

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Trade and Finance**



## **Master's Thesis**

**CONCEPT AND IMPACT OF CORPORATE SOCIAL RESPONSIBILITY IN  
AFRICA: A CASE STUDY OF NIGERIA OIL AND GAS INDUSTRIES COMPANIES  
(SHELL PETROLEUM DEVELOPMENT COMPANY AND CHEVRON NIGERIA  
LIMITED)**

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# **DIPLOMA THESIS ASSIGNMENT**

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Economics and Management

Thesis title

**Concepts and Impact of CSR in Africa; A case study of Nigeria oil and gas industries companies (Chevron and Shell)**

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## **Objectives of thesis**

Corporate Social Responsibility (CSR) is a concept whereby companies besides their profitability & growth also consider the interest of society and the environment, by taking responsibility for the impact of their activities on stakeholders, the environment and all other members of the community

Africa is the second-largest continent in the world with fifty-four countries. Most African countries have rich mineral deposits like gold, crude oil, etc. These mineral resources attract foreign investors with multi and transnational companies exploring oil, mining gold, and others.

Nigeria is called the giant of Africa because of its crude oil richness, which attracts many foreign investors to identify with it. Unfortunately because of its corrupt practices and governance not much impact has been felt by the people when it comes to good CSR.

## **Methodology**

Methodology

This research will identify, describe and analyse the impact and level of CSR on society and how it can be improved to bring about economic and human development.

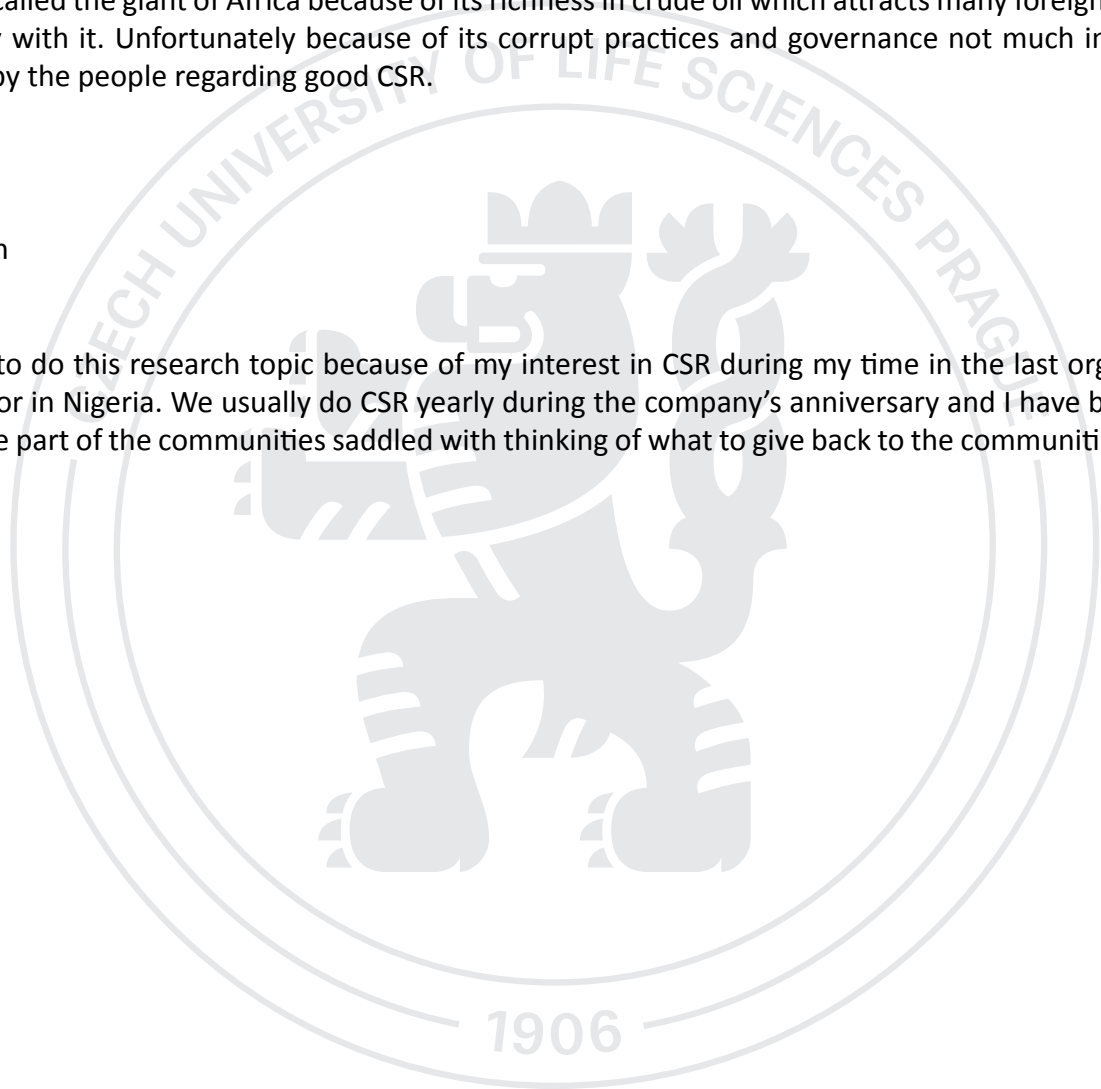
The qualitative research method approach will be adopted, relying on a critical review of scholarly articles, website information of selected companies and institutional documents, and data from questionnaires. "Corporate Social Responsibility (CSR) is a concept whereby companies besides their profitability & growth also consider the interest of society and environment, by taking responsibility for the impact of their activities on stakeholders, the environment and all others members of the community

Africa is the second-largest continent in the world with fifty-four countries. Most African countries are blessed with rich mineral deposits like gold, crude oil, etc. These mineral resources attract foreign investors with multi and transnational companies exploring oil, mining gold, and others.

Nigeria is called the giant of Africa because of its richness in crude oil which attracts many foreign investors to identify with it. Unfortunately because of its corrupt practices and governance not much impact has been felt by the people regarding good CSR.

#### Motivation

I decided to do this research topic because of my interest in CSR during my time in the last organisation I worked for in Nigeria. We usually do CSR yearly during the company's anniversary and I have been privileged to be part of the communities saddled with thinking of what to give back to the communities around us.



## **The proposed extent of the thesis**

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## **Keywords**

CSR, Human Development, Multinational Companies, Nigeria

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## **Recommended information sources**

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Prague on 30. 03. 2023

## **DECLARATION**

I declare that I have worked on my master's thesis titled "Concept And Impact Of Corporate Social Responsibility In Africa: A Case Study Of Nigeria Oil And Gas Industries Companies (Shell Petroleum Development Company And Chevron Nigeria Limited)" 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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**Onabowale Oretunde Oluwaseyi**

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## **ABSTRACT**

Corporate social responsibility (CSR) has become an increasingly important aspect of business operations in both developed and developing countries

This research thesis proposal attempts to critically appraise the concept and impact of Corporate Social Responsibility performance of Shell Petroleum Development Company Limited (SPDC) and Chevron Nigeria Limited (CNL) in respective host communities Egbeme and Ogu communities.

The desire to carry out the research came as a result of current developments in the oil industry especially as it relates to conflicts between host communities and oil prospective companies. Furthermore, the study employs a qualitative research methodology, using interviews, surveys, and document analysis to collect data from the host communities and the company's officials.

The findings suggest that the performance of CSR by Shell and Chevron has a positive impact on reducing external conflicts in the host communities. However, the current CSR practices are deemed inadequate by the local communities, who argue for more inclusive and participatory approaches. Furthermore, non-performance of CSR has negative implications for the social license to operate, community relations, and overall business operations of the oil companies.

The study concludes that the concept of CSR is context-specific and requires a more understanding of the social, political, and economic dynamics of the host communities. It recommends a shift towards more collaborative, inclusive, and culturally sensitive approaches to CSR, which can enhance the social legitimacy and long-term sustainability of the oil companies' operations in Nigeria and beyond and also that host communities should be adequately compensated in terms of development programmes initiatives, such as health care centre, scholarships, employment, sand filling, among others

## **ABSTRACT**

### Abstrakt

Společenská odpovědnost firem (CSR) se stává stále důležitějším aspektem praxe obchodních operací ve vyspělých i rozvojových zemích. Tato diplomová práce se pokouší kriticky zhodnotit koncept a konkrétní dopady společenské odpovědnosti společností Shell Petroleum Development Company Limited (SPDC) a Chevron Nigeria Limited (CNL) na příslušné hostitelské komunity Egbeme a Ogu.

Autorka se rozhodla pro tuto studii na základě znalosti aktuálního vývoje v ropném průmyslu, zejména pokud jde o konflikty mezi hostitelskými komunitami a perspektivními ropnými společnostmi. Studie využívá metodologii kvalitativního výzkumu využívající rozhovory, průzkumy a analýzu dokumentů ke sběru dat od hostitelských komunit a představitelů společností.

Zjištění naznačují, že výkon CSR společností Shell a Chevron má pozitivní dopad na snižování vnějších konfliktů v hostitelských komunitách. Podle zjištění však jsou současné praktiky v oblasti CSR považovány místními komunitami za nedostatečné a naznačují potřebu více inkluzivních a participativních přístupů. Nedostatečná společenská zodpovědnost mají navíc negativní důsledky pro společenskou licenci k provozování těžební činnosti, pro vztahy s komunitou a celkové obchodní operace ropných společností.

Studie dochází k závěru, že koncept CSR je kontextově specifický a vyžaduje lepší porozumění sociální, politické a ekonomické dynamice hostitelských komunit. Práce doporučuje posun směrem k více kolaborativním, inkluzivním a kulturně citlivějším přístupům k CSR, což může zvýšit společenskou legitimitu a dlouhodobou udržitelnost operací ropných společností v Nigérii i mimo ni, a také to, že hostitelské komunity budou adekvátně kompenzovány, pokud jde o iniciativy rozvojových programů, jako je poskytování zdravotní péče, stipendia pro zaměstnance a jejich děti, zaměstnání, plnění vytěžených zdrojů a další.



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# **CHAPTER ONE**

## **INTRODUCTION**

Corporate social responsibility (CSR) has become an increasingly important concept in the business world, as companies are expected to operate in a socially responsible manner that considers the interests of all their stakeholders. Recently, a growing emphasis has occurred on the role of multinational corporations in promoting sustainable development and addressing social and environmental challenges in the regions where they operate.

Europe and Africa are two regions of the world with very different economic and social contexts. Europe is a developed region with a high standard of living and strong legal and regulatory frameworks that govern corporate behavior. In contrast, Africa is a continent with a diverse range of countries, many of which are still in the process of development and face significant social and environmental challenges.

The growth of powerful and influential Multinational Companies (MNCs) and the globalization of world trade are the main factors responsible for the increasing adoption of CSR practices. Nevertheless, in some occasions, the activities of multinational companies have had inverse consequences in many African countries, including Nigeria

Nigeria is one of the largest oil-producing countries in Africa and home to numerous multinational energy corporations. The operations of these corporations have often had negative impacts on the environment and local communities, leading to social and environmental unrest. Shell Petroleum Development Company Limited and Chevron Nigeria Limited, is one of the largest multinational corporations operating in Nigeria and has faced criticism in the past for its environmental and social impact.

This study seeks to investigate the concept of CSR in Europe and Africa, with a particular focus on Shell Petroleum Development Company Limited and Chevron Nigeria Limited an Oil and gas company as a case study. The study aims to examine the CSR practices of Shell Petroleum Development Company Limited and Chevron Nigeria Limited, evaluate their effectiveness in addressing social and environmental challenges, and compare these practices with those of European corporations. The findings of this study will provide insights into how multinational corporations can improve their CSR practices in Nigeria and other developing countries in Africa, and contribute to the broader debate on CSR in the business

## **CHAPTER TWO**

### **2.1 Aim and Objectives of the Study**

The aim of the study is to assess the Corporate Social Responsibility programs of Shell Petroleum Development Company Limited and Chevron Nigeria Limited (CNL) in Rivers State against the backdrop of sustainable community development.

#### **2.1.2 Objectives:**

The objectives of the thesis revolve around;

- i. Determine if the performance of Corporate Social Responsibilities by Shell Petroleum Development Company Limited and Chevron Nigeria Limited. companies significantly reduce external conflicts in the host communities.
- ii. Evaluate the adequacy of the current Corporate Social Responsibilities performance by Shell Petroleum Development Company Limited and Chevron Nigeria Limited. for the host communities.
- iii. Ascertain if non performance of Corporate Social Responsibilities have negative impact on Shell Petroleum Development Company Limited and Chevron Nigeria Limited.

### **2.2 Methodology**

After defining the study's goal and specific objectives, the research methodology outlines the researcher's approach to the project. My objective is to present a plan for collecting, organizing, measuring, and analyzing data in a way that balances relevance to the research objectives with efficiency in the process.

#### **2.2.1 Research Design**

The exploratory research design would involve collecting data from the host communities using various methods such as surveys, interviews, and focus groups. The aim of this data collection would be to identify the level of awareness and understanding of CSR among community members, the perceptions of CSR and its potential benefits, and the role of companies and the government in promoting CSR.

The exploratory research design would begin with a review of the existing literature on CSR, including academic research, reports, and case studies.

Once the research questions and hypotheses are developed, the exploratory research would begin by collecting data through surveys, interviews, and focus groups with community members, companies operating in the area, and government representatives. The surveys would consist of open-ended questions that allow participants to provide detailed responses and feedback, while the interviews and focus groups would provide more in-depth insights and discussions on the topic.

The study was carried out in two host communities in River State: Ogu community in Ogu-Bolo Local Government Area, hosting Chevron Nigeria Limited. Data collected were analyzed electronically using Statistical Packages for Social Sciences (SPSS) version 23.

### **2.2.2 Research Questions**

1. Does the performance of Corporate Social Responsibilities by Shell and Chevron companies significantly reduce external conflicts in the host communities?
2. How adequate are the current Corporate Social Responsibilities performance by Shell and Chevron companies for the host communities?
3. Does non performance of Corporate Social Responsibilities have negative impact on Shell and Chevron operations?

### **2.2.3 Research Hypotheses**

Empirical research hypotheses provide solid evidence of the authenticity, reliability, and relevance of research findings. Therefore, to ensure the significance of the study, it is necessary to formulate appropriate null hypotheses.

H<sub>01</sub>: Performance of Corporate Social Responsibilities by Shell and Chevron company does not significantly reduce external conflicts in the host communities.

H<sub>02</sub>: Current Corporate Social Responsibilities performance by Shell and Chevron company is not adequate or sufficient for the host communities.

H<sub>03</sub>: Nonperformance of Corporate Social Responsibilities has negative impact on Chevron operations.

#### **2.2.4 Method of Data Collection**

The data for this research study were gathered through both primary and secondary sources. The secondary data were obtained from various literature sources such as monographs, textbooks, periodicals, annual reports, and dissertations that analyze, theorize, model, and report on the petroleum industry, with a particular focus on Shell Petroleum Development Company Limited and Chevron Nigeria Limited.

In contrast, the primary data were collected by the researcher through field study. The main aim was to gather first-hand information and to ascertain the degree of agreement with the secondary sources.

To gather relevant information for the study, the researcher administered questionnaires to three different sets of the population from the two host communities being investigated, namely Shell Petroleum Development Company Limited and Chevron Nigeria Limited officials and the general public. The questionnaires were designed as structured and unstructured.

The structured questions provided possible answers for the respondents to choose from, while the unstructured questions allowed the respondents to give free responses without limitations. The researcher made some unscheduled visits to the communities before and during the data collection period.

Questionnaires were administered over a two-week period and all necessary data required from Shell Petroleum Development Company Limited and Chevron Nigeria Limited were also collected by the researcher. The questionnaires were carefully composed with all the essential information necessary for the validity and practical usefulness of the study.

#### **2.2.5 Personal Interview**

Due to the limitations in using the questionnaire as a channel of data collection, personal interview was also adopted in this study.

This is to be done so that there would not be problems like incomplete responses, not able to understand the question, no time to sit and answer or illiteracy.

The interviews conducted were both formal and informal, and the main objective was to clarify some of the answers provided in the questionnaires. In all interviews and questionnaires, respondents were assured of anonymity if they so desired.

The questions were also constructed in such a manner that it could easily be used for tabulation, calculation, elimination of errors, to understand responses from respondents and for exact interpretation of results and findings.

### **2.2.6 Relevant Company Document**

The information used for this study came from different company papers like yearly reports and newsletters from Shell Petroleum Development Company Limited and Chevron Nigeria Limited. We also used articles about the petroleum industry. To keep the information private, people who answered our questions could choose to stay anonymous. The questions were created to make it easy to understand and to get simple answers from people. This made it easy for us to understand the results.

### **2.2.7 Population and Sample**

Two sets of sample population across the host (Egbeme and Ogu communities) under study were identified. These are Officials of both Shell and Chevron Nigeria Limited and the public on the activities of the oil companies. 300 respondents (100 from each Egbeme and Ogu host communities; and 100 from each sample population) were sampled.

### **2.2.8 Limitation of the Study**

One of the limitations is the focus on the CSR activities of Shell Petroleum Development Company Limited and Chevron Nigeria Limited without considering the activities of other oil and gas companies in Nigeria. This may limit the generalization of the study's findings to the entire industry. Another limitation is the potential for biased responses from the participants, as they may have a favorable opinion of Chevron Nigeria Limited due to their employment or other reasons. Also, the study may face limitations in obtaining data from remote locations where Shell Petroleum Development Company Limited and Chevron Nigeria Limited operates, which may affect the representation of those locations in the study. Finally, this study may also face limitations in terms of time and financial resources, which may affect the depth and breadth of the research conducted.



## **CHAPTER THREE**

### **LITERATURE REVIEW**

#### **3.1 What is Corporate Social Responsibility?**

Corporate Social Responsibility (CSR) is when companies take responsibility for the impact they have on society and the environment. If companies are enthusiastic about doing CSR in a competitive business environment, it can increase their efficiency, make their goals clearer and more focused. Companies rely on society for the things they need to produce goods and services, so it's their responsibility to give something back that adds value to the community and benefits the company in the long run. Research shows that companies that neglect CSR in favor of expanding their physical assets tend to experience a decline in total revenue over time. Even if a company has a clear vision and approach, failing to meet certain societal obligations can lead to failure in the future. Therefore, for a business to succeed in the long run, it cannot just focus on maximizing profits. It must also consider its Corporate Social Responsibility. (Newman et al. 2020).

Corporate social responsibility can also be defined as "the duty of businessmen's appreciation to adopt those policies, to follow those lines of action, or to make those decisions, which are desirable in terms of our society's goals and values.

The focus of attention has recently shifted from shareholder theory to more universal main issues, including as the environment, human rights, and labor rights. (Stone 2012) criticized Friedman's viewpoint, stating that businesses have broader responsibilities that extend beyond owners and shareholders to include employees, host communities, customers, and suppliers. He is of the believe that businesses should be considered as increasingly responsible entities, because they play important roles in society. Also, that the corporate goal of investor money maximization undermines our social fabric in addition to the firm.

It is significant to note that Corporate Social Responsibility is often used interchangeably with business ethics and sustainability (Carroll 2015). It demonstrates many ways in which companies may promote responsible behaviour. However, some argue that they differ. A close assessment of these concepts seems to refer to the same phenomenon but with a slightly nuanced emphasis (Carroll 2015).

CSR is a reminder to the Enterprises that they are obliged to pursue long-term corporate social goals for the world's people.

### **3.2 Concept and history of Corporate Social Responsibility (CSR)**

Corporate Social Responsibility (CSR) has evolved over time from being a mere philanthropic activity to a strategic business imperative. The historical evolution of CSR can be traced back to the early 20th century, when companies began to engage in charitable activities such as donating to community causes and building schools and hospitals. However, CSR only became a significant business concern in the 1960s and 1970s when companies were facing growing pressure from society to address social and environmental issues.

The emergence of stakeholder theory in the 1980s also played a significant role in the evolution of CSR. Stakeholder theory posits that companies have a responsibility to not only maximize shareholder value but also consider the interests of other stakeholders such as employees, customers, suppliers, and communities. This theory challenged the traditional notion that a company's only responsibility was to maximize profits and helped to elevate the importance of CSR as a strategic business imperative.

Another factor that contributed to the evolution of CSR was the growing awareness of the environmental impact of business operations. The 1980s saw the emergence of environmental movements such as Greenpeace and the publication of Rachel Carson's book "Silent Spring," which drew attention to the environmental damage caused by industrial practices. This led to increased pressure on companies to adopt sustainable practices and reduce their environmental footprint.

Corporate social responsibility (CSR) is an increasingly important topic in Europe, where companies are expected to go beyond their traditional profit-making activities and consider the social and environmental impact of their operations. In recent years, there has been a significant increase in the number of companies that have embraced CSR, and a growing recognition of the importance of CSR in promoting sustainable development and creating shared value for all stakeholders.

The major challenges besetting Corporate Social Responsibility (CSR) include the lack of an acceptable definition and the use of various theoretical/academic frameworks to measure its spread and influence (Ekhtor 2014a). Notwithstanding the fact that there is no acceptable or universal definition of Corporate Social Responsibility

It is important to note that Corporate Social Responsibility pertains to a commercial organization, which can be referred to as a company, enterprise, or corporation, and is viewed as a complete system of production relations that functions to achieve economic objectives

while existing within an environment that comprises numerous components essential to its survival. A socially responsible company engages in various actions such as generating desirable job opportunities, paying fair salaries, producing high-quality goods and services, complying with tax regulations, fulfilling financial obligations, participating in international stock markets, adopting good business practices, building dependable relationships with suppliers and distributors, mitigating possible negative impacts of its operations (such as environmental issues), enhancing its surroundings, contributing to societal welfare, and aiding in the development of a civil society. The CSR object is multifaceted, based on the stakeholder approach, and demands that the company be accountable to shareholders, employees, managers, creditors, customers, suppliers, business associates, the local community, and government bodies. The CSR concept comprises three fundamental components: economic, environmental, and social, which cover information about suppliers and consumers, staff compensation and benefits, business relationships with the state and society, raw material utilization, energy and water consumption, waste and emissions during production, work organization and safety, employee rights, product safety and appropriate advertising practices.

### **3.2.1 Principles of Corporate Social Responsibility**

According to D. Crowther and Guler Aras 2008, a socially responsible company must adopt several principles to confirm its commitment to CSR in its operations. The first is the principle of consistency, which ensures that the CSR functions and areas are implemented effectively in the corporate governance system. The second is the principle of complexity, which requires the company to coordinate its activities in three areas of sustainable development: economic, social, and environmental. The third is the principle of integration, which involves integrating CSR into the company's core activities and taking responsibility for society as a whole and individual stakeholders. The fourth is the principle of accountability, which entails being accountable to stakeholders and society and complying with assumed obligations and applied standards. The fifth is the principle of innovation, which involves using measures and technologies for continuous improvement and harmonization in response to the dynamic external environment. The sixth is the principle of openness, which requires the company to be transparent in all its CSR activities and reporting, ensuring that reports are appropriate for their content and audience. Finally, the seventh is the principle of cooperation, which involves partnering with other companies, associations, unions, and stakeholders to address the socio-economic issues facing the country and other administrative entities.

Workers in modern workplaces place a lot of importance on corporate social responsibility. This means that the way businesses operate has changed because they now care about their impact on society. This started in the 1960s, when big social movements happened. The relationship between businesses and society is based on a set of expectations and understandings. Corporate social responsibility means different things in different countries, so companies need to adjust their strategies to fit each place. Taking care of the environment is a big part of corporate social responsibility. It's important for companies to measure the impact they have on the environment and society.

### **3.3 Business ethics theory**

Druker (1956), formally put forward the concept of social responsibility in business. He introduced the idea of incorporating social responsibility into business operations. He argued that a business that disregards its societal impact is at risk of facing issues such as instability, discord, reduced profits, and eventually, failure. His stance is based on the potential unfavorable response from the community where the business operates. According to Wikipedia, the free encyclopedia (2009), Corporate Social Responsibility (CSR) also called Corporate Social Opportunity or simply Social Responsibility, is a concept whereby organizations consider the interest of society by taking responsibility for the impact of their activities on employees, customers, suppliers, communities, shareholders, and stakeholders as well as the environment at large. This responsibility is expected to extend beyond the statutory responsibility to comply with legislation and sees organizations voluntarily taking rightful further steps to improve the quality of life and property for the local community and society at large.

Over time, the idea of corporate social responsibility has come to be linked with ideas like corporate responsibility (CR), corporate accountability (CA), business ethics (BE), stakeholder management (SM), corporate citizen (CC), corporate stewardship, sustainability (SUS), and triple bottom line (Hohnen 2007; Carroll 2015).

Owoeye argued that the list of actions taken by multinational corporations that have harmed developing-world populations in a costly way due to their irrational use of corporate power is truly endless (Owoeye 2015; Maiangwa and Agbiboa 2013).

Multinational corporations are obligated to mitigate the negative effects of their operations due to the impact their operations have on the environment and society (Ekhatior 2014c). Corporate social responsibility (CSR) makes businesses responsive to a wide range of stakeholders, not just shareholders. Companies are therefore expected to accept accountability for their actions or activities that affect stakeholders.

Corporate Social Responsibility (CSR) encompasses the voluntary principles, codes, and initiatives that organizations adopt to regulate their own responsibility beyond legal requirements. CSR encompasses issues such as standards, human rights, labor rights, bribery, and corruption. Essentially, CSR goes beyond the traditional and legal requirements of organizations with regard to their impact on stakeholders.

Multinational companies have a responsibility to mitigate the negative consequences of their activities on the environment and society, given the impact of their actions on these areas.

### **3.4 International Initiatives on CSR**

Implementing Corporate Social Responsibility practices in the context of international business presents both challenges and opportunities for companies. On the one hand, CSR can help companies enhance their reputation and competitiveness, attract and retain employees, and improve stakeholder relationships. On the other hand, implementing CSR in different countries requires companies to navigate cultural and institutional differences, which can pose significant challenges.

One of the key challenges that companies face when implementing CSR in international business is the cultural differences that affect CSR practices across different countries. CSR practices are shaped by cultural norms and values, which vary from country to country. For example, in some countries, there is a strong emphasis on community involvement, while in others, the focus is on environmental sustainability. Companies need to be aware of these cultural differences and adapt their CSR practices accordingly to ensure that they are aligned with local expectations.

Another challenge that companies face when implementing CSR in international business is the institutional differences that affect CSR practices. Institutional frameworks such as laws, regulations, and industry standards can vary significantly across different countries.

For example, some countries may have strict regulations on labor practices or environmental protection, while others may not. Companies need to be aware of these institutional differences and ensure that their CSR practices comply with local laws and regulations.

In addition to these challenges, there are also opportunities for companies when implementing CSR in international business. For example, CSR can help companies build relationships with local stakeholders, including governments, NGOs, and communities. By engaging with these

stakeholders, companies can better understand local expectations and develop CSR practices that are aligned with local needs.

To navigate the cultural and institutional differences that affect CSR practices across different countries, companies can take a number of steps. For example, companies can conduct a thorough analysis of the cultural and institutional factors that affect CSR practices in each country where they operate. They can also engage with local stakeholders to better understand local expectations and develop CSR practices that are aligned with local needs. Companies can also collaborate with local partners to develop and implement CSR initiatives that are tailored to the local context.

Nowadays there is been different programs, initiatives or mechanisms relating to Corporate Social Responsibility at the international and local levels. Many multinational companies have signed up to these international mechanisms. Examples of these initiatives include the Organization for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises, and Global Compact amongst others

The United Nations Secretary-General said the Global Compact urges companies to adhere to universal principles and collaborate with the United Nations and has evolved into a crucial platform for the UN to engage with socially responsible businesses around the world. This model encourages enterprises to align their operations with ten key principles, particularly in the areas of labor, human rights, the environment, and anti-corruption. Currently, the Global Compact boasts more than 11,000 participating companies from over 160 countries and is the largest initiative for Corporate Social Responsibility globally.

However, opinions differ on the effectiveness of the Global Compact. Some praise its voluntary approach in the absence of supranational regulatory structures, as it provides principles for business commitment and public scrutiny, differentiation, and social approval competition. On the other hand, the Global Compact has been criticized for being ineffective due to a lack of compliance, monitoring, and enforcement provisions, particularly in terms of ensuring the accuracy and authenticity of information provided by signatories. Despite its adoption by many companies, the Global Compact has been criticized for its ineffectiveness in enforcing compliance and monitoring adherence to its principles. Specifically, there are concerns about the accuracy and truthfulness of information provided by signatories. Hence, despite the large number of corporate participants in the Global Compact initiative, many companies remain indifferent to it

In whatever way, it can be stated that the voluntary nature of the international Corporate Social Responsibility process is a strong weakness and thus multinational companies are able to avoid obligation in many instances of environmental inequalities (Gilberthorpe and Banks 2012).

### **3.4.1 Legal framework of CSR in Europe**

According to Ayselin Yildiz (2014) recently, the 27 nations that make up the European Union have begun to adhere to the CSR framework and regulations for improved long-term performance. According to the report, they realized that in the long run, no company can thrive by ignoring CSR and concentrating only on generating profits, the report claims. The European Union's companies profit from CSR because it improves organizational performance by attracting new stakeholders. They conclude that a company can only be successful if it gains the trust of management, who are both internal and exterior stakeholders. Organizations working in vibrant European nations that are EU members are encouraged to practice CSR, according to the EU. The complex and multifaceted legal framework for CSR in Europe is influenced by a number of national, regional, and foreign laws and rules. The European Union (EU) has contributed greatly in shaping the legal framework of CSR in Europe, with several directives and regulations aimed at promoting CSR and sustainability.

The Non-Financial Reporting Directive (NFRD), which mandates large companies with more than 500 employees to disclose information on their environmental, social, and governance (ESG) performance, is one of the most important EU directives on CSR. The NFRD has played a significant role in encouraging organizations to adopt more environmentally friendly business practices and in promoting transparency and accountability in the CSR sector.

The European Commission's CSR strategy and the European Multi-Stakeholder Forum on CSR are two additional initiatives the EU has created to promote CSR. These programs offer a forum for discussion between businesses, civil society organizations, and other stakeholders. They are intended to promote best practices and encourage businesses to take a more proactive approach to CSR.

Numerous European nations have also created their own national legal frameworks for promoting CSR. For instance, France has enacted a law requiring businesses to perform mandatory due diligence, which obliges them to recognize and address environmental and human rights risks in their supply chains. Companies must report on their ESG performance in the Netherlands as part of their financial statements, whereas companies in Denmark must include information about their social responsibility policies in their annual reports.

Overall, there is a growing understanding of the value of CSR in advancing sustainable development and creating shared value for all stakeholders, and the legal framework for CSR in Europe is evolving quickly. The legal framework of CSR in Europe offers a strong foundation for promoting ethical business practices and encouraging businesses to take a more pro-active approach to CSR, even though there is still much work to be done to ensure that companies are held accountable for their social and environmental impact.

In the nations that are members of the European Union, this voluntary action will authorize some basic CSR responsibilities. According to the report, all political and legal factors were considered, and the countries that are members of the EU also went above and beyond in terms of corporate social responsibility. The development of a plan that takes Corporate Social Responsibility (CSR) into account was made possible by the European Union's recognition of the significance of long-term sustainability and viability. The plan aims to encourage businesses that prioritize CSR policies, advance the creation of eco-friendly goods and services throughout the EU, facilitate negotiations between nations to come to an understanding on a shared strategy for efficient CSR practices, and establish a standardized set of working procedures to guarantee that CSR is implemented consistently and transparently. These steps aim to safeguard the ongoing prosperity of EU businesses and communities while also reducing any unfavorable effects on the environment and society.

### **3.4.2 Legal framework of CSR in Nigeria**

In Nigeria, many CSR initiatives are voluntary and self-regulatory in nature. According to Pillay (2014), the current ideas surrounding corporate social responsibility in Nigeria and other countries are typically based on the notion that businesses are privately owned entities with a priority on serving the interests of their shareholders, and that the directors of such businesses are required to put the needs of shareholders first.

The primary corporate law statute in Nigeria is the Companies and Allied Matters Act of 1990 (CAMA). The CAMA's core principles prioritize shareholder interests over those of other stakeholders, including employees, local communities, suppliers, and creditors. This is consistent with the traditional approach to corporate governance. As a result, businesses have little obligation to these groups. (Amodu 2017). As a result, businesses that operate in the nation organize CSR initiatives on a voluntary basis.

According to Amao (2008), that the statement should include 'value-added statement for the financial year. This provision is thus connected to financial reporting. This requirement only focuses on reporting of the financial statement of the company, without reference to non-



financial or sustainable reporting. Despite this, Amodu 2017 notes that CAMA offers limited support for Corporate Social Responsibility in Nigeria, particularly in relation to the rights of employees. This statement suggests that corporate directors and officers are only legally obligated and authorized to fulfill their duties to the company and its shareholders and are not responsible for any other duties.

The CAMA appears to require directors to give due consideration and balance to issues and concerns related to employees when making corporate decisions. However, the provision also clarifies that employees cannot take legal action or make any claims if their interests are not considered during the decision-making process. Only the company, represented by its shareholders, can take legal action if this right is violated or appears to have been violated. This raises doubts about the effectiveness of the provision since it does not give employees any actual power or authority to enforce their interests. In other words, the provision lacks teeth as employees cannot sue or make claims in case the company neglects their interests.

From the above discussion, it means CAMA does not really recognize the stakeholder engagement model, as it is based on the shareholder primacy model of corporate governance. There is little or no protection provided to other constituents such as the employees, local community, environment, suppliers, contractors, and other stakeholders. There is a risk that directors are likely to focus on profit maximization for shareholders, without considering the interests of other members affected by the company's decisions.

The inadequacy of Nigeria's corporate law system in addressing contemporary challenges is exemplified by the gaps in the country's corporate governance code, as highlighted by a key development (Kajola, 2008). In contrast to other African nations that have implemented comprehensive models of corporate governance incorporating stakeholder concerns to varying extents, Nigeria's code of corporate governance stands out as a significant exception due to its adherence to the traditional shareholder-centric approach (Rossouw, 2005; Amao, 2008).

### **3.5 Summary of Oil and Gas in Africa**

Africa is favored with huge quantities of both fossil and renewable energy resources. It is the main continent in the world with persistent and considerable new findings of oil and gas: For over 20 years, oil reserves in Africa rose by over 25 percent, while gas rose by over 100 percent. Africa's rich oil fields and the hopes for more discoveries have transformed it into an important player and an indispensable "target" in global oil production and resource extraction (John 2021). Oil production in Africa is expected to continue growing steadily, with an average annual growth rate of 6 percent in the foreseeable future. Many oil reserves and production on the

continent are located in Libya, Nigeria, Algeria, Angola, and Sudan, which collectively account for over 90 percent of Africa's reserves. Meanwhile, proven natural gas reserves in Africa are mainly concentrated in Algeria, Egypt, Libya, and Nigeria, which hold 91.5 percent of the continent's total proved reserves. Notably, Nigeria's undeveloped natural gas reserves have attracted interest from international industry giants. Additionally, large deposits of natural gas have been identified in Tanzania, significant oil deposits have been found in the Albertine Graben in Uganda and offshore in the western part of Ghana, and there is potential for significant oil discoveries in South Africa, Mozambique, and Tanzania.

Oil and gas resources play a significant role in the economies of net oil-exporting countries, serving as a primary source of public revenues and national wealth. In Africa, these resources are crucial for growth, development, and good governance, but also pose significant management challenges for governments. Effective management of oil and gas resources requires more than just technical expertise in resource management and revenue collection. It also involves resource control, transparent governance, responsible environmental practices, and securing equitable and long-term benefits for future generations, particularly in poverty reduction. A coherent strategy aimed at harnessing the wealth generated by oil and gas resources must consider a complex portfolio of natural, human, and social capital to achieve sustained growth.

The oil market can be categorized into two segments: intra-Africa trade and trade between Africa and other regions. The predominant trends indicate that there is considerable oil trading within West and North Africa, but very little trading between African producers and sub-regions in the East and South. In 2006, the export of oil from African manufacturers to African consumers was only 5.2 %, a slight increase from 5.1% in 2000. Europe received the largest share of exports at 37.1%, followed by North America at 28%, and Asia at 21.9%. Although Africa exports significantly more oil than it imports, it's important to note that even net oil producers still import oil products and derivatives. This is favorable from a trade and economic perspective. Nigeria is a single channel economy, with the main drive of the economy gotten from crude oil found in the Niger Delta area of the country. The Niger Delta consists of nine states (Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers) and having an estimated population of about 28 million amounting to 16.7% of the Nigerian population has suffered the dire effects of oil exploration with its attendant environmental degradation for years.

The Niger-Delta region of Nigeria has over the years been repeatedly confronted with social and environmental crises, youth restiveness and devastating militia groups' activities, with Rivers and its neighboring South-States at the central of the crisis. Many have attributed the root cause of this long existing unrest to oil deposit and exploration activities in the nation region. The conflict is perceived as a struggle to hold and use power and control over the oil-rich region. Issues of environmental degradation, basically orchestrated by environmentally harmful exploration activities that often result to oil spillage and gas flaring, are usual in the region. In the same line, social issues like spiraling poverty and yawning underdevelopment of the region, due to seeming negligence by government and Multinational Oil and gas Companies, have constituted the bedrock of unrest in the region.

Several organizations are beginning to see the benefits from setting up strategic Corporate Social Responsibility agendas. The Corporate Social Responsibility movement is spreading over the whole world and in recent years many frameworks and methods have been developed. This thesis, though, will take its interest on Africa in general, and on Nigeria specifically. The purpose is to investigate the concept and impact of Corporate Social Responsibility of Oil and Gas Companies from a Nigerian angle.

Regrettably, the increased presence of multinational oil companies in the Niger Delta region has not been accompanied by a comprehensive development agenda for Nigeria in general, and the Niger Delta in particular. Despite claims by these companies of executing numerous projects in host communities as part of their Corporate Social Responsibility, including the provision of clean water, electricity, scholarships, hospital and road construction, and support for health campaigns, among others, the local communities in the Niger Delta appear unimpressed by these efforts. Their hostile attitude towards the oil companies persists despite the projects being implemented

### **3.6 Compulsory CSR in Nigeria**

Ihugba (2012): 'Compulsory regulation refers to legislative enactments or judicial judgments prescribing roles and sanctions. The voice for compulsory regulation is seen as an undoubted way to promote accountability and transparency and also regain the trust of the public'. Arguably, when companies are left unchecked or unregulated, they can become irresponsible and oppressive This is evident in the Niger Delta, wherein the oil multinational companies are significantly located in Nigeria. There have been many proves for a mandatory and legalized model of Corporate Social Responsibility to be developed in Nigerian oil and gas sector.

Some of the causes include the fact that self-regulatory programs or initiatives by multinational companies in Nigerian oil and gas sector have been ineffectual in the country (Ekhaton 2016a). Thus, Corporate Social Responsibility programmes or initiatives are largely not successful in the Niger Delta region (Ekhaton 2014a). Multinational companies are known for blatantly not obeying laws and harming the Nigerian environment (Ekhaton 2016b, 2014c). The regrettable situation of the people of Ogoni is appropriate in this analysis. Shell started operations in Ogoniland, Niger Delta in 1958 but withdrew in 1993 due to socio-political protests and to protect the lives of its employees (Ekhaton and Anyiwe 2016). The common belief that Corporate Social Responsibility (CSR) is a voluntary process led by companies contradicts the idea of government being responsible for making sure CSR amongst multinational companies. However, the growing protests of stakeholders within the CSR agenda suggest that it is necessary to define the role of CSR in promoting positive relationships between businesses and society. Scholars now recognize that laws and regulations can complement CSR to promote corporate accountability that involves both legal and ethical standards. As a result, governments of developing countries like Nigeria have enacted legislation to control multinational companies and promote responsible behavior.

### **3.6.1 CSR activities by Shell and Chevron in Nigeria**

The Niger Delta Oil Community is a community that hosts 55,555 multinational oil companies. The host Oil Community is unlike any other region in Nigeria.

Multinational oil companies seeking a better life for the people in the region must consider their host communities, where agriculture and fishing are their main livelihoods, and live on wetlands that are higher than the national average. Not. A typical host community in the Niger Delta is characterized by the community schools lack of basic facilities. Its most prominent facilities are the chalk board and benches which present a vivid picture of poverty and misery for at least all most all of its residents.

Many young and energetic graduates and high school dropouts are considered inexperienced and ineligible for employment with oil companies. They are recruited by the region's ardent militias and regularly confront security forces.

Natural water and air are being polluted by toxic water discharges from gas flares and nearby petroleum facilities.

Agriculture, a traditional source of employment and the main livelihood of community members, has been made impossible due to the oil spill.

Number of economic and political marginalization due to successive governments' neglect of the Niger Delta region and the initial reluctance of multinationals to fulfill their social responsibilities and contribute to social development. The decade has rooted poverty in the region. The policies of the multinational oil companies are a major cause of the crisis, violence and unrest that permeate the oil communities of the Niger Delta.

This region is characterized by obstruction and disruption of oil company operations.

Mass killings resulting from frequent clashes between communities (intercommunal clashes) and clashes between communities and security forces. The personnel and assets of oil producing companies are often the target of hostages.

Local Needs for Deep Poverty in Nigeria's Niger Delta Region Nigeria imposes many demands on oil companies operating in the region. The difficult topography of these host communities and little to no government presence in terms of viable projects make the region unstable, with people at odds and with relevant impacts on community relations. .

The Nigerian economy greatly relies on the accruing revenues from the oil and gas sector. The Niger Delta region where oil multinational companies are known for their presence has become a place of incessant conflicts, violent or crisis. Some of the negative results or effects of the multinational companies in Nigeria oil sector include oil spills, gas flaring, environmental pollution, inverse social impacts, violence, and conflict. Thus, due to these inverse impacts arising from the activities of oil multinational companies, many oil companies in the country have developed Corporate Social Responsibility projects to mitigate these inverse consequences.

Multinational companies operating in Nigeria oil and gas sector have engaged in a series of programs and initiatives to enhance community development in the Niger Delta (Egbon et al. 2018). This is anchored on the argument that 'if oil multinational companies can contribute to community development via Corporate Social Responsibility, it will help to address host grievances, improve community development and promote positive corporate-community relations' (Egbon et al. 2018). Many oil multinational companies are involved in a plethora of Corporate Social Responsibility initiatives in the Niger Delta and other parts of Nigeria. Corporate Social Responsibility programs and initiatives in Nigeria may include provision of pipe borne water, the building of hospitals, schools and markets amongst other initiatives (Amaeshi et al 2006).

As a result, it has been asserted that some of these Corporate Social Responsibility initiatives are not carried out on a logical and consistent basis and not always sustained. With the

implementation of various Corporate Social Responsibility Despite the extractive activities of oil companies in Nigeria, the communities that produce the oil have not received a proportionate number of benefits when compared to the high social and environmental costs. (Lisk et al. 2013). Despite the minimal contributions of Corporate Social Responsibility to oil-producing communities in the Niger Delta, many host community

Chevron, a popular oil and gas company operating in Nigeria, has faced significant scrutiny over its CSR practices in the country. The company has been accused of causing environmental damage and contributing to social unrest in the Niger Delta region, where it operates. As a result, several studies have been conducted to assess the impact of Shell/Chevron's CSR activities on the host communities.

One study found that Shell/Chevron's CSR activities in Nigeria were primarily focused on charitable initiatives rather than strategic CSR, which involves integrating social and environmental considerations into the company's core business strategy. The study also found that the company's CSR activities were reactive rather than proactive and not adequately addressing the root causes of social and environmental problems in the region. Therefore, it was concluded that Chevron's CSR activities were unlikely to have a significant impact on the host communities.

Another study found that Chevron's CSR activities in Nigeria were mainly focused on providing basic social amenities such as healthcare, education, and water supply. However, the study also found that the company's CSR activities were not adequately addressing the socio-economic needs of the host communities, and that the communities perceived Shell/Chevron's CSR activities as insufficient.

In contrast, another study found that Shell/ and Chevron's CSR activities in Nigeria were having a positive impact on the host communities, particularly in the areas of education, healthcare, and employment. The study also found that Shell and Chevron's CSR activities were improving the company's relationship with the host communities and reducing the risk of social unrest and conflicts.

Overall, the literature suggests that the impact of Shell and Chevron's CSR activities on host communities in Nigeria is mixed. While some studies suggest that the company's CSR activities are inadequate and not addressing the root causes of social and environmental problems in the region, others suggest that the company's CSR activities are having a positive impact on the host communities and improving the company's relationship with these communities.

Although MOUs and GMOUs are not sacrosanct, Niger Delta communities consider them to be binding and oil multinational companies are expected to enforce them. Hence, many Niger

Delta communities and Non-Governmental Organizations (NGOs) assert that MOUs should be considered as contracts, for example, as an intention to create binding commitments on the part of oil multinational companies towards the inhabitants of oil-producing communities. As a result, this non-enforceability of MOUs and GMOUs have led to many crises and conflicts in some communities in the Niger Delta.

## CHAPTER FOUR

### PRACTICAL PART

#### 4.1 Introduction

To evaluate the validity of the research questions and Null Hypotheses, a chi-squared analysis was employed. This involved testing whether the observed frequencies in the dataset differed significantly from the expected frequencies, with the aim of determining whether the hypotheses can be accepted or rejected. Consequently, the expected frequencies were calculated and compared with the observed frequencies and then a conclusion was drawn from the result.

To achieve the objectives, 300 questionnaire forms were distributed; of those numbers 300 questionnaire forms 261 from the host Community and Shell/Chevron officials were retrieved after completion. This number represented approximately 91.2% percent of the number administered. Accordingly, all the 261 questionnaires forms were used for the analysis.

##### 4.1.1 Technique of Data Analysis

The generated data were analyzed using tables, graphs, and straightforward percentages as statistical instruments. The study questions and other data were used as the basis for analysis. Because exploratory questionnaires permit the cross-classification of variables, tables were used. According to the information provided by the interviewees, the unstructured (open-ended) questions were analyzed, whereas the structured (closed-ended) questions were categorized and analyzed according to the significance of the information provided. It should be noted that this sort of workplaces emphasis on producing summary statistics like percentages, averages, etc. As a result, early in the study, the chi square ( $\chi^2$ ) was employed to test the research's hypotheses.

We can basically determine whether the outcomes of a crosstab are statistically significant using the Pearson chi-square ( $\chi^2$ ) test. Are the two categorical factors independent of one another, in other words? The chi square test is, therefore, essentially a correlation measure for categorical variables. A contingency table is used in this exam to analyze the data. A contingency table is an arrangement in which data is categorized in accordance with two categorical factors (also known as a cross-tabulation, crosstab, or two-way table). One variable's categories are displayed in rows, while the categories for the other variable are



displayed in columns. There must be at least two groups for each variable. Every unit displays the total count of cases for a specific pair of categories.

The test statistic for the Chi-Square Test of Independence is denoted  $\chi^2$ , and is computed as:

$$\chi^2 = \sum_{i=1}^R \sum_{j=1}^C \frac{(O_{ij} - e_{ij})^2}{e_{ij}}$$

Where:

$O_{ij}$  is the observed cell count in the  $i^{\text{th}}$  row and  $j^{\text{th}}$  column of the table.

$e_{ij}$  is the expected cell count in the  $i^{\text{th}}$  row and  $j^{\text{th}}$  column of the table, computed as

$$e_{ij} = \frac{\text{row } i \text{ total} \times \text{col } j \text{ total}}{\text{grand total}}$$

The quantity  $(O_{ij} - e_{ij})$  is sometimes referred to as the residual of cell  $(i, j)$ , denoted  $r_{ij}$ .

The calculated  $\chi^2$  value is then compared to the critical value from the  $\chi^2$  distribution table with degrees of freedom  $df = (R - 1)(C - 1)$  and chosen confidence level. If the calculated  $\chi^2$  value  $>$  critical  $\chi^2$  value, then we reject the null hypothesis. Alternatively, we reject the null hypothesis if the  $p$ -value  $<$   $\alpha$  level of significance. In this study,  $\alpha$  is set at 5% (or 0.05).

## 4.2 Hypotheses Testing

All the three research hypotheses shown earlier were tested at 95% confidence level. That is, a 5% ( $\alpha$ ) level of significance.

The following results emerged from the computation.

In subjecting the data to this test, all responses under “Yes” or “Agree” were grouped together while responses under “No” or “Disagreed” were grouped together for easy computation and analysis. The following standard statistical notations imply the meaning given to it here under.

*Hypotheses:*  $H_0$  - Null Hypothesis

$H_1$  - Alternative Hypothesis

*Critical value:*  $p$ -value.

*Decision Rule:* Reject  $H_0$  and accept  $H_1$  if  $p$ -value (Asymp. Sig.)  $<$  0.05

### 4.2.1 Egbeme Host Community

- Shell Petroleum Development Company Limited (SPDC)

**H<sub>01</sub>:** Performance of Corporate Social Responsibilities by Shell Petroleum Development

Company Limited does not significantly reduce external conflicts in the host community.

This hypotheses is tested in table 4.1 below

**Table 1: Frequency Distribution of Responses on Performance of Corporate Social Responsibilities by Shell Petroleum Development Company Limited does not reduce external conflicts in their area of operation.**

S/N	Statements		Responses		Total
			Agreed	Disagreed	
1	The implementation of development project has led to a reduction of conflict between the host community and your company.	Count	29	27	56
		Expected Count	29.8	26.2	56
		% within Row	51.80%	48.20%	100.00%
2	Social responsibility performance is a worthwhile activity for the promotion of harmony, peace and uninterrupted operations.	Count	33	21	54
		Expected Count	28.7	25.3	54
		% within Row	61.10%	38.90%	100.00%
3	If social responsibility performance is satisfactory carried out Shell Petroleum Development Company Limited operation will not be interrupted.	Count	23	20	43
		Expected Count	22.9	20.1	43
		% within Row	53.50%	46.50%	100.00%
4	Vandalization and other negative reaction by the people in the environment is direct response of Shell Petroleum Development Company's refusal to be socially responsive by way of embarking on developments project.	Count	28	24	52
		Expected Count	27.6	24.4	52
		% within Row	53.80%	46.20%	100.00%
5	Social responsibility performance should take cognisance of the level of environmental degraation in order to elicited host community's approval.	Count	39	42	81
		Expected Count	43	38	81
		% within Row	48.10%	51.90%	100.00%
<b>Total</b>		Count	152	134	286
		Expected Count	152	134	286
		% within Row	53.10%	46.90%	100.00%

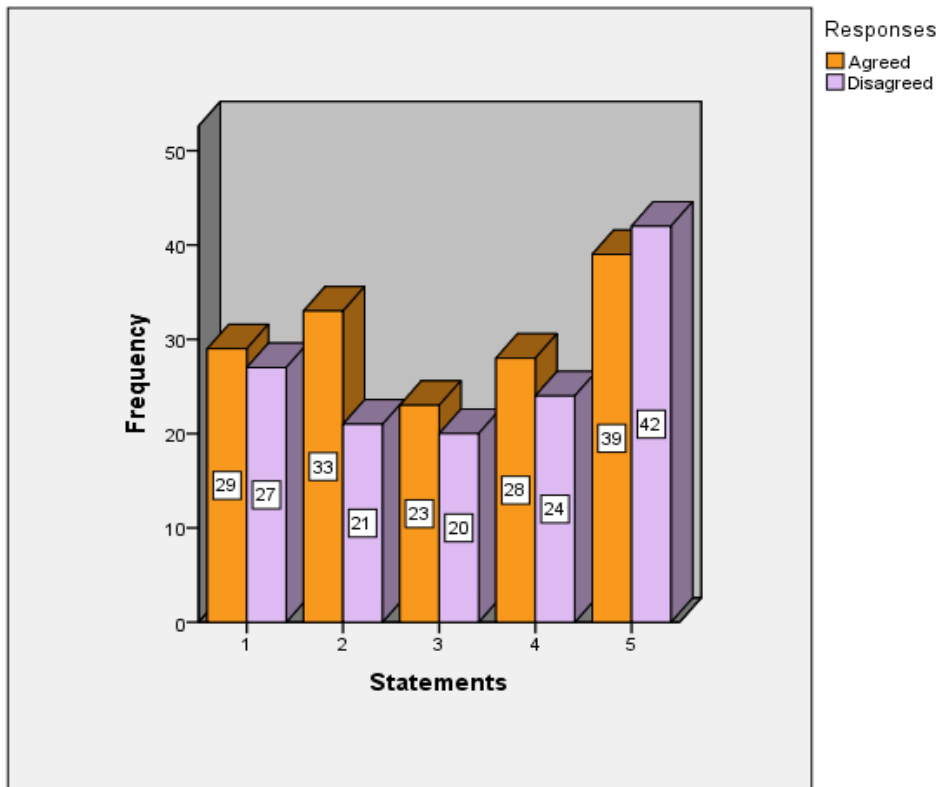


Figure 1: H<sub>01</sub> Frequency Distribution Bar Chart (SPDC)

Table 1 (a): Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	<b>2.242<sup>a</sup></b>	<b>4</b>	<b>.691</b>
Likelihood Ratio	2.255	4	.689
Linear-by-Linear Association	.684	1	.408
N of Valid Cases	286		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 20.15.

Critical value:  $\chi^2 = 2.242$ ,  $p$ -value = 0.691

Decision rule: Reject H<sub>0</sub> and accept H<sub>1</sub> if  $p$ -value < 0.05, otherwise accept H<sub>0</sub>.

Decision: Since the  $p$ -value of 0.691  $\nless$   $\alpha$  of 0.05, we accept H<sub>0</sub>. That is, the performance of Corporate Social Responsibilities by Shell Petroleum Development Company Limited does not reduce external conflicts in the host community.

**H<sub>02</sub>:** Current Corporate Social Responsibilities performance by Shell Petroleum Development Company Limited is not adequate or sufficient for the host community.

This hypothesis is tested in table 4.2 below.

**Table 2: Frequency Distribution of Responses toward the adequacy of the current Corporate Social Responsibilities performance by Shell Petroleum Development Company Limited.**

S/N	Statements		Responses		
			Agreed	Disagreed	Total
1	The current level of CSR Project carried by Shell Petroleum Development Company Limited is not satisfactory.	Count	35	42	77
		Expected Count	40.9	36.1	77
		% within Row	45.50%	54.50%	100.00%
2	Shell Petroleum Development Company officials and the company do not show wholesome sincerity in the planning and identification of projects, hence they carry out project that are not satisfactorily done.	Count	56	39	95
		Expected Count	50.5	44.5	95
		% within Row	58.90%	41.10%	100.00%
3	Shell Petroleum Development Company Limited employs delay and other exploitative tactics in carrying out CSR project.	Count	61	53	114
		Expected Count	60.6	53.4	114
		% within Row	53.50%	46.50%	100.00%
		Count	152	134	286
		Expected Count	152	134	286
		% within Row	53.10%	46.90%	100.00%

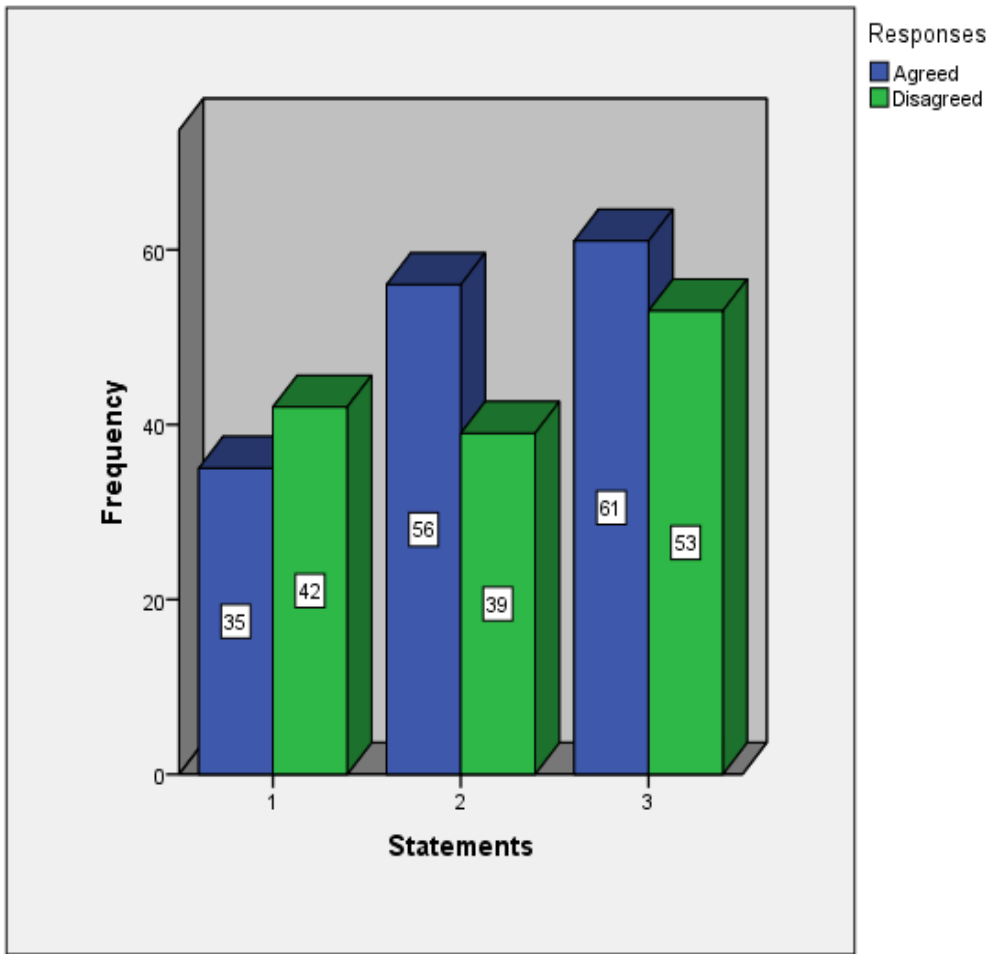


Figure 2: H<sub>02</sub> Frequency Distribution Bar Chart (SPDC)

**Table 2 (a): Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	<b>3.119<sup>a</sup></b>	<b>2</b>	<b>.210</b>
Likelihood Ratio	3.124	2	.210
Linear-by-Linear Association	.863	1	.353
N of Valid Cases	286		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 36.08.

Critical value:  $\chi^2 = 3.119$ ,  $p$ -value = 0.210

Decision rule: Reject  $H_0$  and accept  $H_1$  if  $p$ -value < 0.05, otherwise accept  $H_0$ .

Decision: Since the  $p$ -value of 0.210  $\nless$  0.05, we accept  $H_0$ . This indicates that the current Corporate Social Responsibilities performance by Shell Petroleum Development Company Limited is not adequate or sufficient for the host community.

**H<sub>03</sub>:** Non performance of Corporate Social Responsibilities has negative impact on Shell Petroleum Development Company Limited operations.

This hypothesis is tested in table 4.3 below.

**Table 3: Frequency Distribution of Responses on non performance of Corporate Social Responsibilities on the impact of Shell Petroleum Development Company's operations.**

Statements	Responses		Total	
	Agreed	Disagreed		
1. Non performance of Count	81	0	81	
CSR leads to Expected Count	77.9	3.1	81.0	
confrontation, % within Row	100.0%	0.0%	100.0%	
vandalization and				
conflict on SPDC's				
operation.				
2. Non performance of Count	103	6	109	
CSR has always led Expected Count	104.8	4.2	109.0	
to loss of lives, % within Row	94.5%	5.5%	100.0%	
property, closure and				
low activity.				
3. Performance of CSR Count	91	5	96	
is a prerequisite for Expected Count	92.3	3.7	96.0	
peace, progress and % within Row	94.8%	5.2%	100.0%	
high operational				
activities of SPDC in				
their area of				
operation.				
	Count	275	11	286
Total	Expected Count	275.0	11.0	286.0
	% within Row	96.2%	3.8%	100.0%

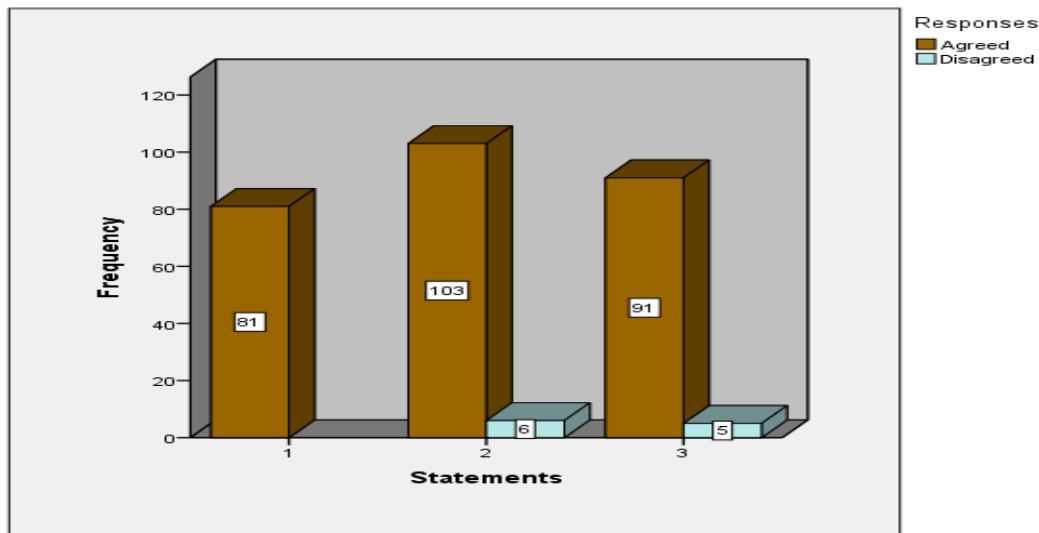


Figure 3: H<sub>03</sub> Frequency Distribution Bar Chart (SPDC)

Table 3(a): Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	<b>4.532<sup>a</sup></b>	<b>2</b>	<b>.104</b>
Likelihood Ratio	7.507	2	.023
Linear-by-Linear Association	2.992	1	.084
N of Valid Cases	286		

a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 3.12.

Critical value:  $\chi^2 = 4.532$ ,  $p$ -value = 0.104

Decision rule: Reject H<sub>0</sub> and accept H<sub>1</sub> if  $p$ -value < 0.05, otherwise accept H<sub>0</sub>.

Decision: Since the  $p$ -value of 0.104  $\nless$  0.05, we accept H<sub>0</sub>. This indicates that non performance of Corporate Social Responsibilities has negative impact on Shell Petroleum Development Company Limited operations

## 4.2. Ogu Host Community

- **Chevron Nigeria Limited (CNL)**

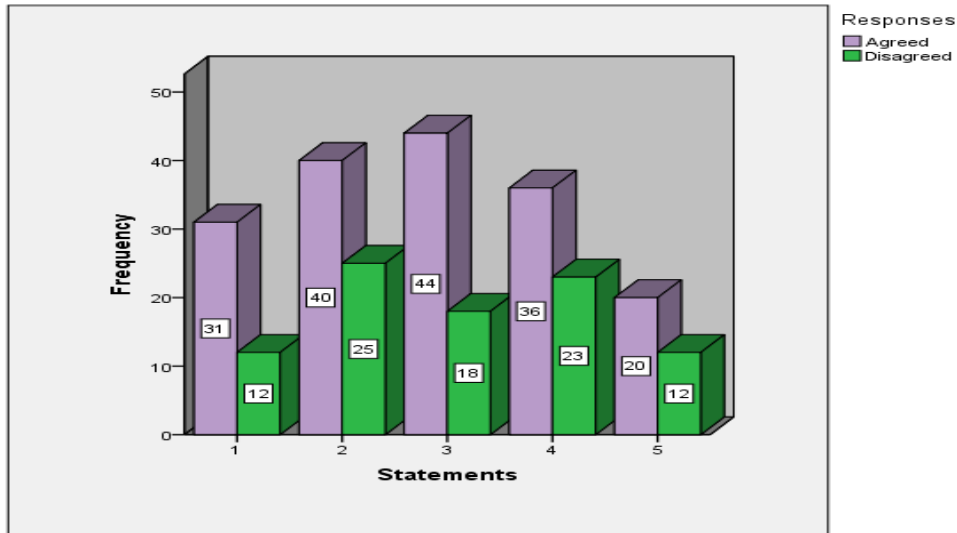
**H<sub>01</sub>:** Performance of Corporate Social Responsibilities by Chevron Nigeria Limited does not reduce external conflicts in the host community.

This hypothesis is tested in table 4.1 below



**Table 4: Frequency Distribution of Responses on Performance of Corporate Social Responsibilities by Chevron Nigeria Limited does not reduce external conflicts in their area of operation.**

S/N	Statements	Responses			
		Agreed	Disagreed	Total	
1	The implementation of development project has led to a reduction of conflict between the host community and your company.	Count	31	12	43
		Expected Count	28.2	14.8	43
		% within Row	72.10%	27.90%	100.00%
2	Social responsibility performance is a worthwhile activity for the promotion of harmony, peace and uninterrupted operations.	Count	40	25	65
		Expected Count	42.6	22.4	65
		% within Row	61.50%	38.50%	100.00%
3	If social responsibility performance is satisfactory carried out Chevron Nigeria Limited operation will not be interrupted.	Count	44	18	62
		Expected Count	40.6	21.4	62
		% within Row	71.00%	29.00%	100.00%
4	Vandalization and other negative reaction by the people in the environment is direct response of Chevron Nigeria Limited refusal to be socially responsive by way of embarking on developments project.	Count	36	23	59
		Expected Count	38.7	20.3	59
		% within Row	61.00%	39.00%	100.00%
5	Social responsibility performance should take cognisance of the level of environmental degradation in order to elicit host community's approval.	Count	20	12	32
		Expected Count	21	11	32
		% within Row	62.50%	37.50%	100.00%
<b>Total</b>		Count	171	90	261
		Expected Count	171	90	261
		% within Row	65.50%	34.50%	100.00%



Figure

4: H<sub>01</sub> Frequency Distribution Bar Chart (CNL)

Table 4(a): Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	<b>2.752<sup>a</sup></b>	<b>4</b>	<b>.600</b>
Likelihood Ratio	2.785	4	.594
Linear-by-Linear Association	.614	1	.433
N of Valid Cases	261		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.03.

Critical value:  $\chi^2 = 2.753$ ,  $p$ -value = 0.600

Decision rule: Reject H<sub>0</sub> and accept H<sub>1</sub> if  $p$ -value < 0.05, otherwise accept H<sub>0</sub>.

Decision: Since the  $p$ -value of 0.600  $\neq$  0.05, we accept H<sub>0</sub>. This implies that the performance of Corporate Social Responsibilities by Chevron Nigeria Limited does not significantly reduce external conflicts in the host community.

**H<sub>02</sub>:** Current Corporate Social Responsibilities performance by Chevron Nigeria Limited is not adequate or sufficient for the host community.

This hypothesis is tested in table 4.5 below.

**Table 5: Frequency Distribution of Responses toward the adequacy of the current Corporate Social Responsibilities performance by Chevron Nigeria Limited.**

S/N	Statements	Responses			Total
		Agreed	Disagreed		
1	The current level of CSR Project carried by Chevron Nigeria Limited is not satisfactory.	Count	87	18	105
		Expected Count	86.1	18.9	105
		% within row	82.90%	17.10%	100.00%
2	Chevron Nigeria Limited officials and the company do not show wholesome sincerity in the planning and identification of projects, hence they carry out project that are not satisfactorily done.	Count	59	10	69
		Expected Count	56.6	12.4	69
		% within row	85.50%	14.50%	100.00%
3	Chevron Nigeria Limited employs delay and other exploitative tactics in carrying out CSR project	Count	68	19	87
		Expected Count	71.3	15.7	87
		% within row	78.20%	21.80%	100.00%
<b>Total</b>		Count	214	47	261
		Expected Count	214	47	261
		% within row	82.00%	18.00%	100.00%

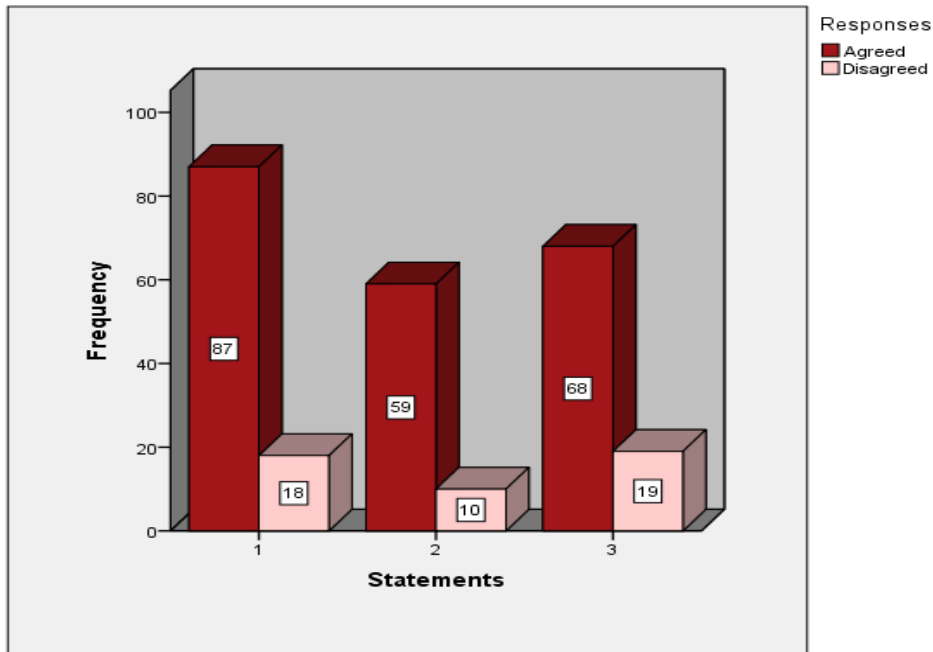


Figure 5: H<sub>02</sub> Frequency Distribution Bar Chart (CNL)

Table 5(a): Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	<b>1.496<sup>a</sup></b>	<b>2</b>	<b>.473</b>
Likelihood Ratio	1.486	2	.476
Linear-by-Linear Association	.636	1	.425
N of Valid Cases	261		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.43.

Critical value:  $\chi^2 = 1.496, p\text{-value} = 0.473$

Decision rule: Reject H<sub>0</sub> and accept H<sub>1</sub> if  $p\text{-value} < 0.05$ , otherwise accept H<sub>0</sub>.

Decision: Since the  $p\text{-value}$  of 0.473  $\nless 0.05$ , we accept H<sub>0</sub>. This shows that the current Corporate Social Responsibilities performance by Chevron Nigeria Limited is not adequate or sufficient for the host community.

**H<sub>03</sub>:** Non performance of Corporate Social Responsibilities has negative impact on Chevron Nigeria Limited operations.

This hypothesis is tested in table 6 below.

**Table 6: Frequency Distribution of Responses on non performance of Corporate Social Responsibilities on the impact of Chevron Nigeria Limited operations.**

S/N	Statements	Responses			
			Agree	Disagreed	Total
1	1. Non performance of CSR leads to confrontation, vandalization and conflict on CNL's operation.	Count	92	3	95
		Expected	91.7	3.3	95
		Count			
		% within row	96.80	3.20%	100.00
		%		%	
2	2. Non performance of CSR has always led to loss of lives, property, closure and low activity.	Count	87	5	92
		Expected	88.8	3.2	92
		Count			
		% within row	94.60	5.40%	100.00
		%		%	
3	3. Performance of Corporate Social Responsibility (CSR) is crucial for ensuring peace, progress, and high operational activities of Chevron Nigeria Limited (CNL) in their area of operation.	Count	73	1	74
		Expected	71.4	2.6	74
		Count			
		% within row	98.60	1.40%	100.00
		%		%	
Total		Count	252	9	261
		Expected	252	9	261
		Count			
		% within row	96.60	3.40%	100.00
		%		%	

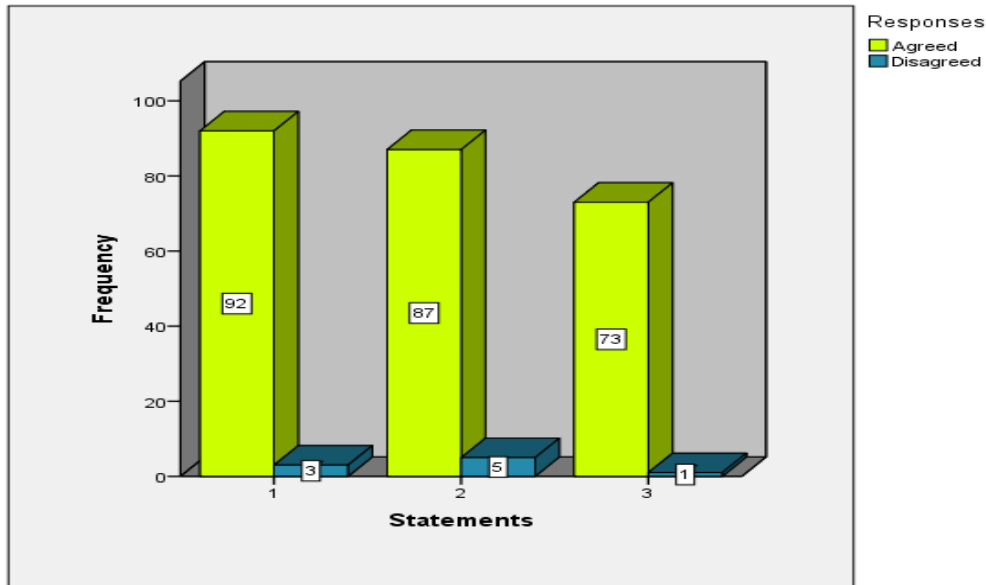


Figure 6: H<sub>03</sub> Frequency Distribution Bar Chart

Table 6(a): Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	<b>2.092<sup>a</sup></b>	<b>2</b>	<b>.351</b>
Likelihood Ratio	2.220	2	.330
Linear-by-Linear Association	.291	1	.590
N of Valid Cases	261		

a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 2.55.

Critical value:  $\chi^2 = 2.092$ ,  $p$ -value = 0.351

Decision rule: Reject H<sub>0</sub> and accept H<sub>1</sub> if  $p$ -value < 0.05, otherwise accept H<sub>0</sub>.

Decision: Since the  $p$ -value of 0.351  $\nless$  0.05, we accept H<sub>0</sub>. This implies that non performance of Corporate Social Responsibilities has negative impact on Chevron Nigeria Limited operations.

#### 4.4 Other Findings

Other research findings in supporting secondary data sources show that the effects of Shell Petroleum Development Company Limited and Chevron Nigeria Limited operations in the Ogu community can be divided into two categories. Both adverse and favorable effects are

present. Oil and gas exploration directly contributes to pollution, which has negative effects on the economy, society, and politics. The negative effects are briefly discussed below:

#### **4.4.1 Negative Impact of SPDC and CNL Operations on Host Communities**

##### **(i) Pollution of the environment**

Both Shell Petroleum Development Company Limited and Chevron Nigeria Limited's operations have the potential to pollute the air, water, land, and noise environments.

###### **(a) Air Pollution**

Exploratory activities for oil and gas cause smoke and gas to flare up from machines and other tools for operation. The pollution from the smokes and this gas being flared are very toxic gas substances, like carbonate and others, are present in the air and atmosphere. The result of reduced biological and medical factors that are related to shorter life expectancy are these complications. Therefore, the people living in the operation area face a risk to their lives.

###### **(b) Water Pollution**

Exploration for oil involves the installation of pipelines on the ocean floor and through mangrove swamps, which are prone to leakage due to the corrosive nature of seawater and other environmental factors, resulting in oil spills that can contaminate the water supply. These spills cause significant ecological and economic damage, leading to the loss of fish, seafood, trees, and animals. Additionally, the use of heavy equipment during SPDC and CNL operations, particularly in flow stations, oil well locations, and oil prospecting, as well as gas flaring, generates noise pollution that can lead to the extinction of some animal and fish species over time.

###### **(b) Land Pollution**

Pollution affecting land emanates from oil spillages, oil pipeline crossing and canalization of creeks and lands. For example, the laying of oil pipeline has led to the acquisition of vast acre of land hitherto used by the people for economic purposes.

##### **(i) Economic effects**

The host communities have suffered because of oil exploration activities. These are in the regions of lessening economic viability. Most of the inhabitants of the host communities are seafaring and fishing folk. She suffers a negative impact on her economic base as a result of the various oil operations' activities, particularly oil spills, noise, air, and land pollution.

Threats exist to the population's primary occupation. The rivers, creeks, and oceans are all severely polluted. As a result, extinction threats have been present for animals, fish, and other economically important trees and fishponds.

As a result, people who were accustomed to being in the quiet of nature and whose families' livelihoods depended on fishing, are now unable to support them. This will result in slow or negative growth, little real development, and an increase in poverty, illiteracy, and disease over time.

#### **(ii) Socio-cultural effects**

Oil exploratory activities of Shell Petroleum Development Company Limited and Chevron Nigeria Limited have led to the cultural degradation of the people. The majority of the traditional sacred sites have been desecrated or polluted, earning the wrath of the gods, who were once the center of the populace's belief system.

A significant amount of money was also contributed to the environment by the oil companies' arrival through their employees. The young girls from poor backgrounds are being drawn into sex relationships as a direct result. Many young boys and girls in the communities have been negatively and self-destructively influenced by these companies, which also attracted other free girls from a number of other communities to the area. As a result, the once tranquil and highly respected social lives of the people have been negatively impacted by these harsh and corrupt western cultures. Families with married children have split up as a result of exposure to the highly compensated oil workers.

#### **4.5 The Role of CSR Performance and Conflict Resolution**

According to an investigation, over 70% of the disputes between SPDC/CNL and the host communities are the result of corporate social responsibility failures. This is due to the host communities' sense of injustice and threat caused by widespread environmental degradation and pollution. As an illustration, the number and frequency of complaints decreased in recent years as a result of the numerous development initiatives undertaken.

Additionally, results from one-on-one interviews with a select group of young people from the host communities showed that the performance of the current development projects in the region is insufficient and needs to be improved. The youths write that Chevron Nigeria Limited should always adopt the list of requests made by the communities and carry them out one by one in order to properly address the kind of projects to be undertaken. The answers to



research questions (i) and (iii) were therefore positive. Both SPDC and CNL as well as the host communities agree that effective corporate social responsibility is essential for reducing external conflict. It is a worthwhile activity which reduces conflicts. These opinions were in line with those of Browen, who in 1985 claimed that business organizations' ongoing attention to their social responsibility performance had significantly lessened the occurrence of vandalism and conflict in the vicinity of their operations.

Operations have been significantly disrupted as a result of disputes between businesses and the communities where they operate that are caused by environmental problems related to industrial operations. A thorough policy on relationships between the community and industry is now necessary as a result. The government has prioritized addressing environmental degradation, pollution, and economic disruptions brought on by these conflicts as a result of public awareness and mounting pressure on the government, which has resulted in discussions, conferences, and seminars at the national and international levels.

**CHAPTER FIVE**

**SUMMARY OF FINDINGS, RECOMMENDATIONS**

**5.1 Summary of Findings**

**Table. 7**

<b>Hypotheses</b>	<b>SPDC</b> (Egbeme community)		<b>CNL</b> (Ogu community)	
	Decision			
H <sub>01</sub>	<i>p</i> = 0.691 (Accept)	Performance of CSR does not significantly reduce external conflicts.	<i>p</i> = 0.600 (Accept)	Performance of CSR does not significantly reduce external conflicts.
H <sub>02</sub>	<i>p</i> = 0.210 (Accept)	Current CSR performance is not adequate or sufficient for the host community.	<i>p</i> = 0.473 (Accept)	Current CSR performance is not adequate or sufficient for the host community
H <sub>03</sub>	<i>p</i> = 0.104 (Accept)	Non performance of CSR has negative impact on SPDC operation.	<i>p</i> = 0.351 (Accept)	Non performance of CSR has negative impact on CNL operation.

The relationship between business organizations and their host communities has been significantly influenced by Corporate Social Responsibility (CSR) performance. In the past, businesses focused solely on making profits and viewed spending on social responsibilities as an unnecessary expense that reduced their profits. However, due to the current global concern about environmental pollution and the need for reconstruction and compensation, companies, including SPDC and CNL, have gradually started allocating budgets for social development. To assess the CSR performance of SPDC and CNL, certain research questions were proposed

to guide the research. Three null hypotheses were also formulated. These research hypotheses were later tested using a chi-square test to ascertain the correctness of analyses. Findings indicated an acceptance of the null hypotheses. These statistical findings were corroborated by personal interviews and responses from questionnaires shared.

Analysis shows that the operations of SPDC and CNL in the host communities have caused significant harm, including environmental damage and pollution, disruption of economic activities, and negative effects on the social and political environment of the people. It is commendable that CNL has acknowledged these issues and is taking steps to address them through development projects such as land reclamation, building and equipping a cottage hospital, and providing electricity and piped water.

However, it is important to note that compensation for the negative impacts of SPDC and CNL's operations should not be limited to these development projects alone. It is also important for SPDC and CNL to engage in ongoing dialogue and consultation with the affected communities to ensure that their concerns are addressed and that they are involved in the decision-making process regarding the company's operations in their area. Additionally, SPDC and CNL should take steps to mitigate the environmental damage caused by their operations and ensure that they are operating in compliance with environmental regulations and standards.

Evidence from the study shows that: -

- a) SPDC and CNL are not socially responsive enough to their host community.
- b) Conflicts will be better reduced by performance of social responsibility projects.
- c) Current SPDC AND CNL projects need improvement.

## **5.2 Recommendations**

Without a doubt, the topic of CSR performance is current on a global scale. The issue has also dramatically changed in both scope and dimension. Investigations revealed that due to the poor execution of social responsibility projects, industrial conflicts between SPDC/CNL and host communities had not significantly decreased. As a result, numerous actions must be taken to create an environment that is supportive of SPDC/CNL operations.

Consequently, the following recommendations are made for implementation by all parties in order to ensure a properly articulated performance of Chevron Nigeria Limited's CSR.

### **(a) Economic Empowerment**

The following should be included in SPDC and CNL's social responsibility performance because their operations in Ogu communities have distorted the economic lives of the people through pollution (water, noise, air, and land), which will significantly lower conflicts.

#### **(i) Direct Employment**

As a matter of deliberate corporate policy, SPDC and CNL ought to hire some locals as members of their permanent staff. It is time to stop using the worn-out ruse of no vacancies or non-preferential treatment of host communities. In addition to empowering them economically, the employment of young people will give the community a sense of community and will have a positive effect on vandalism and trouble-making.

(ii) In light of the level of pollution in the region and the disruption to the people's economic lives, SPDC and CNL should include the provision of additional fishing gear and other inputs to the fishermen and women as part of their social responsibility performance. They will feel better as a result of this.

### **(a) Development Projects**

According to research findings, one of the reasons for the frequent conflicts between SPDC/CNL and its host community is the company's lack of sensitivity and disregard for the community's priority needs.

One of the current priority projects requested by both the host communities is the canalization of their narrow and meandering creeks and dredging of the shallow creeks to enable boats to always move. This will apart from reducing the long distance, also help to reduce accidents in the area.

Also regarded as important is the issue of secondary school building complex and the post office and also to include requests of the host communities in their plans. This will meet the demands of the people and increase trust.

### **(c) Manpower Development**

The development of any nation is primarily dependent on its human capital. Management experts assert that labor is the most crucial factor of production since it is through human effort that the other factors of production are transformed into goods and services. Therefore, a decline in human capital can impede the progress and advancement of a society. In this regard therefore, Shell Petroleum Development Company Limited and Chevron Nigeria Limited should increase the number of secondary and graduate scholarships. In addition, the scholarship should be

extended to the post-graduate level. This will endear the companies to host communities and also help to build up human capital.

#### **(d) Legislation for Corporate Social Responsibility Performance**

Legislation mandating that businesses, particularly those in the oil sector, set aside money in their annual budgets for community development initiatives is one way to make sure that they uphold their social obligations. The payment of pollution taxes and other pertinent matters should be included in this. Such a law would make it mandatory for companies to address their social responsibilities rather than allowing them to neglect or deceive compensation efforts in their operating regions. As a guide for improving the effectiveness of CSR initiatives within the Nigerian oil and gas sector, this study offers a list of recommendations. The recommendations cover a variety of tactics, including enhancing community engagement procedures, performing needs analyses, designing extensive and integrated CSR programs, forming partnerships, establishing efficient conflict management mechanisms, and offering support for capacity-building to host communities.

#### **(e) Awareness**

The lack of clear and accurate information has been identified as a contributing factor to the conflicts between oil companies and their host communities. This has resulted in the distortion and suppression of important information, leading to misunderstandings and tensions. Furthermore, the growing awareness among host communities and the global community about environmental issues has created a demand for compensation for damages caused by pollution.

To address this situation, it is necessary to conduct frequent and thorough public education campaigns, especially in the areas where these oil companies operate.

## **CHAPTER SIX**

### **6 CONCLUSION**

From this above research analysis, the research found that the performance of CSR by SPDC and CNL did not significantly reduce external conflicts in the host communities. Additionally, the current CSR performance was not adequate or sufficient for the host community, and the non-performance of CSR had a negative impact on the company's operation with conflicts often result in loss of lives and damage to equipment.

As noted earlier by Carroll (1991), CSR should involve meeting the economic, legal, ethical, and philanthropic responsibilities of a company to its stakeholders Evidence shows that the company is not investing enough in development projects in the region and failure of corporations to fulfill their social responsibilities is responsible for more than 70% of the conflicts between companies and their host communities.

Therefore, SPDC and CNL must focus on developing CSR strategies that go beyond philanthropic gestures and instead address the core issues affecting the host communities. This approach will require SPDC and CNL to engage in genuine dialogue with the host communities, identify their needs and concerns, and develop sustainable CSR programs that align with their priorities.

Overall, the study's findings provide valuable insights for companies operating in Nigeria and other developing countries where CSR is increasingly becoming a key business imperative. Companies must recognize that effective CSR practices are essential not only for their reputation and social license to operate but also for creating shared value for all stakeholders. These findings highlight the importance of company's commitment to effective CSR practices that are tailored to the needs of the host communities in which they operate.

A shift in the approach to CSR programs in the Nigerian oil and gas industry is necessary, with a focus on meeting the needs and priorities of the host communities, fostering stronger relationships, and promoting sustainable community development. The recommendations presented in this study are key to achieving this goal and are relevant to all companies in the industry, not just SPDC and CNL. By implementing these recommendations, companies can improve the effectiveness of their CSR programs and contribute to sustainable community development in Nigeria.

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