics
CA	Corporate Accountability
CC	Corporate Citizen
CR	Corporate Responsibility
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
GMoU	Global Memorandum of Understanding
IISD	International Institute for Sustainable Development
JV	Joint Venture
MDGs	Millennium Development Goals
NNPC	Nigerian National Petroleum Corporation
SCD	Sustainable Community Development
SDG	Sustainable Development Goals
SNEPCo	Shell Nigeria Exploration and Production Company
SNG	Shell Nigeria Gas
SNOP	Shell Nigeria Oil Products
SM	Stakeholders Management
SPDC	Shell Petroleum Development Company of Nigeria
TCA	Thematic Content Analysis
TNP	Trans-Niger Pipeline
UNESA	United Nations Department of Economic and Social Affairs
WBCSD	World Business Council for Sustainable Development

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background to the problem

In the past, societal expectations from business organizations were limited to efficient allocation and maximization of resources. However, this has changed in present times. Modern business must think beyond profit maximization toward being more socially responsible to its society. Today's growing sensitivity to the awareness of environmental and ethical issues has prompted interest in the role of business in society (Hopkins, 2016). It means our society has become increasingly concerned that greater influence and progress by firms have not been accompanied by equal effort and desire in addressing important social issues such as problems of poverty, drug abuse, crime, poor treatment of workers, faulty production output, and environmental damage or pollution by the industries as reported in the media. It is therefore crucial for everyone to realize that public outcry for increased social responsibility will not disappear if business organizations fail to respond to the challenges these have posed for society.

Corporate Social Responsibility (CSR), which is also referred to as corporate citizenship, is a concept that suggests that organizations should consider the interest of society by being accountable for the impact of their activities on customers, employees, shareholders, communities as well as the entire environment where they operate. Corporate social responsibility goes beyond the statutory obligation of a business or corporate organization to comply with legislation but voluntarily take further steps to improve the quality of life of employees, local communities, and society at large. Today, the principle of CSR mandates that organizations must not only ensure shareholder returns, employees wages, customers' products and services, but must also respond to host communities and environmental concerns.

According to Kaliski (2001), social responsibility as an ethical or ideological theory that shows that an entity, government, corporation, organization, or individual, has a responsibility to society. He believes that this responsibility can be "negative" if it is a responsibility to refrain from acting (resistance-stance) or "positive" where there is a responsibility to act (proactive stance). He asserts that social responsibility is voluntary since it involves going above and beyond what is required by law (legal responsibility). Thus, it implies that it is preferable to take a proactive approach towards a problem than retroactive. Social responsibility means eliminating

corruption, and irresponsible or unethical behavior that might be harmful to the community, its residents, or the environment at large.

Corporate Social Responsibility (CSR) practice in Nigeria, as a business requirement, is quickly becoming a tradition among multinational enterprises and indigenous companies, especially in the Oil sector. However, despite the fact that CSR practice has gained wide prominence and acceptability; it has also attracted serious criticism in recent times. Particularly, some scholars have expressed critical concerns about the approaches to CSR practice in Nigeria, which they claim leaves much to be desired. As noted by Amaeshi *et al.* (2006), many indigenous firms in Nigeria still perceive CSR programs as corporate humanitarian gesture aimed at tackling socio-economic development challenges in the country. In other words, most firms approach CSR in the same manner they undertake charitable activities or as a way of making voluntary donations aimed at alleviating the people's suffering.

Scholars have also argued that the CSR activities of many multinational oil companies in Nigeria have been mainly remedial in approach. In other words, they claim that such activities are mainly focused on remedying the effects of their environmentally and socially harmful exploration activities in their host communities. It is, therefore, becoming more apparent that such gestures cannot contribute significantly to development, let alone sustainable development, because sustainable development initiatives are usually deliberate and purposeful attempts aimed at impacting positively the lives of the people and their environment. In modern times, the emphasis of CSR practice has considerably shifted from mere philanthropic or charitable gestures to addressing real development issues of the people. As a result, the core of CSR today is sustainability or sustainable development. Any CSR initiative aimed at addressing people's development needs cannot afford to be philanthropic in approach. This assertion was corroborated by Hopkins (2016) when he said that "development is a wider concept than pure philanthropy. Development projects are much more complicated than philanthropic or charitable donations that hand over cash directly for a school or hospital; however, welcome these seem to be." He emphasized that development entails working closely with the people and public organizations to create sustainable projects.

It is enough to mention that sustainable community development concern has become a global affair with the United Nations at the frontline of the campaign. In an extraordinary session held

between 25th – 27th September 2015, the Heads of State and governments of 193 countries of the world; and delegates from various groups and organizations around the world, including Nigeria, met at the United Nations Headquarters in New York and rolled out a new 17-points global agenda called Sustainable Development Goals (SDGs). The implementation of the 17-point goals is anticipated to take place during a 15-year period, from January 2015 and December 2030.

The main goals were targeted at addressing some critical challenges to global sustainable development. Such challenges include extreme poverty, inequalities within and between nations, unemployment, global health threats and intense natural disasters, spiraling conflict, accelerating climate change, violent extremism, and similar issues. The SDGs are expanded goals over the Millennium Development Goals (MDGs) and signify the United Nations' dream of future development until 2030. According to the United Nations preliminary report on SDGs tagged, *Progress towards the Sustainable Development Goal*, the goals seek to complement the Millennium Development Goals.

In a specific sense, Oil and Gas Companies in the Niger Delta can do better for their host communities if they focus more attention on sustainable development initiatives rather embarking on remedial or ad-hoc interventions in the name of CSR programs. According to Adetokunboh (2007), "CSR, when proactively undertaken, promotes the public interest by encouraging community growth and development, and by voluntarily eliminating practices that harm the public sphere, regardless of legality."

Over the years, the oil-rich Niger-Delta region of Nigeria has been constantly confronted with social and environmental crises, youth nervousness, and devastating activities of militia groups, with Rivers and its neighboring South-South states at the heart of the crisis. Many have pointedly attributed the root cause of the unrest to oil deposits and exploration activities in the region. The conflict is perceived as a struggle or contest to wield power and control over the oil-rich region. Particularly, issues of environmental degradation, basically orchestrated by environmentally harmful exploration activities that often result in oil spillage and gas flaring, are common in the region. Likewise, social issues like spiraling poverty and mass underdevelopment of the region, due to seeming negligence by the government and multinational oil and gas companies, have constituted the bedrock of unrest in the region.

Over the year, successive administrations have taken different approaches to arrest the state of unrest; but they all failed to yield the needed result. Even the amnesty program instituted by the Yar'Adua – Jonathan led administration to convince the militants to surrender their arms to seek peaceful and amicable means of resolving the crisis has also not yielded any substantial result as cases of oil bunkering, pipeline vandalism, hostage taking of expatriate and general atmosphere of insecurity still loom over the region unabated for many decades. All the aforementioned cases involve interpersonal conflicts that, perhaps, arise from the inability of government and oil companies to adequately engage aggrieved groups in the region in productive dialogue to know their grievances and look for solutions to the impasse. This raises a serious question about the level of importance attached to CSR practice in Nigeria, notably among the multinational oil and gas companies operating in Nigeria. This concern forms the foundation for this empirical study.

## **1.2 Problem statement**

The topic of CSR has always been a discussion in Nigeria, especially how the exploration activities affect host communities which results in under development in the communities. The study argues that part of the solution to underdevelopment and the restoration of lasting peace and stability in the Niger Delta lies principally in proactive and sustainable CSR initiatives and strategies also with its community's support approach to aid development. Shell Petroleum Development placed emphasis on "gift" rather than support for sustainable development programs. This made Shell focus on what they felt the communities lacked according to Shell's perception of poverty within the communities. According to Ite (2004) the communities as a result became perceived as helpless victims of circumstances rather than capable participants in the development process. Gradually, the dependence culture became established, and the communities saw the development of infrastructure provided as charity and as a form of rent for Shell's use and abuse of the environment and resources. In effect, the community groups were the passive recipients of Shell's donations. This approach affected the development of the people and they were not given the chance of full involvement in the CSR process which has been found to be largely an ineffective approach to community development, the emphasis of the oil companies should now depend on the needs of the communities that would lead to development because that is what CSR is about. In a society, business and the community should

be able to work together to function effectively and this is one of the foundation of CSR which Shell failed to do and as a result their CSR initiatives has not exactly been a success.

While the oil companies claim to be practicing community relations and to have invested a lot in the development of their host communities, the communities, on the other hand, either claim that enough has not been done, or that the efforts have been made without due consultations with them. Against this background, this study was conceived to determine the corporate social responsibilities of Shell Petroleum Development Company (SPDC) to the sustainable development of their host communities in the Niger Delta region of Nigeria.

### **1.3 Conclusion**

This chapter discussed the significance of conducting the study, the problem statement, the study's goals and objectives, and the primary research question. An outline of SPDC corporate social responsibility practice was provided in the next chapter.

## **CHAPTER TWO**

### **2.0 RESEARCH OBJECTIVES AND METHODOLOGY**

#### **2.1 Research Questions**

To achieve the objectives stated above, the following questions have been developed to guide this study:

1. What are the Public Relations strategies adopted by the company at all stages of the projects and how effective are they in stimulating inclusive community development initiatives?
2. What are the core CSR initiatives of Shell Oil Company and how have these programs met the yearnings of the people in terms of Sustainable Development?
3. How effective is the approach employed by Shell in tackling environmental degradation in the study area?

#### **2.2 Objectives of the Study**

As a result of the problem stated above, the aim of this thesis is to study an in-depth knowledge of CSR programs of Shell petroleum company against the backdrop of sustainable community development in Nigeria.

Therefore, the objectives of the study are as follows

1. To know the the perception of individuals in the selected host communities about CSR.
2. To know the perception of the people in the selected host communities about Shell Petroleum Development compan's CSR.
3. To evaluate the impact of the CSR activities of SPDC Nigeria on the selected communities.

#### **2.3 Significance of the Study**

The importance of this dissertation is not just to assess corporate social responsibility but to understand the current practice, and the level of understanding of corporate social responsibility by public sector organizations in the Niger Delta state in relation to how it should be.



The thesis will contribute to understanding the role of multinational corporations and CSR in developing countries. It also contributes to CSR theory, interconnecting it to stakeholder theory and value creation. Given the central role that revenues generated from petroleum resources play in the sustainable economy development of Nigeria and the oil and gas organizations, it is vital that the Nigerian government in collaboration with oil and gas companies develop an effective CSR scheme for the host communities. From this perspective, a study on this field will be beneficial not only to the oil firms, but also the government and other stakeholders. The findings of this research will be relevant in helping the investors to comprehend the impact of corporate social responsibility as added value to the people's quality of life, improve the activities of the firms operating in the petroleum industry and likewise determine whether it has improved the economy of the country.

In the same vein, this research will benefit the petroleum firms because it will help them in taking knowledgeable managerial decisions regarding the wellbeing of the members of the host communities where they carry out their business operations.

Such a decision will foster peace between the companies and inhabitants of the society, thereby leading to enhanced performance of their business. Also, a study of this nature will motivate the legislators to attend to matters that may result in turmoil and impediments that will impact the national economy negatively. Additionally, the result of this investigation will be significantly useful to the federal government of Nigeria.

## **2.4 Research Methodology**

### **2.4.1 The Study Area**

The Niger Delta region is the delta of the Niger river sitting directly on the Gulf of Guinea on the Atlantic ocean. It is situated within nine coastal southern Nigerian states which include all six states of the south-south geopolitical zone which are Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers and Ondo from the Southwest geopolitical zone and two states Abia and Imo from the South-East geopolitical zone and a state Ondo from South-West.

The region is well-known for producing crude oil, the foundation of Nigeria's economy, which accounted for nearly 90% of the nation's export revenue and 40% of its gross domestic product. The Niger Delta's communities and ecosystem have suffered greatly as a result of oil exploration.



Figure 1: Niger-Delta Map

Source: Adopted from Shaibu and Weli, 2017..

## 2.5 Research Design

The study employed the use of survey method to investigate corporate social responsibility (CSR). This entails inductive interviews from host communities, CSI managers and Shell management representative adopted from the sustainability report of the company. This research was carried out between August 2022 to October 2022 in two host communities in Ogoniland (Rivers State) & Gbaratoru (Bayelsa State).

The research design entails the following;

- Qualitative method was used to synthesize the data,
- While both qualitative and quantitative approach was adopted in the data analysis.
- Probability sampling was used because it reduces bias, the sample involves diverse population and it enables the opportunity to create accurate sample.

### 2.5.1 Research Approach

An approach to research outlines the procedures, habits, viewpoints, and methods the researcher will employ to achieve the objective of the study. A qualitative approach was adopted for this study. The qualitative technique is a research strategy that, rather than quantification, typically

emphasizes words in its data collection and analysis, and that chiefly accentuates an inductive approach to the correlation between the research and theory, in which emphasis is centered on generating theories (Bryman & Bell 2011). Vanderstoep and Johnston (2009) assert that a good case study would impose limitations on the use of internet secondary data and make use of the interview approach with the company and other important stakeholders.

## **2.6 Sample size and sampling techniques**

A sample is defined as "a smaller (but ideally representative) number of units from a population exploited to establish facts about that population" (Creswell, 2014). This research employed a probability random sampling strategy to select two Niger Delta communities in Nigeria because of the belief that the participants' wide-ranging experience would be relevant to this study. The decision was made based on their comprehension of the procedures and knowledge of the subject matter that would be most beneficial to the study. The targeted community was made up of individuals from community organizations who have recently engaged Shell Petroleum Nigeria in community development issues such as infrastrural development, educational initiatives, unemployment, and the environment. The sample was made up of 20 participants who were drawn from the two communities (Ogoniland & Gbaratoru) in Niger Delta region in Nigeria, managerial officers at shell, CSR committee members of the state.

## **2.7 Data sources and Description**

The study design for this research was constructed based on the collection of data, analysis of data, interpretation of data as well as the integration of theory, reporting the findings and recommendations.

- The data sources of this work is a case study targeted at inspecting the CSR of Shell Petroleum Development Company (SPDC) in relation to their their programs in Educational Initiatives, Training & Development and Environmental Sustainability.
- To investigate the activities of SPDC and gain a valuable understanding of CSR practices and policies, the study design is operationalized on two fronts by interviewing the management of SPDC and members of their host communities. This is in a bid to investigate the roles played by the company and how they have performed their CSR.
- The data was obtained primarily through a face-to-face interview with individuals in the host communities while the secondary data was derived from SPDC annual reports from

2010 to 2022, as well as related scientific publications relevant to the case being researched within the same period.

## **2.8 Research Instrument**

A pre-tested and validated interview schedule was developed to gather information for this study. The interview was conducted with the aid of a semi-structured questionnaire that contained open-ended question. Semi-structured interviews offer flexibility during the interview process and are suitable for small-scale research (Smith and Osborn, 2008). Information was gathered from 20 community members, and they were urged to elaborate on their points of view. The researcher also pointed out that because the necessary data were gathered, this instrument gives more valuable data on a small sample. It also made it possible to analyze the information in terms of subjects.

## **2.9 Reliability and validity**

Validity and reliability are important in both quantitative and qualitative research; however, the measures that are used in these two research designs differ. This section confirms the validity and trustworthiness of the research work, through the way the information was gathered.

### **2.9.1 Trustworthiness**

Measure of trustworthiness is an important factor to maintain accuracy and credibility in research findings which is more practical with qualitative research. This requires conducting research and presenting the study in a way that the reader can believe the results and be convinced that the research is worthy of their attention.

### **2.9.2 Credibility**

To ensure confidence and the truth about the phenomena under scrutiny or how congruent are the findings with real situation? The findings from this research were triangulated with other sources of data gathering such as relevant published reports, articles and feedback meetings which also helped to validate the findings.

### **2.9.3 Dependability**

Dependability is viewed as a process that addresses reliability issues. The process within this study was reported in detail. This was followed by structured chapters presenting literature review, the methodology, conclusion, and recommendations. Dependability was also ensured by maintaining an audit trail of raw data that has been coded and archived to permit checking of the findings against raw data.

#### 2.9.4 Conformability

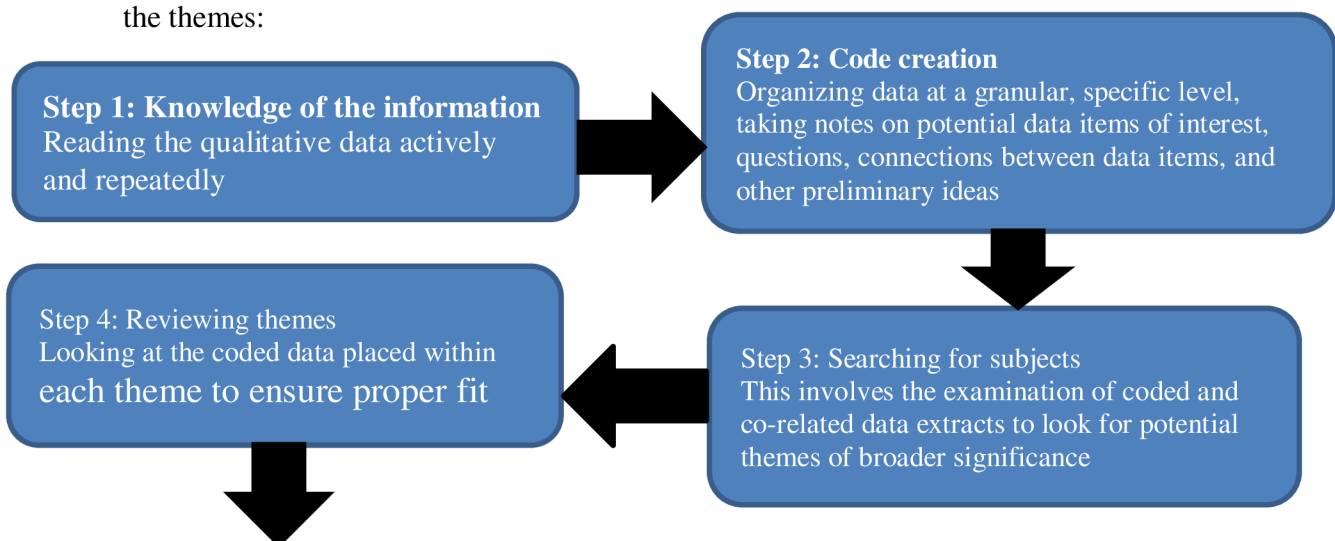
To ensure the authenticity of the findings, the participants were offered the opportunity to verify the accuracy of the collected data immediately after interviews and at the end of data collection. Triangulation was also conducted by the researcher and the independent person analyzing the data.

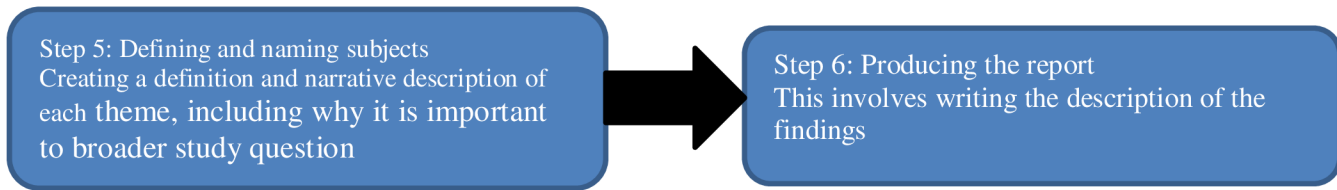
#### 2.10 Data analysis and interpretation

Data analysis is an integral aspect of study design and is a way to interpret data before presenting it in an understandable way. The qualitative model served as the foundation for this research, and the goal of the data was to inductively identify particular patterns in the data that explained the participants' narratives and helped develop or establish theory. The study's data came from a variety of sources, including interview transcripts that were particularly categorized and structured, audio recordings that were later transcribed, electronic emails that were used to collect data, and other sources.

Thematic analysis, according to Braun and Clarke (2006), is a qualitative descriptive method that is independent and intended to identify and classify the key subjects that surface in the research participants' responses. The subjects are characterized as groups of ideas formed from patterns, topics for discourse, securing activities, meanings, emotions, proverbs, and proverbial sayings.

The research adopted the use of ATLAS.ti which is a qualitative research tool that assist in coding and analyzing transcripts and field notes, developing literature reviews, designing network diagrams, and data visualization. The following steps are required in the development of the themes:





**Figure 2:** The procedure flow of the Thematic Content Analysis that was performed for the qualitative data.

- The scripts of the interviewees were reviewed and reread before being further categorized into smaller groups (Themes & Sub-Themes) with related issues, suggestions, and recommendations.
- The thematic analyses highlighted similarities and differences across the data set. This assisted the researcher to build a valid argument for choosing these themes or subjects with reference to the related literature.
- Transcripts of audio recordings and text from interviews were entered into a word processing document before the data was evaluated.
- The Hermeneutic Unit, refers to the theory and practice of interpretation which is used to open all the transcripts. After giving each piece of information a code name, the participant's words and context-relevant phrases were used. This made it possible to locate all texts that might fit on a code label and to identify the participants who approached a certain topic in a similar or dissimilar manner and who fell into whatever category.
- The texts from interviews and audio recordings were typed into a word processing document before the analysis of the data.
- The researcher was also able to compare various quotes that emerged, study topics separately, and divide data into stakeholder groups using the Atlas.ti tool. For instance, after reading and rereading each statement from the interviews, a code name was given to it. This analysis gave the researcher a full understanding of how thorough CSR can be explained to and adopted by diverse stakeholders.
- The major themes were established through constant reading of the transcripts. Once there were more than enough codes, they were trimmed down and then grouped into themes, which offered rich, understandable data with clear ability to arrive at a decision. The researcher was able to analyze various quotes, investigate topics separately, and divide data into stakeholder groups using Atlas.ti.

Also this research use the Statistical Package for the Social Sciences (SPSS) software, Nonparametric Testing for hypothesis to analyze and it was based on the following assumptions:

- Dependent variables are Evaluation of SPDC CSR and Understanding SPDC CSR
- Evaluation of SPDC CSR is represented by RQS variable
- Understanding SPDC CSR is represented by RQS2 variable
- Independent variables are Educational initiatives (EI), Training & Development(TD)

### **2.11 Summary**

This chapter covered the objectives and the research methodology; the research design, the research tool, and the data analysis. It also covered the topics of reliability and trustworthiness of the research.

## CHAPTER THREE

### 3.0 Literature Review

#### 3.1 The concept of Corporate Social Responsibility

The concept of Corporate Social Responsibility has been associated interchangeably with terms like Corporate Responsibility (CR), Corporate Accountability (CA), Business Ethics (BE), Stakeholders Management (SM), Corporate Citizen (CC), Corporate Stewardship, Sustainability (SUS) and Triple Bottom-Line (Hohnen, 2007 and Carroll, 2015). Recently, the notions of Corporate Citizenship and Sustainability appear to be trendier when discussing CSR. As a business obligation, CSR practice is based on the premise that corporations (as corporate citizens) can no longer act as isolated economic entities operating in detachment from the host community or the society at large. They are expected to be socially responsible.

Katsoulakos *et al.* (2004) define CSR as “a company’s veritable commitment to operating in an economically, socially and environmentally sustainable manner that is transparent and increasingly satisfying to its stakeholders.” The above definition places emphasis on economic, social and environmental sustainability, which relate to the development of the people and their near surroundings. Similarly, the World Business Council for Sustainable Development (WBCSD, 2002) states that “Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.” This definition focuses majorly on the economic and social development of the people. This means that the aim of CSR is to enhance the general well-being of the people. Therefore, Scarlett (2011) defines CSR as “a business concept whereby a company seeks to behave in socially and environmentally responsible ways so that its business contributes to society in meaningful and lasting ways.”

Reflecting on the CSR principles, Hohnen (2007) states that “CSR should be seen as the way that firms – working with those most affected by their decisions can develop innovative and economically viable products, processes and services within core business processes, resulting in improved environmental protection and social conditions.” In this regard, CSR is seen as a social contract between business and society. As an integral part of the communities in which they operate, businesses are becoming increasingly aware that their long-term success is based on



continued good relations with a wide range of individuals, groups, and institutions. Smart firms know that business cannot succeed in societies that are failing – whether this is due to social or environmental challenges, or governance problems. Moreover, the public has high expectations of the private sector in terms of moral conduct (Hohnen, 2007). According to Daramola (2008), “As a specialization of PR, CSR (through effective community relations) is devoted to creating a relationship of good neighborliness between an organization and groups within the community in which it is physically located”. Jefkins (1998) clearly states that: “a good neighbor policy is wise; Public relations begins on the doorsteps.”

Experts and scholars with bias in CSR have recently focused their intellectual compass on CSR and sustainable development with emphasis on economic, social, environmental sustainability. Based on this perspective, the *United Nations Department of Economic and Social Affairs* (UNESA) in 2007 broadly defines CSR simply as: “the overall contribution of business to sustainable development” (UNESA, 2007). The private sector can contribute to sustainable development through job creation, industrialization, knowledge sharing, adopting environmentally friendly operations, among others. According to Hohnen (2007) “as issues of sustainable development become more important, the question of how the business sector addresses them is also becoming an element of CSR”.

The term ‘Sustainable Development’ has gained increasing global recognition over the years, most especially, beginning from 1987, when the Brundtland’s Report of the World Commission on Environment and Development tagged: *Our Common Future* was released. The commission was headed by Gro Harlem Brundtland, a Norwegian politician and environmentalist. Today, one of the most widely quoted definitions of Sustainable Development is contained in the report of the commission. It defines Sustainable Development as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WBCSD, 2002). The key to sustainability is the future (Carroll, 2015); the need to preserve society for the purpose of posterity. Since then, the concept of sustainable development has been extended beyond environmental sustainability to other aspects like agricultural, economic, and business sustainability, to mention but a few. Carroll (2015) states that “today, sustainability is understood to embrace environmental, economic and social criteria depending on the user’s intent when articulating the concept.”

Corporate Social Responsibility has the potential to make significant contribution to sustainable development in many ways. In fact, the emphasis of CSR practice in present times has gradually shifted from the mere philanthropic or charitable gestures to solving real development issues of the people. Oginni and Omojowo (2016), assert that: “since corporate social responsibility represents core values that define the commitment of a business enterprise to society, economy, and the environment that sustains its activities, its broad scope can be integrated into a sustainable development agenda.” According to Carroll (2015), the concept of sustainability encompasses environmental, economic, and social criteria. Any of these three core areas can serve as the foundation for a company's CSR activities. In other words, CSR initiatives should be planned along the line of sustainable development basically under the three fundamental values of economic growth, ecological balance, and social progress. Therefore, Shell can make a real contribution to sustainable development through their CSR policies and programs.

### **3.2 Components of Corporate Social Responsibility**

Four distinct forms of social responsibility make up a comprehensive CSR. These obligations include those related to economy, law, ethics, and philanthropy (Agyefi, 2022).

#### **Economic Responsibilities**

Businesses have a duty to turn a profit for their owners or shareholders. Businesses originally began as commercial ventures that provided the public with goods and services. Their primary objective was to produce goods and services that met consumer needs and generated profit. The objective of producing a profit, however, changed over time from a small profit to a huge profit, which is now the industry standard.

#### **Legal Responsibilities**

Companies may function to help society, but they are still required to abide by all local and international laws and regulations. Businesses are required to follow the law as a condition of their participation in the "Social Contract" between industry and society. Legal Responsibilities outlines the fundamental rules of ethical conduct as set by lawmakers, exhibiting a "codified ethics" position.

#### **Ethical Responsibilities**

Ethical responsibilities cover the actions and behaviors that society approves or disapproves of, but economic and legal obligations also include ethical ideas like justice and fairness. What are

seen to be fair and reasonable by consumers, employees, investors, and society are attitudes, actions, and expectations that are consistent with upholding or protecting their moral rights and are referred to as ethical obligations. Or, to put it another way, it puts more pressure on businesses to go above and beyond what is necessary by law by continually broadening the range of legal obligations.

### Philanthropic Responsibilities

Business activities that help organizations live up to society's expectation that they would be decent corporate citizens are referred to as philanthropy. This means taking part in initiatives or programs that improve the welfare or altruism of people. The difference between philanthropy and ethical commitments is that philanthropy does not demand a moral or ethical sensitivity.

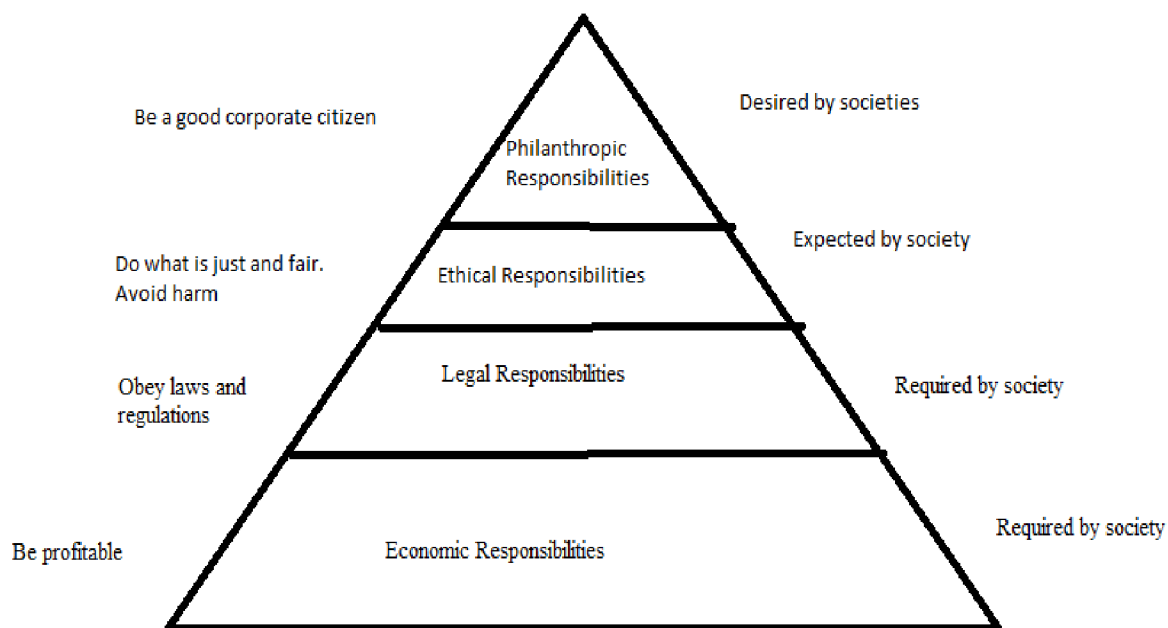


Fig 3: Components of Corporate Social Responsibility

Adapted from Agyefi, 2022

As a result, organizations must effectively fulfill all CSR requirements in the country, city, or community in which they operate if they want to execute CSR to its fullest potential and enjoy the benefits that come with it.

### **3.3 Global Perception of CSR**

There is a sizable and expanding body of scholarly and applied literature on the subject given CSR's inevitable rise to prominence. Academics, corporate entities, consultancy firms, the media, non-governmental organizations, and government agencies have all published thousands of articles and publications on CSR. A shift from profit maximization to social responsibility in the modern period has forced many company executives to consider how organizational actions would affect stakeholders in addition to potential profit. This shift in business thinking has led to the World Company Council for Sustainable Development (WBCSD) defining corporate social responsibility as an investment in long-term economic success. In 2007, the International Institute for Sustainable Development (IISD) developed the following definition: a company's responsibility for the effects of its choices and actions on society and the environment through moral conduct and attitudes that are in line with environmental protection and societal well-being; takes stakeholder expectations into consideration; and complies with international standards (Hohnen, 2007).

The "profit-driven paradigm" of corporate governance has been replaced by a "socially responsible approach." Several ideas from the CSR literature lend support to this. Corporate governance, corporate philanthropy, company donations, community participation, community affairs, corporate responsibility, globalization, and corporate social marketing are terms used to define corporate social responsibility (Ofori, 2010). CSR represents a variety of things; only a few examples include corporate accountability, openness, morality, corporate stewardship, ethical business practices, sustainable development, and environmental issues. Words like "corporate sustainability" and "responsible competitiveness" are becoming more prevalent as CSR issues are increasingly incorporated into current business operations. It is imperative to bear in mind that CSR is still an emerging notion with no set definition. CSR is defined as the transparent and responsible integration of social, environmental, and economic issues into a company's principles, culture, decision-making, strategy, and operations to enhance internal procedures, produce revenue, and serve society (Kirat, 2015).

How can this vast collection of knowledge be most effectively interpreted so that a comprehensive definition of what CSR entails may be produced? Nonetheless, CSR is one of the few management-related topics that spark as much discussion as it does. Therefore, there are as

numerous meanings of CSR as there are several perceptions on how corporations should interact with society. Business for Social Responsibility (BSR) defines corporate social responsibility as "achieving financial success while adhering to ethical standards and recognizing people, communities, and the natural environment." Corporate social responsibility refers to a company's attempts to support or participate in societal goals that are not immediately connected to its immediate interests, shareholder interests, or legal requirements. (Agyefi, 2022; Wang *et al.*, 2020).

### **3.4 Corporate Social Responsibility in Developing Countries**

Developing countries are less industrialized, characterized by low per capital income, high rate of poverty and a weak institutional framework (Visser, 2010). However, the constantly expanding economies, markets, and trade for commercial organizations make CSR imperatively important. Furthermore, socio-environmental problems in developing nations are more severe because of the operations of multinational corporations (Osemeke *et al.*, 2016). Furthermore, environmental concerns have boosted stakeholder awareness of environmental risks, which has increased pressure on firms to act responsibly. However, the constantly expanding economies, markets, and trade for commercial organizations make CSR crucial in developing nations. Additionally, socio-environmental problems in developing nations are more severe because of the operations of multinational corporations. Furthermore, environmental concerns have boosted stakeholder awareness of environmental risks, which has increased pressure on firms to act responsibly. Meanwhile, the threats posed by Multinational companies to the environment in developing countries are lagging in laws and they tend to be less stringent both in conception and application. As a result, there has been increasing criticisms of Multinational companies as well as intense public attention paid to their operations. They are easy prey to the charge of double standards by suggesting many companies try to eat their cake and have it too.

China leads Asia's CSR programs with a focus on philanthropy, environmental prevention, and increased energy saving (Zhuang and Wheale, 2004). CSR activities from private-owned businesses are rare in China, as many businesses are state-owned firms. As a result, CSR in China is still heavily influenced by the government. Due to this, the CSR agenda now prioritizes economic responsibility. This is because China's economy is centrally managed by the government and requires businesses to fulfill their economic responsibilities, which has an impact on CSR activities. However, the history of CSR in China can be related to the country's

profound culture, which is Confucianism<sup>1</sup>, and commercial companies in China are reflecting this in their CSR operations. However, the entry of western ideas, customs, and ways of life between 1966 and 1976, which saw numerous cultural revolutions and led to the establishment of reform policies in 1978, has damaged this Confucianism-based Chinese cultural ideology (Osemeke *et al.*, 2016).

The problems posed by globalization, liberalization, and developing trends toward a free market economy in India have elevated the importance of CSR. Trade ties between India and industrialized nations have risen, primarily because of growing foreign investment in India, and this has had a significant impact on CSR in India. In response to globalization, businesses profit from implementing corporate responsibility policies through market access, cost and risk reduction, enhanced productivity, competitiveness, and improved worldwide image (Das Gupta, 2007). India's CSR initiatives are mostly benevolent, like those in China.

CSR is not only a common topic of discussion and debate in South Africa, but it is also a real endeavor by many businesses. After the Apartheid era, there were pronounced disparities in the country's socioeconomic structure regarding access to basic services, infrastructure, economic power, and education. The democratic governments that have controlled the nation since 1994 have made significant efforts to address these social inequalities through a variety of social programs and public initiatives, as well as through encouraging the private sector. Though the South African Companies Act 61 of 1973 does not require businesses to participate in CSR initiatives, the country's Policy Document and the King II and King III Corporate Governance codes explicitly mention the necessity and relevance for businesses to recognize all stakeholders and adopt and focus on social, environmental, and economic concerns. The King Reports' sections are not mandatory, but they take a "comply or explain" stance, forcing firms to either implement CSR programs or provide an explanation for why they have not done so.

South African businesses have adopted a variety of socially responsible practices. For instance, they carry out, organize, and administer numerous programs for sustainable development in the fields of training and education, capacity building, socioeconomic development, and healthcare. BHP Billiton Energy Coal South Africa has put in place various procedures to safeguard the environment, improve employee safety and security, support the neighborhood, and enable people (particularly women) to take part in and profit from regional mining and energy activities.

To show their dedication to South African local communities and the preservation of the environment, coal mining corporations have taken part in a variety of activities.

### **3.5 Corporate Social Responsibility Initiatives in Nigeria**

In line with the foregoing discourse, the actions of multinational companies operating in the extraction sectors of the Nigerian economy, predominantly in the oil sector, give rise to CSR projects in Nigeria (Adegbite and Nakajima, 2011; Amao and Amaeshi, 2008). Due to the massive oil reserves and multinational companies' presence, these activities of multinational companies are increasingly prevalent in Nigeria's Niger Delta. Their operations in local areas led to CSR violations like oil spills, gas flare-ups, and militancy/community unrest brought on by the disposal of toxic waste materials in waterways. Due to the destruction of the communities' primary economic drivers-farming and fishing-this resulted in severe poverty and community unrest.

Apart from their business operations, multinational companies have also become quasi-governments as a result of successive Nigerian governments' failure to fulfill their constitutional duty to provide social amenities for communities, which has led to communities depending on and turning to them to help them with their economic problems (Oyefusi, 2007; Adegbite and Nakajima, 2011). Attempts by the government at all levels to provide solutions such as by constructing facilities like roads, schools, and hospitals have failed. Corruption, a porous institutional structure, a lack of accountability and transparency among public officials, and poor governance are the main causes of this (Rwabizambuga, 2007).

Idemudia (2009) asserts that there has been an increase in community expectations of CSR initiatives from oil multinational companies. Both community decisions and views of multinational companies operating in their communities are inevitably going to be impacted by these community expectations (Idemudia, 2007; Rwabizambuga, 2007). Ehikioya (2009) observed that to lessen issues in developing nations like Nigeria and assist businesses in implementing CSR policies and practices, it is crucial to understand what motivates community expectations. The community anticipates that multinational companies will increase employment opportunities for its citizens and implement programs to combat poverty, including hospitals, schools, piped water, electricity, roads, and bridges (Oyefusi, 2007).

The Nigerian Securities and Exchange Commission (SEC) 2003 code (updated in 2011) on corporate governance, which is analogous to South Africa's Kings Report, urges businesses to disclose their social, economic, ethical, and environmental sustainability performances. Companies declare their CSR efforts via business bulletins, annual reports, and websites in compliance. In general, Nigerian PLCs have gradually improved as a result of the Code of Corporate Governance toward best practices. The SEC Code of Corporate Governance has been followed by around 40% of listed companies, according to the Nigerian Stock Exchange's (NSE) fact book from 2009.

The host communities and nations, particularly those with significant oil operations, have accused multinational companies operating in developing countries of environmental deterioration and pollution. Indeed, these problems have sparked numerous conflicts, as is the case in the Niger Delta, where the host communities and multinational companies have been at odds almost nonstop. For instance, there are ongoing disputes between the multinational companies doing business in the region and the Ijaws and Ogonis (people from the Niger Delta). The area continues to be underdeveloped, undeveloped, and environmentally damaged. The conflict between the multinationals, the host communities, and the Federal Government of Nigeria recently, in January and February 2006, approached a breaking point. Foreign oil workers were abducted by Ijaw insurgents in the Niger Delta on separate occasions. The militants demanded that the oil corporations leave their area while also requesting that the Federal Government of Nigeria develop their villages.

Wheeler *et al.* (2002) used Shell Petroleum Development Company (SPDC) and the Ogoni people as case studies in their CSR studies on Nigeria to examine the difficult problems businesses encounter while responding to their stakeholder reactions in the oil industry. According to Wheeler *et al.* (2002), improving stakeholder responses at the corporate and strategic level of the companies is crucial for encouraging peace in the Ogoni community. The deterioration of the Ogoni land by SPDC serves as another reminder of CSR violations (Wheeler *et al.*, 2002). Environmentalists like Ken Saro-Wiwa criticized SPDC's actions on their property. The Ogoni writer, human rights advocate, and environmentalist, along with eight of his colleagues, were hanged as a result in 1995. The Ogoni land and SPDC's complicity are examples of how poorly multinationals in Nigeria manage stakeholder welfare, according to



Wheeler *et al.* (2002). With the family of Ken Saro-Wiwa, Shell reached an out-of-court settlement in 2009 worth \$15.5 million.

Furthermore, Ana (2011) looked on community CSR breaches in Nigeria. In comparison to non-oil producing areas, the authors discovered that environmental degradation is more prevalent in oil producing regions with high pollution incidences. In addition, compared to non-oil producing locations, skin ailments, respiratory issues, and deformities are more common in areas that produce oil.

Amaeshi *et al.* (2006) used unstructured questionnaires to investigate the nature of CSR practices in Nigeria and found that CSR is localized and practiced by indigenous enterprises as corporate philanthropy. According to Amaeshi *et al.* (2006), their research confirms that CSR activities are socially and culturally ingrained in the operations of indigenous companies.

### **3.6 Corporate Social Responsibility and the Community**

Corporate social responsibility also describes how an organization interacts with its local community, whether it is in Africa, Europe, or another region of the world. Businesses give back to their communities through creating jobs, paying salaries, and generating tax income, especially in small towns. On the other hand, businesses rely on the prosperity, security, and health of the communities where they are based. Since they hire most of their personnel from nearby labor markets, they have a direct stake in the local availability of the skills they need. A company's competitiveness is influenced by its standing in the community, its reputation as an employer and producer, and its participation in local culture. Companies engage in physical environmental interactions with their surroundings. Some industries, whether they produce goods or offer services, depend on a clean environment to do so, whether it be clear air, clean water, or unclogged roads. The ability of businesses to recruit employees to a location may also be related to the physical environment of that site. The company, on the other hand, can be held accountable for a variety of risky operations, such as those that result in noise, light, water pollution, air emissions, soil contamination, transportation issues, and issues with waste disposal. Businesses can support local causes in a variety of ways, such as by adding more places for vocational training, awarding educational scholarships, supporting environmental charities, hiring socially excluded individuals, offering childcare services to employees, fostering community engagement, sponsoring regional sporting and cultural events, and donating money during holiday celebrations.

Building strong ties with the neighborhood and amassing social capital are crucial for out-of-town enterprises. The integration of International Oil Companies (IOC) subsidiaries into the markets in which multinational firms operate is increasingly dependent on peaceful co-existence of the various stakeholders. Businesses can gain from the knowledge with local actors as well as the customs and norms of the community.

### **3.7 Shell Petroleum Development Company in Nigeria**

The Royal Dutch/Shell Group founded Shell D'Arcy, in 1936, and became the first Shell Company in Nigeria. In November 1938, Shell D'Arcy was granted Exploration license to prospect for oil throughout Nigeria with the first commercial oil field discovery at Oloibiri in January 1956. The change of name took place in April 1956 with the industry becoming the Shell-BP Petroleum Development Company of Nigeria Limited. The first Ogoniland oil commercial production was from Bomu Field at K-Dere in 1958. Oil production by Shell continued in Ogoniland from the Bomu, Bodo West, Tai, Korokoro, Yorla, and Lubara Creek Fields until 1993, when the Movement for the Survival of Ogoni People (MOSOP) under the leadership of Ken Saro-Wiwa mobilized a successful national and international campaign against the Nigerian government and Shell, citing inadequate benefits, environmental degradation and underdevelopment. (The generally held view is that the Wiwa-led protest was non-violent. The book "Witness to Justice: An Insider's Account of Nigeria's Truth Commission" by Catholic Bishop of Sokoto Diocese Matthew Hassan Kukah published 2011 contradicts this view). Shell discontinued further oil production from Ogoniland but retained the Trans-Niger Pipeline (TNP) network which transports crude oil from non-Ogoni fields to the north, through Ogoniland, to the Bonny Terminal at the coast.

The company Shell-BP was renamed The Shell Petroleum Development Company of Nigeria (SPDC) in December 1979 when the military government of General Olusegun Obasanjo nationalized British Petroleum (BP) holdings in Nigeria in connection with the struggle against Apartheid in South Africa. Following the Sixth Participation Agreement in June 1993, SPDC is the Operator of an unincorporated Joint Venture between the Nigerian National Petroleum Corporation (NNPC, representing the Federal Government of Nigeria (55%), Shell (30%), Total (10%), and Agip (5%) in the assigned Oil Mining Leases in onshore and shallow water Nigeria.

As a result, the commercial interests in the Niger Delta oilfields under the SPDC Joint Venture are distributed as stated above, even though SPDC is the Operator and receives most of the blame.

According to Boele, Fabig, and Wheeler (2001), Shell has reinvented its corporate strategy since 1993 in line with the concepts of sustainable development and has committed to a level of stakeholder involvement on its environmental and social performance that was unimaginable in 1995. However, there is still minimal mutual trust between the business and the Niger Delta people, as well as between them and their representative body, MOSOP.

### **3.8 Shell Petroleum Development Company Sustainability Report**

The World Business Council for Sustainable Development gave SPDC with the CSR idea, which was then accepted by SPDC. The World Business Council for Sustainable Development's definition of corporate social responsibility (CSR), which was adopted by SPDC, is as follows: "Corporate social responsibility is the persistent commitment of company to act morally, ethically, and promote economic growth and development while enhancing the standard of living for the workforce, their families, the local community, and society at large".

According to Shell Petroleum Sustainability Report, Shell's approach to sustainability is that aim to provide a better and cleaner energy solutions in an accountable manner that stabilizes the short- and long-term benefits, and that integrates the economic, environmental and social commitments and targets. They launched a program called Powering Progress and some of their goals are as follows;

- Generating shareholder value: growing value through a dynamic portfolio and disciplined capital allocation;
- Reaching net-zero emissions in step with society by accelerating the transition to net-zero emissions with our customers and across industries;
- Powering lives: through promoting an inclusive society and using our products and services to positively impact lives;
- Respecting nature means preserving the environment, cutting down on waste, and enhancing biodiversity.

Oil spills and gas flare-ups cause environmental problems in several of Nigeria's host communities. They have initiatives in place across their businesses to limit the number of spillages, according to Shell Petroleum's annual report., The largest operational spill in 2021 occurred in Nigeria and was in the range of 15 tonnes. The Shell Petroleum Development Company of Nigeria Ltd. (SPDC), which manages a network of wells and pipelines in the Niger Delta, produces oil and gas through its SPDC joint venture (SPDC-operated, with Shell interest 30%).

The overall number of operational spills in the Niger Delta has drastically decreased over the past 11 years, going from more than 60 in 2011 to 9 in 2021. The SPDC JV is still working to stop spills brought on by unlawful activity and other meddling from outside parties. To address the root causes and enhance awareness of the harm done by sabotage and theft, the JV has stepped up security and monitoring and initiated a number of regional programs. The SPDC JV cleans up and restores areas damaged by spills coming from its facilities, regardless of the cause. SPDC compensates impacted individuals and communities in the event of operational spills. On a case-by-case basis, SPDC offers relief to the impacted communities when a spill is brought on by illegal activity. Food, medical exams, and clean water supplies are some examples of this relief. In 2021, the time needed to complete the recovery of free-phase oil – oil that forms a separate layer and is not mixed with water or soil – was around six days.

### **3.8.1 Shell's contribution to the Nigerian economy**

The growth of regional businesses and communities is supported by Shell's operations in Nigeria. In 2021, 2,500 people were employed directly by the companies in which Shell owns stakes, and several others were employed by supply networks. Shell Companies in Nigeria (SCiN) gave contracts totaling \$800 million to businesses with Nigerian corporate registrations in 2021. Shell Companies in Nigeria (SCiN) paid the Nigerian government \$986 million in 2021 royalties and corporation taxes (SPDC \$424 million; SNEPCo \$562 million), as well as \$33.82 million in direct social investment. Projects connected to community, health, education, road safety, and enterprise programs received the majority of social investment. These initiatives are frequently carried out in collaboration with regional authorities.

The company started Shell Energy Nigeria in 2021 with the intention of creating fresh gas distribution strategies and supplying affordable, dependable energy for the nation's industrial consumption and power generation.

### 3.8.2 **Shell Companies' Social And Economic Impact In Nigeria**

- Shell employed 2,500 people, in addition to more than 8,500 contractors.
- 97% of Nigerians working there are also Nigerians
- \$986 million in royalties and corporation taxes (SPDC \$424 million and SNEPCo \$562 million) was paid to the Nigerian government in 2021.
- Contracts totaling \$800 million were given to businesses established in Nigeria.
- Support for 19 healthcare projects from SPDC, JV and SNEPC
- Since 2016, SPDC JV and SNEPCo have given more than 3,200 university awards. (see figure 4 in Appendix).

### 3.8.3 **Drivers of Shell Petroleum Development CSR Initiatives**

The guiding principles of SPDC's CSR initiatives are respect for people, a commitment to safety, and a desire to give back to society. The CSR agenda of SPDC is in line with its mission statement “to power progress together with more and cleaner energy solutions”. In addition to implementing industry best practices and environmentally friendly technology for the downstream oil business while pursuing the overarching corporate goal of creating value, the SPDC CSR strives to be a leader in community relations by treating local communities with dignity and respect, building positive relationships and mutual trust with the government, and doing all of these things while working to improve downstream oil business. The SPDC's social development initiatives cover everything from entrepreneurial development and livelihood training to environmental stewardship. They also cover healthcare, services, sanitation, and safety.

### 3.9 **SPDC CSR Practices**

According to Shell Nigeria briefing note 2021, Among the Group, Nigeria regularly draws the highest concentration of social investment spending. We hope to positively influence development in the areas where we operate through social investment.

In Nigeria, Shell Companies support initiatives in the fields of community development, energy access, road safety, health, and education.

Communities, schools, universities, health care providers, civil society organizations, and even state governments and institutions work together to implement programs. To ensure a good influence that is long-lasting and sustainable, most programs last for decades.

Two different kinds of voluntary social investment activities are carried out by Shell Companies in Nigeria;

- Direct social investment throughout Nigeria that prioritizes the growth of local communities and businesses, education, community health, access to energy, traffic safety, and, as of 2018, biodiversity. For instance, to create the Rivers Cassava Processing Company Limited, SPDC collaborated with the administration of Rivers State, Vieux Manioc BV from the Netherlands, and the Dutch Embassy in Nigeria. The business, which was established in 2021, provides farmers with mobile equipment so they can turn the cassava they grow into flour for the market.
- Programs and projects in the Niger Delta that are community-driven and concentrate on a variety of issues that benefit communities. Community-driven programmes have been delivered through a Global Memorandum of Understanding (GMoU), which is an agreement between the SPDC JV and a cluster of several communities. In 2021, five GMoUs were renewed and one new GMoU was deployed. Over the last five years the SPDC JV has spent \$98.6 million on development programmes through GMoUs, benefitting more than 300 communities in the Niger Delta. In 2021, a community-driven rural electricity project for the Gbarain/Ekpetiama GMoU cluster was completed. It provides reliable power access to over 450 households from the Obunagha and Tunuama communities of Bayelsa state.
- Local communities, the Rivers State Government, and SPDC JV collaborate to create the Community Health Insurance System (CHIS). The initiative increases people's access to cost-effective, high-quality medical treatment. The program will cost individuals \$24 in 2021 (up from \$27 in 2020), and it will provide coverage for 95% of their medical requirements. More than 85,000 people have registered since the program's launch in 2010. 8,180 participants signed up for the program in 2021.

- Nigeria's development depends heavily on educating its young people. Since the 1950s, the SPDC JV and SNEPCo have given thousands of Nigerian kids—mostly those from underprivileged Niger Delta families—the chance to get a free, high-quality education. Scholarships for secondary and higher education are funded by the SPDC JV and SNEPCo. The SPDC JV and SNEPCo contributed \$6.2 million toward scholarships in 2021. Since 2016, students have received more than 2,500 secondary school scholarships, more than 3,200 university awards, and 900 Cradle-to-Career scholarship grants through the SPDC JV and SNEPCo scholarship programs.
- Economic growth is fueled by aspiration, innovation, and entrepreneurship, and Shell Companies in Nigeria aim to increase chances for Nigerians to realize their aspirations. 190 Nigerians took advantage of Shell's LiveWIRE youth initiative in 2021, obtaining funding for business startup as well as training in enterprise development and management. 1,173 Nigerian youths have received training through this programme since 2016.

Intervention programs provided to the people prioritizing their host communities through CSR activities. SPDC CSR initiative is also collaborating with the federal government in the environment in the program called “Ogoni mop up” program.

### **3.10 CSR programs of Oil and Gas Companies: A Case of Shell Nigeria**

With the oil and gas sector contributing over 80 percent of the Nigeria’s foreign exchange earnings, it remains one of the most vibrant sectors of the country’s economy (World Bank, 2017). For more than half a decade of oil exploration in Nigeria, the Nigerian oil and gas sector has been controlled by multinational oil and gas companies. Starting from the discovery of oil in commercial quantity in 1956 by Shell-BP in Oloibiri until today, oil exploration and production activities have been promoted by foreign oil companies and firms. These include Shell Petroleum Development Company (SPDC), Chevron Oil Nigeria Limited, ExxonMobil, Nigerian Agip Oil Company Limited, Total Exploration and Production Nigeria Limited, Elf Oil, Eni and others. These companies operate in joint ventures (JVs) with the Nigerian National Petroleum Corporation (NNPC), the state-owned oil firm, which holds greater percentage of the equity

share. Major activities of these companies are concentrated in the oil-rich Niger-Delta region of Nigeria.

The origin of CSR activities in the Oil and Gas sectors in Nigeria can be traced to corrective measure put in place by Multinational Oil Companies in the Niger-Delta in response to growing pressure and demands for the development of the Niger Delta region by indigenes of the area. The people requested that the Oil and Gas Companies operating in the region demonstrate a sense of responsibility in cushioning the effects of the oil exploration activities on the people and the natural environment. It is enough to state that years of oil and gas exploration in the region have left the region ecologically devastated, desolate, and uninhabitable because of the environmentally unfriendly activities of some companies.

As the foremost Multinational Oil and Gas Company in Nigeria, Shell Petroleum Development Company (SPDC) has a well-defined CSR program for their host communities in the Niger-Delta region. SPDC, which is a subsidiary of the Royal Dutch Shell plc, is a multinational energy company with expertise in the production, refining and marketing of oil and natural gas products. The company is considered as one of the world's biggest autonomous energy companies in terms of market capitalization and has investment in the oil and gas sector globally (Shell's Sustainability Report, 2016). Shell is reputed as the first oil company in Nigeria to discover oil in commercial quantity in Oloibiri, Bayelsa State, Nigeria in 1956. The company started business in Nigeria in 1937 as Shell D'A'rcy and later as Shell-BP (which was a merger between the Dutch Shell and British Petroleum). Shell operates joint venture (JV) agreement with the Nigerian National Petroleum Corporation (NNPC) and other oil companies.

Shell Nigeria carries out its operations through four subsidiaries, with SPDC as the mother company. Others include: the Shell Nigeria Exploration and Production Company (SNEPCo); Shell Nigeria Gas (SNG) and Shell Nigeria Oil Products (SNOP). SNEPCo was established in 1993 and responsible for Shell Nigeria's offshore activities. SNEPCo is the operator of the Bonga deep-water oil and gas. The Shell Nigeria Gas (SNG) was established in 1998 and saddled with the responsibility of overseeing Shell Nigeria's natural gas exploration and production activities. Shell has 25.6 percent interest in Nigeria Liquefied Natural Gas Ltd (Shell Annual Report, 2016). The Nigeria LNG is owned by four stakeholders, namely, the Federal Government of Nigeria represented by NNPC (49%), Shell (25.6%), Total LNG Nigeria Ltd



(15%) and Eni has 10.4 percent shares (Nigeria LNG, 2017). The fourth subsidiary of the company is the Shell Nigeria Oil Products (SNOP), which was incorporated in the year 2000, is saddled with the responsibility of developing the market for Shell brands and services such as fuels, chemicals, and lubricants.

As part of its responsibilities to the host communities, Shell Oil Company embarks on social investment initiatives across different communities in the Niger Delta. Shell's CSR or Sustainable Development portfolio focuses on community and enterprise development, health, education, road safety and access to energy. The educational programs include different scholarship schemes such as University Scholarship Scheme, Secondary School Scholarship Scheme, Cradle-to-Career Scholarship, Niger Delta Postgraduate Scholarship, and other educational support programs including Research and Development initiatives. The Shell scholarship scheme was launched in the 1952 to support Nigerian students in their educational careers.

The University Scholarship Scheme is in two categories: the National Merit Award (NM), which is open to all Nigerian undergraduate students and Area of Operation Award (AOM), for students from communities where SPDC operates. Only first year students in Nigerian universities are eligible for the annual award in both categories. The Shell Nigeria Secondary School Scholarship Scheme is meant for host communities in Abia, Akwa Ibom, Bayelsa, Delta, Edo, Imo and Rivers states. More so, the Cradle-to-Career scholarship program is designed to create opportunities for brilliant pupils of less privileged background from rural communities to attend reputable secondary schools in Nigeria. According to the company, in 2016 alone Shell Companies in Nigeria awarded grants to 911 secondary school students and 530 university undergraduates. And since 2010, 420 students have received Cradle-to-Career scholarships from the SPDC JV and 164 from SNEPCo (Shell Sustainability Report, 2016).

Furthermore, the Niger Delta Postgraduate Scholarship, which is an oversea scholarship programme, provides ten (10) placements annually for candidates in SPDC's operational communities to study for postgraduate degrees (master's degree) in selected British institutions - Imperial College London, University College, London and the University of Leeds. Eligible candidates are drawn from selected academic disciplines related to the oil and gas field.

In the area of health support, SPDC provides healthcare facilities and equipment to communities in its areas of operation. The third portfolio, which is two-in-one, is the community and enterprise development scheme that covers community-led development initiatives and youth entrepreneurship development scheme called the Shell LiveWIRE programme. The Shell LiveWIRE programme helps to train young people on how to own and manage business enterprises as well as generate local employment. Successful trainees are provided with start-up grants to start the business of their choice in such areas as palm oil processing, poultry farming, solar energy, and wastepaper recycling.

Shell's CSR strategy, known as the Global Memorandum of Understanding (GMOU) involves a community-led development program, whereby the company signs agreement with groups of communities for a given number of years based on and provides funds to the communities to carry out development projects. The essence of the initiative is to allow community members themselves to choose and execute programs based on their development needs priorities. The company acts as a facilitator, providing funds and technical support to aid the success of the project. The company claims to have signed 35 GMOU covering 359 host communities as of 2016, (Shell Sustainability Report, 2016).

### **3.11 Theoretical Framework**

The study was premised on the Stakeholder's and system's theories. The Stakeholder theory was popularized by Edward Freeman in 1984 (Freeman, Harrison, Wicks, Parmar & de Cole 2010). Morsing and Schultz (2006) define stakeholder as "any group or individual who can affect or is affected by the achievements of the firm's objectives." The emphasis on stakeholders' engagement has changed from a focus on stakeholders being managed by companies to the interaction that a company has with their stakeholders based on rational and process-oriented views.

Contrary to the popular belief that a company's aim is to accumulate profit so it can redistribute among the stakeholders, Freeman asserts that the aim of a company or firm is to meet the needs of stakeholders or individuals who are affected by the decisions made by the company. It is after this has been done that profit can accrue to the firm. He also asserts that: "just as stockholders has a right to demand certain actions by management so do other stakeholders have a right to

make claims ... stakes require action of a certain sort, and conflicting stakes require methods of resolution,” (Freeman, 2001). In other words, stakeholder management requires active engagement processes aimed at maintaining mutual understanding between the firm and the stakeholders or geared towards resolving misunderstanding, where they exist. The stakeholders of a typical corporation could include, Owners (investors), management, suppliers, employees, local community, and customers.

In the same vein, members of the host community have a very important stake in a firm and its success. In the case of the Oil Companies for instance, the community granted the firms the right to build facilities in their community and explore oil in their land. In return, they expect the company to pay royalty, provide basic amenities, empower its citizens, and ensure environmentally friendly drilling and production operations. In other words, the firm is expected to be a good corporate citizen or neighbor. The firm can only do this when it understands and respects the rights of the people as its landlords.

There are many theories about CSR, but the stakeholder theory will be used in this study. According to Fiawoyife (2016), the stakeholder theory developed from four academic disciplines: economics, sociology, politics, and ethics. This theory is based on a variety of management methods, and it is thought that the word gained popularity because of early work by the Stanford Research Institute (SRI) in the 1960s. Edward R. Freeman, on the other hand, projected this notion into a strategic management blueprint in 1984. After the Stakeholder Theory failed to produce the promised results soon after its introduction, Freeman's popularization of it became required. Furthermore, managers were unable to quickly react to changing corporate environments, necessitating Freeman's reintroduction of the entire stakeholder paradigm.

The primary concept of the stakeholder theory is that an organization manages interactions with a number of groups that are impacted by the decisions it makes. The theory also claims that when current frameworks fail to produce the desired results, it is important to abandon them in favor of new ones, and the stakeholder theory, in his opinion, can provide adequate means and answers. Stakeholders are classified as "any party or person who can influence or is influenced by the attainment of the organization's objectives." It was stressed that corporate strategy goes further than the classical economic base but gives shareholders a seat of power. This means that

businesses should seek out persons or groups that can assist them in achieving their goals by identifying and comprehending how the achievement of the company's goals affects various areas and ensuring the creation of decision-making processes. The stakeholder theory offers organizations a framework that allows them to examine their stakeholder situation critically.

According to Fiawoyife (2016), the stakeholder theory allows businesses to understand the reactions they cause, and the behaviors of other inhabitants and their responses to them. To do so, organizations must improve their ability to negotiate how stakeholder groups form, the primary issues they have, and the level to which they are willing to sacrifice to help or hinder the business achieve its goals as a result of their activities. The stakeholder hypothesis recognizes that institutions are not self-sufficient and rely on other non-market inhabitants to exist and grow.

The stakeholder theory, on the other hand, has a lot of critics, mainly because of its lack of clarity. Some argue that there is no clear definition of what constitutes excellent or bad stakeholder involvement and value development. Also, according to other studies, the stakeholder theory does not necessitate a proper explanation of enterprises' attitudes inside the sectors in which they operate. This theory or framework will be useful in this study because it will aid in the investigation of stakeholder management's ethical practices and their engagement in achieving business objectives and aims.

## **CHAPTER FOUR**

### **4.0 RESULT AND DISCUSSION**

#### **4.1 Introduction**

The chapter explains the results of the collected data using thematic analytical codes to analyze the interview transcripts and find recurrent themes in the data using an inductive analytical approach. Instead of looking for pre-determined themes or imposing them on the data before data collection and analysis, this inductive approach enables themes, patterns, and classifications to arise from the data (Strauss & Corbin, 1998). The findings were compared, and literature references were made.

#### **4.2 Result and discussion**

The identity of the participants in this study were protected using pseudonyms, which helped to uphold the standards of ethical research. This study presents every finding from each instance separately; however, all similarities were highlighted. The participants spoke clearly and succinctly about the difficulties of implementing CSR initiatives in their community.

##### **4.2.1 Themes and sub-themes**

The interview transcripts were analyzed using an inductive analytical method, and then repeated patterns were found using a thematic analytical technique. According to Igbara *et al.* (2014), inductive analytical techniques permitted themes, patterns, and classification of material rather than forcing or searching for pre-determined themes before data gathering and analysis. In order to explain meanings through description for each case study, codes, topics, and categories were developed (Vaismoradi *et al.*, 2016). Similar responses had to be recognized and coded to evaluate and discover trends.

##### **4.2.2 Research objective 1**

This objective investigated the beneficiary involvement in CSR projects; also, it was asked if there was awareness of shell initiatives towards SCD in the region. Themes were used to identify the common opinion of the participants and are presented using different cases. The participant opinions that were identified from the data gathered and provided under Theme 1, the two communities of Ogoni land and Gbaratoru in the Niger Delta region, are as follows.

###### **4.2.2.1 Theme 1: Awareness of CSR initiatives in the communities**

The following themes emerged from the interview conducted within the communities in Niger Delta region of Nigeria.

- a. Awareness of CSR initiatives
- b. Perceptions about Shell contribution
- c. SCD implementation barrier

Table 1 contains a summary of the main themes and subthemes that were found in the study.

<b>Themes</b>	<b>Sub-themes</b>
Awareness of CSR initiatives	Information sharing within the community
Perception about contribution	Community engagement
SCD implementation barrier	Lack of commitment Communication gap

Table 1: Themes and sub-themes: Community

Considering Shell's initiative towards SCD, the first goal is to investigate the type of beneficiary participation in CSR projects, among other things. According to Pomeroy and Dolnicar (2009), the perception that the community is aware of CSR initiatives is important for community development. The information might help the neighborhood and important stakeholders contribute in meaningful ways. The participation of the intended beneficiaries is a key factor in the success of development programs and projects (Theron & Ceasar, 2008). The Niger Delta region of Nigerian communities were asked whether they were aware of Shell's CSR programs, and they responded as follows:

### **Community 1 (Ogoni Land)**

The interview revealed that the participants' opinions on SPDC CSR projects varied, and that these discrepancies were both positive and negative ideas about CSR initiatives. The findings demonstrate that those who were aware of the CSR programs benefited from them. Another participant claimed that understanding the initiatives and being aware of them helped him improve personally. There were obviously many participants that are unaware of SPDC programs, which may be due to a lack of information sharing or simply a lack of awareness. However, a small number of indigenous people are still curious about SPDC activities. It seems sense that a lack of awareness and comprehension of the efforts is one of the causes of community discontent. The community's responses are as follows:

Participants number 1 said:

*“I am unaware of any SPDC projects. However, if there are any, I don't believe they have a significant environmental influence”*

Participant number 2 stated:

*“I've never heard anything about SPDC CSR initiative despite mining oil in our community and degrading our environment (Nothing at all)”*

Participant number 3 claimed:

*“I am aware of several initiatives and giant stride of SPDC in my community just because I am a member of a political party and participate in all structures within my community, nonetheless, I believe many people within this community either are not aware or are ignorant of Shell's operations and CSR initiatives”*

Participant number 4 added that:

*“It seems people don't really know much about the initiatives despite the company trying to publicize some of these things using the local radio stations and newspaper”*

Participant number 5 responded positively towards the initiatives:

*“The one I know is that SPDC gave out scholarships to qualified learners in the community. I knew about this because I benefitted from the program. It was advertised and I applied because I met all the criteria, and I got the scholarship when I was in the first year of my university study”*

It appears there are different perspectives on community initiatives' awareness, which may be due to a lack of knowledge about the company's CSR efforts. In terms of program availability and activities, it is presumable that there is a communication gap between SPDC management and the community. This is consistent with Masuku, Chitsike, and Moyo (2014) and Alim (2007), who both emphasize the importance of information distribution and communication methods as the best method for advancing community development goals. The researcher has the opinion that better platforms or stakeholder forums could facilitate the dissemination of information regarding availability of programs.

### **Community 2 (Gbaratoru)**

This community seems to be knowledgeable with CSR programs in their domain but with little or no significant actions taking place. The following are the responses from participants number 6-8. These findings are in tandem Babalola (2012) which expressed in his finding that there is CSR awareness but without significant actions taking place in Nigeria.

Participants number 6

*“I’m an Ijaw man, there is awareness of all sorts of SPDC CSR initiatives in our community focusing on remedying the effects of oil extraction activities in our community but where is the hospital, schools’ water that are provided to us by shell. They are just making awareness for formality’s sake with no significant actions”*

Participants number 7

*“Yes, there are information about the initiatives and SPDC programs, but no significant action is taking place here in Yenegoa”*

Participants number 8

*“As an Ijaw woman, I can categorically tell you that I am aware of some SPDC programs through radio announcement, but I have never seen anything here in my community but maybe Yenagoa the state capital”*

#### **4.2.2.1 Sub-theme 1: Information sharing within the community**

The participants provided a variety of comments on their knowledge of SPDC CSR programs. While the majority in community 1(Ogoniland) claimed to be unaware of the oil company initiatives, all the participants in community 2(Gbaratoru) asserted to be aware of these initiatives but felt that the company had failed them because there were no significant actions taken to advance their CSR initiative in the community. In addition, they maintained that a significant obstacle to understanding of these activities is a communication gap between the community's residents and the organization. Furthermore, the participants affirmed that there is no appreciable environmental change that could raise awareness in the places where these CSR are being carried out. The indication that communities are aware of CSR programs suggests that they have been impacted by these programs (Pomering & Dolnicar, 2009). The result revealed the majority of the participants pointed out that most members of the community are unaware of CSR initiatives of SPDC in their locality.

#### **4.2.3 Nonparametric Tests of Awareness of CSR initiatives.**

**Table 2: Hypothesis Test Summary**

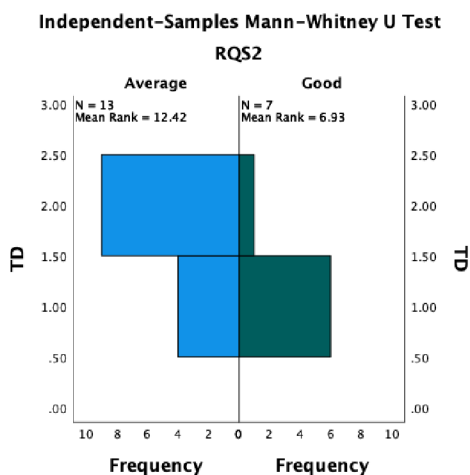
Null Hypothesis	Test	Sig. <sup>a,b</sup>	Decision
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1	The distribution of TD is the same across categories of RQS2.	Independent-Samples Mann-Whitney U Test	.046 <sup>c</sup>	Reject the null hypothesis.
2	The distribution of ED is the same across categories of RQS2.	Independent-Samples Mann-Whitney U Test	.699 <sup>c</sup>	Retain the null hypothesis.
3	The distribution of ES is the same across categories of RQS2.	Independent-Samples Mann-Whitney U Test	1.000 <sup>c</sup>	Retain the null hypothesis.

- a. The significance level is .050.
- b. Asymptotic significance is displayed.
- c. Exact significance is displayed for this test.

Figure 5



The mean rank for the category of redundancy for Training & Development according to Average performance is 6.75 and for Good performance is higher, it is 13.

The respondents who rate Shells performance as good agrees that redundancy for Training & Development is one of the most important characteristics of evaluating corporate social responsibility than those that rated it average. In general, we can say that evaluation of CSR programs which importance depends on training and development is key.

**4.2.4 Research objective 2: Perception about contribution of CSR to SCD in the communities.**

The objective was to determine whether the CSR projects and activities were relevant to the desire of the public in terms of sustainable community development. CSR programs were confirmed as not promoting sustainable development, and this supports the research of Karlsson and Lindqvist (2012), who discovered the complexity of the CSR phenomena and the variable ways in which different people perceive it. Additionally, the results of Rao and Hailu (2016) revealed that people that are aware had a more favorable impression of CSR than those who were unaware of the activities.

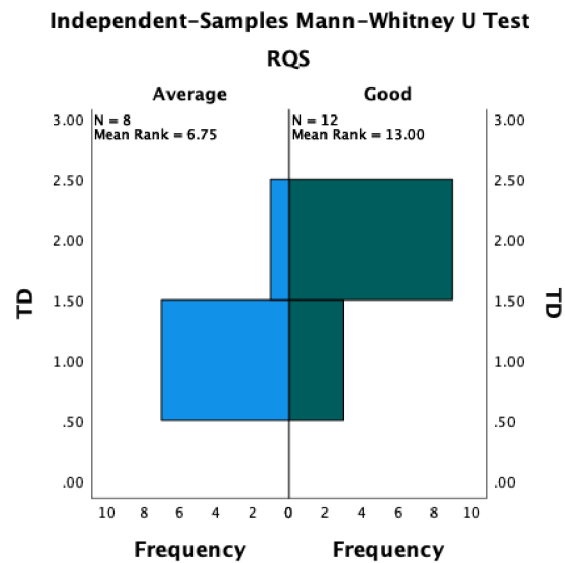
**4.2.5 Nonparametric Tests of Understanding SPDC of CSR initiatives**

**Table3: Hypothesis Test Summary**

	Null Hypothesis	Test	Sig. <sup>a,b</sup>	Decision
1	The distribution of TD is the same across categories of RQS.	Independent-Samples Mann-Whitney U Test	.020 <sup>c</sup>	Reject the null hypothesis.
2	The distribution of ED is the same across categories of RQS.	Independent-Samples Mann-Whitney U Test	1.000 <sup>c</sup>	Retain the null hypothesis.
3	The distribution of ES is the same across categories of RQS.	Independent-Samples Mann-Whitney U Test	1.000 <sup>c</sup>	Retain the null hypothesis.

- a. The significance level is .050.
- b. Asymptotic significance is displayed.
- d. Exact significance is displayed for this test.

Figure 6:



The mean rank for the category of redundancy for Training & Development according to understanding what Shell CSR means is 12.42 for Average and for Good understanding it is 6.93. The respondents who rate their understanding of Shell CSR as average agrees that redundancy for Training & Development is one of the most important characteristics of evaluating corporate social responsibility than those that rated it good. In general, we can say that evaluation of CSR programs which importance depends on training and development is key.

**Community 1(Ogoni Land)**

The following are excerpts on how the community responded to their perception about the contribution of CSR:

Participant number 1

*“The company does not engage with us (the community). When there is a program that concerns the community, I think it is better to engage the community to be carried along and to be able to provide something that will positively impact the lives of the community”*

Participant number 2

*“Is it possible for a decision to be made on your behalf? This is the case of SPDC CSR whereby there is no engagement with us living in this community to really know our needs. Assuming they are engaging us, I would have heard about their activities and know more about their involvement in life betterment of people in the community”*

Participant number 3

*“I am not sure if there is a community engagement between our leaders in this community and the management of the company, but I believe it will be of great importance to the community if they are being sensitized and carried along in their program”*

Participant number 4

*“Promises are made yearly, but the company never comes back to us. The initiatives seem to benefit some sect of people within the community. Whenever there are new projects, they don’t consider informing us. We only hear that there is a new project and there are outsiders employed. How then is the community going to be sustained?”*

The participants reiterated that lack of community engagement by the oil company could be the reason for their unawareness of various initiatives. It was further stated that they need to be engaged in decision making regarding programs and projects that affect them. Community engagement emerged as a sub theme and will be discussed further.

### **Sub-theme 1: Community Engagement**

The findings are consistent with the findings of Masuku (2011) who reiterated the importance of business engagement with the community. It was confirmed that collaborating with and through groups of people affiliated by geographical proximity, special interest, or similar situations to address issues affecting the well-being of the community (Masuku, 2011).

### **Community 2(Gbaratoru)**

This community had a different view of SPDC CSR initiatives compared to community 1 and was discussed in the sub-theme. It was discovered that there was a level of engagement with the community by the oil company before CSR projects were carried out. This supports the finding of Rao and Hailu (2016) that said, when there is an understanding of happenings within the environment, the people can take easy advantage of the program.

Participant number 6 stated:

*“I think SPDC are doing relatively well and engaging better with the community especially when it comes to the area academic scholarships and provision of drinkable water. It has positively impacted us as a community; we don’t have to travel long distance again to be able to access good drinkable water because SPDC donated a good borehole for the community”*

Participant number 7 said:

*“I think some companies and NGOs could borrow a leaf from Shell company; how it handles matter relating to community engagement and its management are able to engage a once troubled community of Niger Delta successfully and peacefully. This has assisted them to carry out their activities effectively within the community”*

Participant number 8 reiterated further:

*“There has been a lot of engagements between the stakeholders in this community and the management of SPDC which has resulted in the little basic amenities you are seeing here”*

This shows that participants in the community were engaged to know their needs before the company carried out their CSR initiatives. Furthermore, it revealed that there was a significant relationship between the oil company and the community.

#### **4.2.6 Research objective 3: SCD implementation barrier in the study area**

This objective looked critically at the elements based on knowledge and experience to discover the community's perspectives on the obstacles to successfully adopting CSR. All participants agreed that the programs only benefit a limited group of people rather than the entire community. Under this theme, the following sub-themes have emerged:

1. Lack of communication
2. Lack of commitment

##### **Sub-theme 1: Lack of commitment**

Community 1&2

The sub-theme lack of communication emerged as some of the barriers to successfully implementing CSR in the study area. The participants from community 1 believe SPDC management are only interested in oil mining from their community but are not interested in their wellbeing. The community reiterated that there should be a genuine commitment of all parties to the partnership process. This supported the findings of Mariri and Chipunza (2011) that lack of commitment by businesses in terms of stakeholder theory in addressing the CSR issues like unemployment, lack of education and poverty. The commitment by businesses to behave ethically and responsibly towards economic development while improving the quality of life of the community and society at large is a good practice.

Participant number 1 responded:

*“SPDC are not engaging the community-their business is here on our land, we are suffering as a community, but SPDC doesn't deemed it fit to talk to us in addressing the issue of our*

*environment, unemployment issue, poverty issue. We the community want someone will be committed to our needs and meeting us through town hall discussion”*

Participant number 2

*“We need to have an organization with a dedicated management that is committed to the community”*

The participant's statement above makes clear that the administration of SPDC lacks dedication to addressing the difficulties facing the community, as was deduced from this study. According to the survey, for SPDC CSR to be successful and valued, the organization needs committed employees who are committed to addressing social concerns as well as commitment from the management.

#### **4.2.6.1 Sub-theme 2: Lack of communication**

Another obstacle that has been identified as preventing the successful implementation of the SPDC CSR project in the study area is a lack of communication. The organization must effectively disseminate information to truly understand the problems faced by the community.

The following are the response from different participants from the community regarding the sub-them lack of communication:

Participant number 4

*“I have no doubt that SPDC will be aware of the needs of the populace provided information is adequately communicated to the community. We (the community) don't know what the corporation wants to do for us; yet, we have sons and daughters who are unemployed and who could benefit from numerous SPDC programs if the community is properly informed.”*

Participant number 6

*“I think information is not evenly spread within the community and this is one major reason the company doesn't know where shoe is pinching us as a community”*

This demonstrated that the targeted community has no official means of communication. It is crucial that management use effective and ongoing communication to close this gap. Additionally, it is clear that ongoing dialogue will reveal how committed the business is to resolve some of the issues in the community where it is based.

#### **Case 2: CSI Project managers**

The researcher seeks to explore different available SPDC programs to the sustainable development of the community from the CSI project managers. The CSR initiatives of SPDC

have provided access to many beneficiaries to acquire relevant skills in the education sector. The participant highlighted that many of their beneficiaries are actually the breadwinner of their families.

In addressing this question, the following processes were conducted:

The code co-occurrence table function in Atlas.ti was employed and various responses from the CSI project managers were considered, and the most recurring patterns were used as a foundation for data coding.

There was categorization of available programs for sustainable community development based on the quotes.

The following themes and relevant sub-themes emerged during the interview and analysis:

1. Available programs
2. The factors of sustainable community development are greater than its efficiency.

The table below is a descriptive summary of the themes and their subthemes obtainable from the findings that emerged from the study.

Table 4: Themes and sub-themes: CSI project managers

<b>Themes</b>	<b>Sub-themes</b>
Available programs	Lack of commitment
Factors affecting successful implementation of sustainable development	The company's budget

**Theme 1: Available programs by SPDC**

The findings showed that there are several initiatives being led by the CSR Project Manager to the community ranging from education, environmental and poverty alleviation. The following subtheme arose during the data analysis and interview process:

**Sub-theme 1: Education**

The goal was to investigate the programs that were offered and how well CSR efforts responded to the community's training and educational needs. The goal was to determine whether the program matched the community's educational needs. The results showed that there are programs available to help the indigents students of the Niger Delta through scholarship programs. Furthermore, there are internship and traineeship programs available for young scientists to continue learning from expats working in the organization.

However, it is important for students to participate in meaningful education and training development. Education is an important factor in developing capacity-building processes that strongly considers reducing unemployment within the communities. The chance is provided for the people to showcase their talents to the SPDC Foundation. The participant retorted that the program had succeeded in making a major contribution to the community's educational requirements. The goal of CSR activities is to support sustainable development by executing projects and programs that promote capacity building.

The following are responses from CSI project manager, Participant 8:

*“Yes, in the truest sense, the program has enabled so many bright but indigent children to realize their desire of pursuing education, to the degree of completing a university education through our scholarship programs, and we've been able to integrate them into the labor force”*

The participant stated that, *“In order to bring education closer to the community, we are cooperating with the government to renovate schools as part of rural development and capacity building for teachers”*

The participant also revealed that: *“Programs are also offered to enhance the teachers' knowledge and abilities”*

It is obvious and beyond a shadow of a question that the educational program has successfully managed to positively contribute to the CSR initiatives of SPDC to a significant extent. From this, it can be inferred that the community can benefit from pertinent educational programs that are offered. Due to a lack of involvement, dedication, and communication, the community could not have been aware of this. The lack of communication, involvement, and dedication, however, may have prevented the community from being aware of these programs. It is essential to emphasize that for the community to be aware of this, the organization must constantly communicate with the appropriate community members in order to close these gaps.

### **Subtheme 2: Environment**

The environmental impacts of oil exploration in the communities over the years have dire consequences both on the people and the environment. The impact are numerous but not limited to soil degradation, air pollution, water pollution and loss of flora and fauna and insecurities. On the part of the host communities, standard of living is has been eroded over the years due to the fact that the main source of income which is farming and fishing have been made impossible due



to the numerous oil spillage and exploration. In order to ameliorate the untold hardship on the communities SPDC has embarked on some activities, projects and initiatives.

Ogoniland: The Hydrocarbon Pollution and Remediation Programme is in charge of cleaning up (HYPREP). On nine sites, rehabilitation was finished in 2021 and certified; on 11 sites, work is still ongoing.

Bodo: By the end of 2021, remediation had been finished on 60% of the cleaned-up land, and so yet, only about 300,000 of the 2 million mangrove seedlings needed had been planted.

## **Theme 2: Factors affecting successful implementation of sustainable development**

The CSR Manager claimed that the subthemes that developed described a variety of factors that prevent the firm from using SCD successfully. Discussions focused on the following subthemes: skepticism, budgetary constraints, and a lack of commitment.

### **Sub-theme 1: skepticism**

The issue of skepticism, or more specifically, doubt, from the communities came up strongly during the interviews. The manager stressed that the community's feedback is always greeted with suspicion whenever a CSR program is proposed. An effective CSR program requires people to have faith in and trust in the company, the CSI manager emphasized.

The participant number 8 comment was as follows:

*“From the communities, there is this notion that they are here once more to commit fraud or utilize their community to obtain some sort of grant or money from the government by some groups of people”*

The participant went on to say:

*“People in the communities have experienced trauma that has caused them to not believe anything that is referred to as social development, and this has caused most community members to not be appreciative of whatever program or not to participate in different programs of the organization despite different sensitization methods employed by the CSR department of the company”*

However, it may be inferred that anytime a program was proposed to the community, the residents were consistently pessimistic.

### **Sub-theme 3: Budgetary constraints**

The results showed that financial restrictions are another significant barrier that is currently impeding the successful implementation of CSI initiatives. The budget reduction which as a

result of COVID 19 pandemic global lockdown that affects the entire world. Additionally, it's possible that communities' CSI projects will be scaled back because of budgetary issues. This is in tandem with Njoroge (2009), which showed that corporations generally agree that the financial crisis has an impact on social projects. Additionally, a financial crisis may cause initiatives to stagnate or social projects to be delayed or abandoned.

Participant 8 said:

*“Covid 19 has seriously limited our ability to operate, and the CSR department is not exempted. The community's sustainable development programs are being impacted, as well as our budget, which has been decreased as a result”*

It could be assumed that recent financial difficulties and COVID 19 may have prevented successful implementation of projects and once the financial crisis is averted, things might become better.

## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 Summary**

The study investigates corporate social responsibility on sustainable community development at shell petroleum company. The study used a qualitative method to examine CSR programs and strategies of SPDC in the communities of Niger Delta; the relevance of CSR projects and programs to the yearnings of the people were studied likewise the barriers to implementing CSR successfully in the study area by the oil company. This research used a validated semi-structured questionnaire to gather information from 20 participants for the study. A thematic content analysis was used as the analytical method to bring out themes and sub-themes in the study. The study found that public knowledge of SPDC CSR programs may be crucial to their effectiveness. According to the study, there is a communication gap between SPDC management and the community, which contributes to both the lack of understanding about SPDC CSR initiatives and the company's CSR efforts. The participants identified lack of communication and commitment as factors affecting successful implementation of the SPDC CSR project in the study area and the programs only benefit a limited group of people rather than the entire community.

#### **5.2 Conclusion**

The study was conducted to fill a perceived gap in literature. In conclusion, CSR plays a crucial role in sustainable development of communities, businesses needs to carry their host communities along in their CSR policies and also make sure everyone in the community benefits from their schemes and initiatives. From the point of view of the chosen communities in the thesis, most participants are not really aware of the CSR programmes that are offered by these company and this is because of the lack of knowledge about the company's CSR efforts. Also Shell Petroleum company needs to engage more with the community and not just the community heads before carrying out a major project so everyone is aware of their contributions directly, they need more communication platforms and commitment in the awareness of their corporate social activities. In that way the members of the community will appreciate the contributions of the company.

Furthermore, concerning the environmental degradation caused by the exploration in the communities, ongoing constructed efforts that are being carried by SPDC regarding oil spillage caused by operational spills, illegal bunkering activities and oil theft. Also on the part of the community, they have been greatly affected by the environmental degradation in such a manner that some people's livelihood has been taken away due to oil spillage. Security risk have increased tremendously due to soaring oil prices which affects production output thereby reducing SPDC operations. Both the company and the community experience security risk in different forms that hinders the aim of CSR in the community and also the operations of the company.

In Nigeria, Shell companies strive to continually uphold global safety standards. To foster a secure and safe environment, the company collaborate closely with local enterprises, civil society organizations, communities, joint- and co-venture partners, and federal and state government organizations. No harm to people and no leakage across operations are the goals of Shell Companies in Nigeria.

### **5.3 Recommendations**

Based on the findings of this study, the following policy recommendations were made:

1. The company needs to communicate and engage with the community to be able to carry out a sustainable CSR project in the future
2. Committed and dedicated people within the community and the organization should be employed each time there is a CSR project
3. The company should educate the community through stakeholders so as to enjoin their support
4. The company should have more programs on environmental sustainability since gas flaring is a major problem of the host communities
5. SPDC should offer more health programs to their host communities so as to ameliorate health challenges that comes from oil extraction
6. The organization should do more on educational initiatives by providing more scholarship and trainings for the community and job empowerment programmes

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## **APPENDIX A: QUESTIONNAIRE**

### **CORPORATE SOCIAL RESPONSIBILITY : A CASE STUDY OF SHELL PETROLEUM DEVELOPMENT COMPANY, NIGERIA**

#### **INTERVIEW GUIDE FOR FOCUS GROUP DISCUSSION (FGD)**

The Focus Group Discussion will include mostly the community members, CSI project managers, and SPDC management team.

Dear participants, I am Bonmoyo Jessica Afa, a master's student with the Czech University of Life Science. I would like to conduct a study in your area which is part of the requirement towards the fulfilment of my studies for a master's degree in economics and management with the university. The study is simply for academic purposes, and your participation is completely voluntary and highly appreciated likewise all information will be treated confidential and anonymously.

#### **THE COMMUNITY MEMEBERS**

1. What is your understanding and perception about corporate social responsibility?
2. Does SPDC provide CSR activities regularly in your community?
3. In your own opinion, do you think CSR activities provided to the community is beneficial?
4. As a community member, what are your roles and goals towards CSR?
5. What are the Economic, Environment and Social activities of SPDC in your community?
6. What type of development would you like to see in your community?
7. What are the challenges facing your community and what are your priorities?
8. What is your feeling regarding philanthropy contributions made to the community and are they able to sustain the community?
9. How do you stimulate culture of innovation and creativity among community members?
10. Are there plans to alleviate poverty among the members in the community and how?
11. What type of assistance does your community require from SPDC for sustainable development?
12. What does development mean to you? Give an explicit explanation?
13. What interactions does SPDC have with the community for sustainable community development projects?

14. What is SPDC doing regarding the environmental issues in the community?

### **CSI PROJECT MANAGERS**

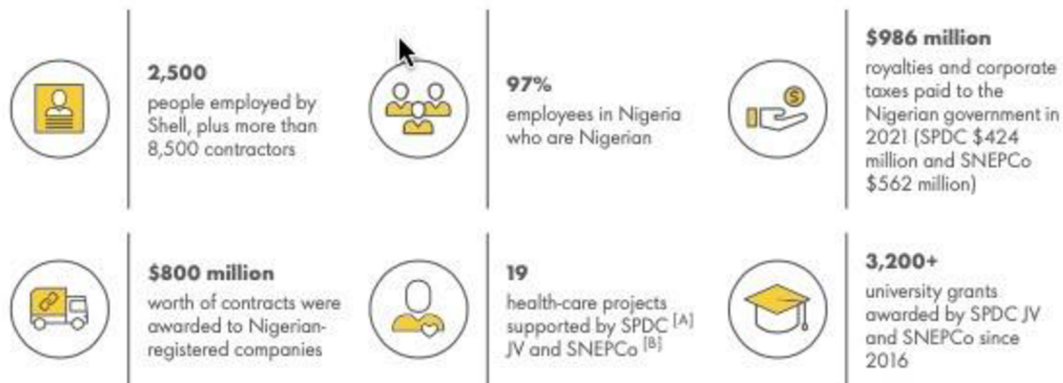
1. Describe SPDC CSR policies and what are they all about?
2. To what extent are you able to measure your performance in CSI projects?
3. In your opinion, do you think SPDC contribution to community projects is effective in addressing sustainable community development??
4. To what extent is SPDC involved in partnership with other stakeholders in Social, environmental, and economic development?
5. To what extent does SPDC encourage individuals and community participation in sustainable community development?
6. Which funded project(s) are still operational in the community?
7. What is your understanding of social, environmental, and economic sustainability?
8. What are the projects that you have addressed around these areas and how many in the last five years?
9. What is the CSR mandate of SPDC?
10. What is your understanding about social responsibility?
11. How do you know the company/organization has performed in terms of social responsibilities?
12. Which factors can prevent successful social responsibilities?

**Figure 4: Shell Companies' Social And Economic Impact In Nigeria**

**CONTRIBUTING TO NIGERIA'S ECONOMY**

Shell's Nigerian businesses support the development of local communities and companies. The businesses in which Shell has interests employed 2,500 people directly in 2021 and provided jobs for many others in supplier networks. In 2021, Shell Companies in Nigeria (SCiN) awarded contracts worth \$800 million to Nigerian-registered companies.

**SOCIAL AND ECONOMIC CONTRIBUTION OF SHELL COMPANIES IN NIGERIA**



[A] The Shell Petroleum Development Company of Nigeria Limited (SPDC), which has a 30% interest in the SPDC joint venture (SPDC JV) and produces oil and gas in the Niger Delta.  
 [B] The Shell Nigeria Exploration and Production Company Limited (SNEPCo), which operates in the deep waters of the Gulf of Guinea.

**Table 5: Summarised Transcript of Interview Conducted in the Two communities ( Ogoniland & Gbaratoru)**

S / N	What is your definition of CSR?	What activities or practices can be considered CSR?	What is the state of CSR in Nigeria, paying particular attention to your community?	What is your opinion of Shell Petroleum Development Company Nigeria generally?	Can you evaluate Shell's CSR performance in your community?	Is there anything else you would like to add before we end this interview ?	Summary of Findings
1	CSR entails a moral responsibility by corporations to man and the environment.	Human capital development, infrastructural development, and environmental sustainability.	Unsatisfactory	There is a gap between the company and host community	Average performance.	The company should continue to invest in people instead giving funds to corrupt	It was deduced from the summary of the interviews that individuals are generally dissatisfied with the level of performance of Shell in the aspect of CSR. While the company has made meaningful strides in various areas like education, healthcare, and

						community leaders and government officials.	<p>infrastructure. There is still more to be desired from the company.</p> <p>Another interesting point to note is from the people's conception of CSR, we see that there are variances in how they see it. This in turn affects their evaluation of the activities of the company in the performance of CSR. From their understanding, we can infer that they appreciate the scholarships, renovation of schools but in addition they want the company to involved more on the environmental part of the host communities.</p>
2				Their main objective is to provide energy for the world.	The give opportunities for employment and skill acquisition	No	
3		CSR activities are too numerous to mention, but providing public utilities is a vital aspect.		They should be commended for the little they have done.	Their performance is less than average	The burden on corporations like Shell is in relation to the failure of the government.	
4		Providing health facilities and building schools.	CSR is not taken seriously in Nigeria.	Shell is a successful company but in terms of CSR. It is poor.	Their performance is poor.	The government should have laws for CSR.	
5	CSR are those actions that companies take to ensure a cordial relationship with the society.	CSR is concerned mainly with community development. This entails providing amenities like water, electricity, roads and schools in the host community.	The state of CSR is poor.	They are a major player in the Nigerian economy	There is need for improvement.	No	
6							
7							
8							
9							
10	It is a situation where businesses show concern for persons and the environment, especially in oil producing areas.	This entails providing amenities like water, electricity, roads and schools in the host community.	The state of CSR is poor.	They are a household name in the Nigerian corporate scene	Their performance is less than average		
11							
12							
13							
14							
15	It entails providing infrastructure and amenities for the betterment of the lifestyle of host communities.	Community development, social investments, and charitable deeds.	CSR in Nigeria is not good when compared to other countries	Shell seems like a great company with a lot of responsibilities.	Their performance is significant.		
16							
17							
18							
19							
20							The company is still giving back to the immediate community despite financial challenges



