

2020

## Corporate Social Responsibility and Organizational Performance of Oil Companies in Southern Nigeria

Poweri Martin Daubry  
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# Walden University

College of Management and Technology

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Powei Martin Daubry

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2020

Abstract

Corporate Social Responsibility and Organizational Performance of Oil Companies in  
Southern Nigeria

by

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MBA, Federal University of Technology, Owerri, 2004

BS, University of Port Harcourt, 1996

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

Walden University

February 2020

## Abstract

In this study, the relationship between corporate social responsibility (CSR) activities and organizational performance (OP) of international oil companies (IOCs) operating within the Niger Delta Region of Nigeria was investigated. Grounded on the stakeholder theory, the problem being investigated involved the extent to which dimensions of CSR in terms of centrality, visibility, and voluntary contributions impact measures of OP (relational capital and employees' commitment) specifically within the oil industry in Nigeria. Data for the study were obtained through a quantitative survey instrument from a sample of a population of individuals (N=270) living in host communities who are impacted by IOC activities in Rivers, Delta, and Bayelsa States. The results of the multiple regression analysis indicated a predictive model  $F(1, 268) = 774, p < 0.05$ , and  $R^2 = .742$ , which indicated that CSR was positively and significantly correlated with OP. In addition, centrality and voluntary contributions significantly affected OP. Also, centrality and voluntary contributions significantly correlated with employees' commitment while only voluntary contributions significantly correlated with relational capital. The results of the study corroborated the need for CSR practitioners in the oil industry within the Niger Delta to operate in a socially responsible manner. The implications for positive social change include the potential for policy makers to use the findings to create mutually beneficial relationships that could contribute to resolving persistent adverse issues involving oil exploration and production in the Niger Delta Region by improving the socioeconomic dynamics of the host population, not only in the region, but also throughout Nigeria and similar countries.

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## Dedication

This study is dedicated to Z, my Spiritual Guide who inspired me to undertake this journey. He has always been by my side.

## Acknowledgements

I wish to sincerely express my sincere appreciation to all those who have contributed immensely to the quality and completion of this study. My special gratitude goes to Dr. Anthony J. Lolas, my chair for his able mentorship, support, and supervision throughout the conception, execution, and completion of this study. I will also love to extend my gratitude to Dr. Javier Fadul, my SCM for his encouragement and guidance in making this study a reality. I also wish to express my special thanks to Dr. Raghu Korrapati for his contributions towards the completion of this study.

My special love and thanks go my family beginning with my wife, Victoria, my two sons, Ebizimoh and Ebipamini for their sacrifices throughout the duration of this study. Let me also acknowledge my extended family, my pets, BJ, Dandy, and Lisa who usually stay with me through all the sleepless nights I have been through while writing many pages in this study. I remain very grateful indeed.

My special thanks also go to my colleagues in the office, Godwin Ikwue, Wole Ogunlana, Uche Egunatum, and Andy Ejeneha who supported me financially and through personal efforts in completing this study. I am forever grateful to all those at whatever organization and to everyone else I did not mention, but contributed in some fashion to the successful completion of this dissertation.

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## Chapter 1: Introduction to the Study

Corporate social responsibility (CSR) involves the responsibilities a business organization is expected to carry out to improve its organizational reputation and performance (Malik, Ali, & Ishfaq, 2015; Liang & Renneboog, 2016). Although CSR activities may not be linked directly to financial performance of business organizations, they have been found to be linked critically with strategic outcomes of organizations that eventually enhance firms' reputations and organizational performance (Kurniawan & Wibowo, 2017; Putrevu, McGuire, Siegel, & Smith, 2012). The implementation of CSR by socially conscious leadership has been linked to the creation of value for society. This can be achieved through fair treatment of employees, building their capacity to enhance the commitment level of existing customers, and the attraction of motivated potential investors. These have been known to lead to improved organizational commitment, and ultimately organizational performance (Ali, 2014; Kurniawan & Wibowo, 2017; Malik, Ali, & Ishfaq, 2015).

### **Background of the Study**

Oil exploration and production is a profitable business in the Niger Delta Region of Southern Nigeria. This began in 1958 when international oil companies (IOCs) in partnership with the Nigerian government under British colonial rule started prospecting for hydrocarbons within this region. Among the first to begin this oil exploration and extraction in Nigeria was the Shell Petroleum Development Company of Nigeria Limited. As the largest oil and gas production company in Nigeria, Shell, as it was popularly

known and referred to in the Niger Delta Region, initiated oil exploration after it was granted an oil exploration license in 1958 (Aaron & Patrick, 2013). In 1958, the company discovered its first commercial oilfield in Oloibiri in the Niger Delta Region which led to the first oil export from Nigeria to other countries.

Shell went into a joint operating agreement with the Federal Government of Nigeria in 1973 after the government acquired 35% of the shares of the company. This led to Shell expanding its operation to more than 20,000 square kilometers across the Niger Delta with footprints on land, as well as other exploratory activities in swamps and shallow waters. The operation of the company then included a network of over 6000 kilometers of flow lines and pipelines, and more than 50 producing oilfields with multiple oil wells, flow stations, and gas plants (Aaron & Patrick, 2013). The profitable ventures of the company attracted other IOCs such as Agip, Texaco, Mobil, and other oil servicing companies that provided ancillary services to these oil giants. Most operated under a similar joint agreement with the Federal Government of Nigeria and as such had legal backing to operate across the Niger Delta Region. The expansion of the oil exploration business led to a tremendous increase in activities of IOCs and a scramble for land and oil blocks that saw their operations impacting the lives of inhabitants of IOCs host communities and other stakeholders residing within the Niger Delta (Aaron & Patrick, 2013; Nwagbara & Brown, 2014).

These explorations and the production of oil activities have led to imbalances both in the lives of the inhabitants of this region and the environments in which they live.

Apart from the installation of oil-producing facilities and attendant environmental degradation, the livelihoods of the people of this region have been impacted, mostly negatively, due to neglect in infrastructural development by both the government and IOCs. This neglect has resulted in a series of conflicts within this region that also have impacted the activities of IOCs and part of government revenue due to disruptions of the activities of the IOCs and the nonimplementation of CSR activities in the region (Aaron & Patrick, 2013; Nwagbara & Brown, 2014).

### **Problem Statement**

Gazzola (2012) and Liang and Renneboog (2016) indicated that business organizations are reluctant to implement CSR activities in various organizational settings. This was due largely to the notion that most organizations were not compelled legally to disclose the cost of the negative impact of their operations on the environment in their host communities and societies, and at the same time, there does not appear to be a direct link between CSR implementation and OP (Gazzola, 2012; Kurniawan & Wibowo, 2017). The general problem was that IOCs who ignored their CSR in the Niger Delta Region declared huge profits yearly without consideration to the damage they caused to the environment and the conflicts generated by their production activities. Numerous conflicts exist within the Niger Delta that are linked to the vandalization of oil exploration equipment and pipelines resulting in billions of US dollars lost annually (Aaron & Patrick, 2013). These conflicts can be defined as serious disagreements between IOCs and their host communities over business relationships, employments,

business interests, and production-related benefits which the host communities believe should accrue to them (Aaron & Patrick, 2013). Since the benefits of CSR have been identified and found to be critical to organizational reputation and performance, more businesses should implement CSR to fulfill their ethical and social responsibilities and at the same time improve their performances (Santoso & Feliana, 2014). Therefore, the specific problem was the reluctance of IOCs to implement CSR activities that might improve the lives of the inhabitants of oil producing communities and also reduce the negative consequences of environmental damage and conflicts in the Niger Delta Region of Nigeria.

### **Purpose of the Study**

The purpose of this quantitative study was to investigate the relationship between CSR and OP of IOCs operating within the Niger Delta Region of Nigeria that might lead to fewer conflicts and improve the lives of the inhabitants of host communities. The dimensions of CSR activities that were investigated included centrality (CE), visibility (VS), and voluntary contributions (VCs), while measures of OP investigated were relational capital (RC) and employees' commitment (EC). These variables have been found to be critical in assessing the performance of an organization. Through this study, I intended to determine if the benefits derivable from IOC CSR activities could lead to mutually beneficial relationships between IOCs and host communities and eventually contribute towards finding a solution to the persistent problem of conflicts between IOCs and host communities in the Niger Delta Region of

Nigeria, improve the lives of the inhabitants of host communities, enhance organizational performance, and also create positive social change by improving relationships between IOCs and their host communities.

### **Research Questions**

The central research question in this quantitative study was:

*RQ1:* What is the extent to which CSR activities impact OP specifically within the oil industry in the Niger Delta Region of Nigeria?

The subquestions were:

*SQ1:* Is there a significant relationship relationship between CSR and OP?

*H<sub>01</sub>:* There is no significant relationship between CSR and OP.

*H<sub>a1</sub>:* There is a significant relationship between CSR and OP.

*SQ2:* Is there a significant relationship between VCs from corporate organizations and OP?

*H<sub>02</sub>:* There is no significant relationship between VCs by corporate organizations and OP.

*H<sub>a2</sub>:* There is a significant relationship between VCs by corporate organizations and OP.

*SQ3:* Is there a significant relationship between VS and OP?

*H<sub>03</sub>:* There is no significant relationship between VS and OP.

*H<sub>a3</sub>:* There is a significant relationship between VS and OP.

*SQ4:* Is there a significant relationship between CE and EC?

*H<sub>04</sub>*: There is no significant relationship between CE and EC.

*H<sub>a4</sub>*: There is a significant relationship between CE and EC.

*SQ5*: Is there a significant relationship between VCs and RC?

*H<sub>05</sub>*: There is no significant relationship between VCs and RC.

*H<sub>a5</sub>*: There is a significant relationship between VCs and RC.

*SQ6*: Is there a significant relationship between VS and RC?

*H<sub>06</sub>*: There is no significant relationship between VS and RC.

*H<sub>a6</sub>*: There is a significant relationship between VS and RC.

### **Theoretical Foundation: CSR and Stakeholders Theory**

Managing stakeholders' priorities has always been an important aspect of CSR. Other relevant stakeholders include customers, employees, community, competitors, suppliers, social activists, media, and society (Arevalo & Aravind, 2017; Attig & Brockman, 2017). Stakeholder theory reflects and directs how managers operate rather than focusing on economic values of the organization (Ganescu & Gangone, 2017). This theory defines the central purpose of the firm as making profit through establishing meaningful relationships and articulates how managers intend to conduct their businesses and the relationships they need to achieve such goals (Berman & Johnson-Cramer, 2016; Kreng & Huang, 2011). The core of stakeholder theory involves the ability of the organization to create value through sustainable relationships. Economic value is created when individuals come together voluntarily to improve the performance of others. Consequently, managers need to develop relationships, recognize and inspire

stakeholders, and create a community of mutually beneficial relationships that lead to a mutually beneficial situation (Ghosh, 2017). Therefore, the stakeholder theory suggests that whatever the goal of the organization may be, managers must recognize the legitimate interests of those groups, individuals, communities, and society that are impacted by their activities (Carroll, 1991; Kreng & Huang, 2011; Liang & Renneboog, 2016). Thus, creating value for shareholders is considered important but so is creating products that customers are willing to buy, offering jobs that employees are willing to take, building relationships that help sustain the organization, and being good corporate citizens (Diemont, Moore, & Soppie, 2016; Lee, 2017).

Although the parameters to measure social performance or CSR may not be easily recognizable, CSR activities can create strategic values for organizations and shareholders (Doane, 2005; Kraft & Lang, 2016; Liang & Renneboog, 2016; Santoso & Feliana, 2014). CSR may entail short term costs but also have long term benefits for organizations (Alli, 2014; Santoso & Feliana, 2014). Consequently, CSR is integrated with the strategic goals of the organization to help achieve organizational performance (Seabrook & Young, 2016; Yu & Chen, 2016). Since value creation is viewed critically as one of the main strategic objectives of most organizations, CSR is considered critical to strategic CSR based on CE, VS, and VCs (Santoso & Feliana, 2014; Liang & Renneboog, 2016).

In developed and developing countries, business organizations perform the role of growth engines trying to improve their country's economy (Shen & Benson, 2016; Zeb &

Yasmin, 2016). Their activities have been known to impact the lives of their employees, the environment, and other stakeholders within the vicinity of where they operate (Arnold, 2016; Jung & Kim, 2016; Meynhardt & Gomez, 2016). Because of the importance of OP, stakeholder's attention regarding this aspect of business has grown since 2010 because of factors such as climate change, trade liberalization, and globalization of the business landscape across continents. Thus, OP is continuously being studied and measured by scholars and business practitioners to determine how the operations of organizations help to fulfill the goals and objectives of their shareholders and stakeholders (Bejou, 2016; Deer & Zaresky, 2017).

Although the performances of organizations can be measured both objectively (financial performances through return on investment and return on assets) and subjectively (through RC, EC, and customer retention). The lack of research in this area points to a knowledge gap especially in the Niger Delta Region of Nigeria where various stakeholders affect the performances of IOCs with work disruptions and operational shutdowns. To contribute to the body of knowledge regarding CSR, the objective of this study was to examine the relationship between CSR and OP that could lead to the reduction of conflicts between IOCs and host communities and improve the lives of the inhabitants of host communities in the Niger Delta Region. This examination was done by investigating the relationship between the dimensions of CSR and measures of OP to determine if this relationship could be significant enough to influence positive



relationships. The dimensions of CSR studied were CE, VCs, and VS while the measures of OP were RC and EC.

The goal of this study was to evaluate the impact of CSR and its dimensions on OP that might lead managers of IOCs to be more socially responsible, especially in terms of reducing conflicts between IOCs and host communities, and safeguarding the environment. When these dimensions are synchronized in terms of leadership regarding the activities of the organization, they could lead to value creation and ultimately improved OP.

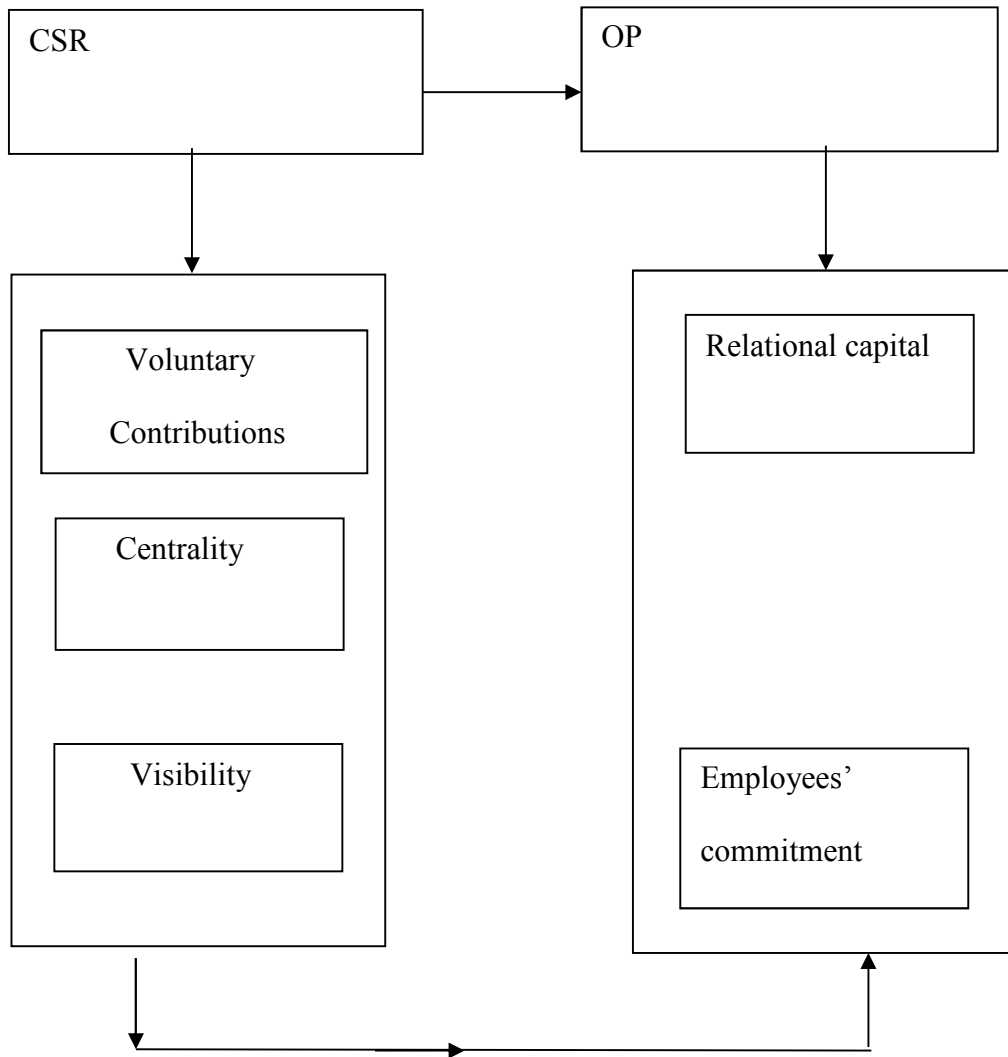


Figure 1. Relationship between CSR, OP and their subvariables

### **Nature of the Study**

This research involved exploring the relationship between the dimensions of CSR and measures of OP in a study that was conducted on IOCs operating within the Niger Delta. The Niger Delta is made up of three key states where oil exploration and production are highest. These states are Delta, Bayelsa, and Rivers.

This study involved the quantitative methodology since the objective was to determine the extent of the relationship between the dimensions of the independent variable (CE, VS, and VCs) and measures of the dependent variable (RC and EC). The research design was quasiexperimental (cross-sectional survey), while the instrument used in the collection and collation of data was the research questionnaire which was developed from the research questions. The population studied was community representatives and adults between 18 and 70 years of age including women, men, elders, and chiefs residing in host communities within the Niger Delta Region. Employees, community representatives, and individuals impacted by oil exploration in host communities also constituted part of the population from which a sample was drawn. Inferences from this sample were then generalized to the population.

### **Definitions**

*Centrality (CE)*: This term in this study refers to how important CSR activities are central to the vision and policies of the IOCs. It denotes the significance a business organization places on the implementation of its CSR goals. It recognizes also, how a firm values its internal and external stakeholders.

*Corporate social responsibility (CSR)*: These are activities business organizations undertake to enhance their reputation with their stakeholders and subsequently, improve their organizational performance. These activities could be economic, ethical, legal, and philanthropic. These activities are carried out in partnership with relevant stakeholders within the area of the firm's business operation.

*Employees' commitment (EC)*: This is defined as the motivation and commitment derived from employees of a firm based on the way the firm interacts with its customers, stakeholders, and the public. This interaction is usually defined by the values of the organization which is perceived by its employees when the organization interacts with its stakeholders. This positive perception translates into increased productivity and consequently improved performance in the workforce.

*Organizational performance (OP)*: In this study, OP is defined as the benefits a business organization derives from its investments. This benefits could either be measured in terms of financial or non financial benefits. In this study, OP was limited to the nonfinancial aspects which includes RC and EC.

*Positive social change*: In this study, positive social change refers to those changes in the socioeconomic lives of inhabitants of host communities who are impacted by the activities of IOCs operating in this region. These changes also include mutually beneficial business relationships between IOCs and host communities. These positive changes will be made visible in terms of human capital development, economic

empowerment, social infrastructure, health, and general reduction of conflicts being experienced in this region.

*Relational capital (RC)*: This defines the social capital that could be generated by a firm in its relationship with its stakeholders and society where it operates. These are benefits derived from a firm's recognition and positive interaction with a firm's internal and external stakeholders who contribute to its brand acceptance. This recognition and acceptance by its stakeholders could generate goodwill and eventually contribute to its profit margin.

*Visibility (VS)*: This is denoted by activities or projects undertaken by IOCs to deliberately promote their brand in the perception of their stakeholders. A strategy where IOCs position their brand in host communities and society where they operate to create value and be associated with good deeds. These are activities that are intangible but contribute to the profit goal of the organization.

*Voluntary contribution (VC)*: Contributions made by IOCs voluntarily to host communities and societies as enablers for socioeconomic development. This contribution could be in areas of economic empowerment, health, human capital development, and social infrastructure related activities. Although these contributions by IOCs may be voluntary they are usually regarded as investments in social capital.

### **Assumptions**

Assumptions are beliefs that are held to be true without any evidence for a specific purpose or in a research (Vogt & Johnson, 2015). I assumed that survey

respondents would respond to my questionnaires truthfully and without bias based on their personal perceptions of the activities of IOCs. Thus, it was expected that their responses would be devoid of internal politics, inherent beliefs, and favoritism. It was also assumed that the respondents had sufficient knowledge of IOC activities within their impacted areas of operation and, as such, they would be able to respond to information required about IOCs.

### **Scope and Delimitations**

Delimitations in a study are the parameters a researcher intentionally sets at the beginning of a study to define its scope and conditions (Bloomberg & Volpe, 2015). This research was focused on three main aspects of CSR, specifically CE, VS, and VCs, as they related to IOC CSR implementation in the Niger Delta Region. OP was also limited to nonfinancial performance (RC and EC) of IOCs operating in the Niger Delta Region. The information on IOCs are limited only to those published by IOCs and in bulletins from 2014 to 2017. This study was limited to activities of selected IOCs who operated in this region within the period stipulated.

The assumptions in this study included the selection of relatively large and influential IOCs who have a much bigger overall social impact than the smaller companies in this region. This assumption was based first on IOC workforce who have more than 2,000 employees compared to the smaller service companies who have fewer than 20 employees. Secondly, selected companies were representations of IOCs in the oil industry. Thirdly, the information that was used in this study reflected companies' ethical

and social behavior and actions. This assumption was necessary because IOCs were believed to have and follow ethical procedures expected in their interactions with stakeholders in host communities in line with standards obtainable internationally.

It is also worthy to note that this study was dependent on the perceptions of respondents which were measured at a point in time and not measured over a longer period. Conducting this study in host communities in three states within the Niger Delta was also a delimitation since these host communities were located in different parts of southern Nigeria. The analysis of this study was based on responses captured from the research questionnaire during a 2 month period in 2019 in Bayelsa, Delta and Rivers States in the Niger Delta.

### **Limitations**

Limitations are extraneous variables that cannot be completely controlled by the researcher but may affect the results or outcomes of the research (Baridam, 2001; Bloomberg & Volpe, 2015). A major limitation in this study involved the population from which I drew the sample which may not reflect the true perception of the inhabitants of host communities. This population consisted of community representatives (youths, elders, women, and men) residing in host communities where IOCs operate from, employees of IOCs, customers, and suppliers of IOCs. The availability and accuracy of information for use in the methodology could be a limitation as information was provided only through the responses of host community representatives, managers, and employees

of IOCs and this information could be subjective and biased. I mitigated these by verifying such information from published articles.

### **Significance of the Study**

#### **Significance to Theory**

Although many studies have been conducted on the relationship between CSR and OP, these studies did not focus on nonfinancial aspects of OP especially within the volatile Niger Delta Region. As such, a gap in research existed within the academia in Nigeria regarding the impact of CSR on nonfinancial aspects of OP which were RC and EC. This study could be useful for stakeholders in academia and other social entrepreneurs in the oil extraction industry especially in the Niger Delta Region since the study was focused on the activities of these oil producing companies in this environment in relation to the persistent conflict being experienced within this region. It also could lead to useful information on the socioeconomic dynamics of this region.

#### **Significance to Practice**

The results of this study could add to the existing body of knowledge regarding social performance activities of corporate organizations as well as provide information about how they can improve their corporate relationship within the societies or communities where they operate. The results could provide a platform for mutually beneficial relationships between IOCs and their host communities impacted by their operations. It also could lead to potential benefits that are derivable from cultivating a culture of CSR and coworking with inhabitants of host communities where IOCs operate.



Such relationships could lead eventually to relationships that could reduce environmental damage and conflicts, and result in positive social outcomes and change in the lives and economies of the inhabitants of host communities in the Niger Delta Region.

### **Significance to Positive Social Change**

In this study, positive social change refers to those positive changes in the socioeconomic lives of inhabitants of host communities who were impacted by the activities of IOCs operating in this region. These positive changes could be made visible in terms of human capital development, economic empowerment, social infrastructure, improved society health. These changes also could lead to a reduction in conflicts being experienced in this region between host communities and IOCs.

The main objective of this study was to create positive social change by reducing conflicts between IOCs and their host communities, providing a solution to an existing problem between IOCs and their host communities in the Niger Delta Region and subsequently improving the performances of these organizations and the revenue of the Nigerian federal government.. This study could provide an opportunity for IOCs and governments in this region to rediscover ways of improving their relationships with their host communities and thereby reduce numerous conflicts linked to vandalization of pipelines, oil exploration and production equipments and disruption of production activities by inhabitants of host communities (Aaron & Patrick, 2013). This could directly improve the livelihoods of the host communities and individuals residing within this region.

### **Summary and Transition**

The objective of this study was to investigate the relationship between CSR and OP in terms of activities of IOCs operating within the Niger Delta Region of Southern Nigeria that could lead to reduced conflicts and improve the lives of inhabitants of this area. These conflicts can be traced to serious disagreements between IOCs and host communities over business relationships, employment opportunities, and business interests which host communities believed should accrue to them (Aaron & Patrick, 2013). CSR subvariables investigated were CE, VS, and VCs and the subvariables of OP examined were RC and EC. These dimensions and measures could determine if there exists a positive relationship between CSR and OP. The study could provide a platform for positive social change and serve as a basis for creating relationships between IOCs and their relevant stakeholders, especially host communities which could contribute possibly to lasting solutions to the conflicts being experienced in the Niger Delta Region.

## Chapter 2: Literature Review

Despite the benefits that are realizable by a business firm, organizations were reluctant to implement CSR in various organizational settings including production, manufacturing, and marketing. (Gazzola, 2012; Liang & Renneboog, 2016). This was largely due to the notion that most profit-making organizations were not compelled legally to disclose the cost of the negative impact of their operations on the environment in their host communities and societies, and at the same time, there did not appear to be a connection between CSR implementation and OP (Gazzola, 2012; Kurniawan & Wibowo, 2017). The general problem was that organizations who ignored their CSR activities declared huge profits yearly without consideration to the damage they caused to the environment and the conflicts generated by their production activities. Since the benefits of CSR have been identified and found to be critical to OP, more businesses should implement CSR to fulfill their ethical and social responsibilities and at the same time improve their performances (Santoso & Feliana, 2014). Therefore, the goal was to determine what can be done to overcome the reluctance of IOCs to implement CSR activities that might improve the lives of the inhabitants of host communities and also reduce the negative consequences of conflicts in the Niger Delta Region.

The goal of this study was to weigh the impact of CSR and its dimensions on OP and its measures that might lead managers to be more socially responsible, especially in terms of reducing conflicts in the Niger Delta Region and safeguarding the environment. Dimensions of CSR studied were CE, VS, and VCs while measures of OP were RC and

EC. These variables have been found to be critical in assessing the performance of an organization (Santoso & Feliana, 2014). Through this study, I intended to contribute towards finding a solution to the protracted conflicts of work stoppages, production disruption, and deferments in the Niger Delta Region through the implementation of CSR programs and IOC activities, and eventually create positive social change in the lives and economies of the inhabitants of host communities through the cultivation of mutually beneficial relationships between IOCs and their host communities.

### **Literature Search Strategy**

In the course of this research, various databases and search engines were accessed with the objective of finding comprehensive information regarding the topic of investigation. CSR as a globally accepted concept was relatively new compared with other areas in management and psychology which originated from the industrial revolutionary period. Although CSR literature by scholars and practitioners began in 1970, CSR was still being regarded as a relatively new concept in the developing world like Nigeria. This has led to shortcomings in literature and practices dealing with the subject matter of the study within the period of conducting this research. To mitigate against this shortcoming in available literature, a twofold strategy was employed. The first strategy was to search scholarly articles and peer-reviewed journals for articles dealing with theoretical aspects of CSR and stakeholder theory and practice. The second strategy was to narrow the search to articles written by scholars at the local level in the Niger Delta Region. Although scholarly articles regarding the subject matter were few, it

was still possible to obtain relevant information from the few published articles on CSR implementation and practice in Nigeria. The main challenge (of non-disclosure by IOCs) was obtaining current information from IOCs who were not compelled by law to make public disclosures. I mitigated this challenge by sourcing relevant information from company web sites, publications, and information obtained from corporate reports.

Among the databases accessed were ABI/INFORM which offers more than 2000 full text resources including peer-reviewed journals, business publications, news and reports. Academic Search Complete also was accessed. This database offers multidisciplinary collection of peer-reviewed journals, conference papers, newspaper information, and magazines. Other databases accessed included Saje Journals, Business Source Complete, and Google Scholar. These databases offer business information, journal articles, and information on management, psychology and general education.

The scope of the literature review covered CSR, its origin, brief history, early management discourse, and practices both in the developed world and the continents of Asia and Africa. This study also covered dimensions of CSR (CE, VS, and VCs) and measures of OP (RC and EC).

### **Theoretical Foundation: CSR and Stakeholders Theory**

Stakeholder theory evolved from organizations depending on both internal and external human resources that influenced their ability to deliver on the objectives and goals of their shareholders and themselves. The term stakeholder refers to individuals who have the power to influence and dictate the fortunes of an organization either

positively or negatively (Avci, Ring, & Mitchelli, 2015; Manasakis, Mitrokostas, & Petrakis, 2017).

Wicks et al. (1994) indicated that stakeholders are individuals or groups who have relationships that add value and purpose to the organization. These groups include customers, employees, government, shareholders, suppliers, host communities, and environmentalists (Avci et al., 2015; Berlan, 2016). Mitchell, Agle, and Wood (1997) approached the concept of stakeholders from the perspective of identification of those individuals or groups who impacted the operations of the organization and had the power to influence its successes or failures. In this study, a stakeholder is an individual who is impacted by the activities of IOCs in the Niger Delta Region. Stakeholders also include individuals or groups who have the ability to impact the activities of IOCs operating in the Niger Delta positively or negatively.

The relationship between business organizations and those impacted by their activities are governed by power dynamics and the legitimacy of the interaction between the business and its internal and external stakeholders. (Avci et al., 2015). When stakeholders are dominant in this relationship, the organization is bound to depend on them. When the organization is dominant in this relationship, then stakeholders depend more on the organization for their survival (Avci et al., 2015; Manasakis et al., 2017). When both stakeholders and the organization are mutually dependent on each other, such relationships lead to mutually beneficial situations that could lead to beneficial relationships and subsequently lead to positive social change.

Other theories that evolved from the stakeholder theory are drawn from concepts such as agency, behavioral, institutional, population ecology, resource dependence, and transaction cost (Avci et al., 2015). Agency theory defined the ability of the administrators and managers of organizations to control the behavior of employees or representatives to fulfill the goals of the organization (Avci et al., 2015). Resource dependence theory suggests the ability of the organization to identify the resources of its stakeholders and how such resources could influence the fortunes of the organization (Avci et al., 2015; Manasakis et al., 2017). Transaction cost theory defined how external stakeholders who participate in the organization's operation minimally could increase transactional costs of the organization that could justify their absorption into the organization (Ramus & Vaccaro, 2017).

Since managing stakeholders has always been a critical aspect of CSR, organizations need to identify individuals or groups who possess the power and legitimacy to influence the operations of the organization either positively or negatively. Aguinis and Glavas (2012) said stakeholders were known to pressurize organizations to implement CSR through three main motives: instrumental (usually driven by self-interest), relational (based on social groups and relationships), and moral (based on ethics and natural moral principles). Stakeholder theory therefore, helps managers and business practitioners to focus on how they operate and evaluate the impact of their operations on the environment rather than considering only economic values (Kreng & Huang, 2011; Manasakis et al., 2017).

## **CSR and OP**

The impact and relevance of CSR have been attested to by many business scholars and CSR practitioners due to the increasing demands by various stakeholders for more transparency and accountability by many firms on how their operations impact their external stakeholders and the environment (Kurniawan & Wibowo, 2017). CSR was considered as one of the main aspects of good corporate governance and this has resulted in CSR being recognized as a critical aspect of doing business all over the world today. ISO 26000 defined CSR as the legitimate responsibility of the organization for the impact of its operations and decisions on the society through clear and ethical organizational behaviors that contribute to sustainable development (Lamarche & Bodet, 2016; Wang, Feng, & Lawton, 2017). These activities include the welfare of its employees and the well-being of its stakeholders both external and internal, that are universally known to be consistent with existing norms and practices of sustainable development (Geiger & Cuzzocrea, 2017; Orlitzky, Louche, Gond, & Chapple, 2017).

The importance of CSR has driven many studies across the globe in showing relationships between CSR and OP (Gherghina & Vintila, 2016; Lin, Banik, & Yi, 2016). While some of these studies concluded that there was a relationship between CSR and OP, Yaparto, Frisko, and Eriandani (2013) noted that other equally reputable scholars concluded that the relationship between CSR and OP was not significant. In another study conducted by Gorg, Hanley, Hoffman, and Seric (2016) on more than 2000 foreign



owned companies in 19 Sub-Saharan African countries, they found that CSR influenced the corporate activities of these organizations.

Several approaches to the study of CSR by scholars were reviewed by Aguinis and Glavas (2012) in a study of 588 journal articles and 102 books and chapters pointing at a multilevel and multidisciplinary theoretical framework for CSR. Through this study, three main approaches to CSR were identified as institutional, organizational, and individual (Aguinis & Glavas, 2012). At the institutional level, different reasons were identified as affecting a firm's decision to implement CSR activities. Kilic and Kalkan (2017) concluded that irrespective of the motives of stakeholders whether driven by self-interest or environmental concerns, their actions could compel an organization to implement CSR. Regulation, standards, and certification were also identified as institutional forces that also could lead to the implementation of CSR. Customer loyalty and evaluation of products, reputational issues, and institutional-level variables impact CSR outcome relationships (Arora & Soni, 2017; El Moslemany & Etab, 2017; Thuravatikul, Siripokakit, & Yodbutr, 2017).

At the organizational level, scholars generally agreed that firms engage in CSR for profitable reasons such as financial performance, reputation, and ethical reasons based on the values of the organization (Aguinis & Glavas, 2012). Gherghina and Vintila (2016) discovered that a significant relationship exists between CSR implementation and financial outcomes. Non-financial outcomes such as operational efficiency, EC,

attractiveness to investors, and improved management practices were also found to be significantly influenced by CSR practices within organizations (Aguinis & Glavas, 2012).

At the organizational level of analysis, socially responsible organizations have been found to have increased organizational identification, EC and retention, and positive organizational citizen behavior (Aguinis & Glavas, 2012; Bank, 2017). Several motives that influenced CSR engagement were alignment to personal values and individual concerns to issues, improved employee performance, behavior and attitudes, followers' perception of visionary leadership, organizational identity, and organizational pride (Aguinis & Glavas, 2012; Bank, 2017). On the individual level, Bank (2017) suggested that variables such as supervisor's commitments to ethics, individual employee discretion, and equity sensitivity of managers were all outcome of CSR.

The significant relationship between CSR and organizational commitment was demonstrated in a study conducted by Thang and Fassin (2017) where a survey of 256 employees indicated that CSR was positively and significantly related with organizational commitment. Therefore, the intent of this study was to examine the relationship between CSR and OP with a focus on RC and EC which are the non-financial measures of OP.

### **CSR**

CSR has been defined from several perspectives. ISO26000 defined CSR as the responsibility the organization has for the impact of its operations on the society and the environment in which it operates (Kurniawan & Wibowo, 2017). This responsibility could be identified through transparent and ethical behavior that contributes to

sustainable development in areas such as health, human capital development, economic empowerment, recognition of the welfare of various stakeholders, and the development of social infrastructure (Kurniawan & Wibowo, 2017; Onleila & Siltaoja, 2017).

However, the definition of CSR adopted in this study was based on the responsibilities an organization owes its stakeholders and host communities while carrying out its objectives of maximizing business profits and the values of its shareholders. These responsibilities included their obligations to their stakeholders and protecting the environment where they operate. CSR was defined by the World Bank as a term which articulates the responsibilities and obligations of a business organization to its stakeholders while conducting its operations and activities (Doane, 2005; Kurniawan & Wibowo, 2017). A socially responsible company therefore is conscious of the full scope of the impact of its activities on host communities and the environment when making decisions and balancing stakeholders needs and their organizational needs to make a profit (Doane, 2005; Kurniawan & Wibowo, 2017). The European Union also defined CSR as the behavior by business over and above business requirements (Doane, 2005). Carroll (1991) identified these responsibilities as being economic, ethical, legal, and philanthropic. In this study CSR is defined as those activities IOCs embark upon to strengthen their relationship with their host communities that would reduce conflicts, safeguard the environment, and enhance mutually beneficial relationships that would help improve their reputation, RC, business value, and OP.

## **Historical Perspectives**

The evolution of CSR can be traced to the works by Adolf A. Berle and Harvard Professor Merrick Dodd who were among the first individuals to debate CSR in the early 1930s. Dodd's argument was based on the notion that while organizations owed economic responsibilities to their shareholders, managers of these organizations owe social responsibilities to society and other stakeholders simply because organizations were created by law to provide service to society and communities rather than to provide only profits to its owners (Cochran, 2007; Thang & Fassin, 2017). While providing these services, organizations were to balance this goal with that of making profit, creating value, and invariably maximizing the wealth of shareholders. Within the early 1950s and 1960s, the United States witnessed the birth and growth of activists' movements who clamored for ethical responsibilities and pressured companies to respond socially or face negative publicity about their activities and reputation (Hawken, 2007). The modern civil rights movement initiated in the 1930s and 1950s gained momentum in the 1960s through the notable works by Rachael Carson and Ralph Nader who ushered in the era of activist groups and NGOs who highlighted the concerns about businesses and their practices (Hawken, 2007). They focused attention on business practices they considered unethical and irresponsible (Cochran, 2007; Thang & Fassin, 2017). Thus, social responsibility was replaced by corporate social responsiveness.

Through the works by William Frederick , Sethi, and Carroll , the term corporate social performance (CSP) was formally introduced. The term affirmed that organizations

do have ethical obligations and they must also respond pragmatically to social pressures. In 1971, the Committee for Economic Development utilized three concentric circles to depict CSR. While the inner circle denoted the economic responsibilities to shareholders, the intermediate circle suggested the new awareness associated with performing business with changing social values and the outermost circle outlined new emerging social responsibilities of organizations (Carroll, 1999).

### **Components**

The components of CSR with relevance to the organization's responsibilities are those activities the organization performs that qualifies it to be socially responsible. These activities such as VCs to societal projects, have been identified as enhancing the reputation of the organization and also, contributing significantly to its financial performance (Knox & Maklan, 2004; Thang & Fassin, 2017). In a study conducted on six multinational companies who were among the market leaders in their field, the results indicated a strong correlation between CSR and OP (Knox & Maklan, 2004; Thang & Fassin, 2017). The identified components of CSR were economic, ethical, legal, and philanthropic (or discretionary) responsibilities (Carroll, 1999; Meynhardt & Gomez, 2016; Spence, 2016).

**Economic.** These responsibilities included business performance in a manner consistent with maximizing profit, maximizing wealth of shareholders, maintaining a strong competitive position, and maintaining a high level of efficiency. This was the responsibility the business organization owes to its shareholders with special focus on

return on investment (Spence, 2016). This constitutes the primary objective of the business. The responsibility to employees was also integrated into the economic survival of the organization (Spence, 2016). Employees have been found to be critical in the translation of the CSR objectives of the organization to its host communities, stakeholders, and environment (Spence, 2016).

**Ethical.** These responsibilities included business performance being consistent with established societal mores and ethical norms, respect for new and evolving ethical norms adopted by society, ensure that ethical norms were not being compromised by the organization, organizations do what was considered as being ethically and morally right, and adopt standards of ethical and corporate integrity (Spence, 2016). These were the responsibilities the organization owed to the local community. This responsibility included the local community being treated with fairness and respect and in an ethical manner (Spence, 2016).

**Legal.** The business organization was expected to perform its business in accordance with expectations of government and the law. It was also expected to comply with federal, state, and local laws and regulations; be a law-abiding corporate citizen. The business was also expected to produce goods and services that meet minimum legal requirements, and fulfill all legal obligations (Spence, 2016).

**Philanthropic.** These include contributing to philanthropic and societal expectations, assisting fine and performing arts, participating in voluntary and charitable activities of communities impacted by their activities. It also includes assisting public and

private educational institutions, and voluntarily enhancing the community's quality of life. Such responsibilities have been found to promote conducive environment for businesses to thrive (Manasakis, Mitrokostas, & Petrakis, 2017; Spence, 2016).

### **CSR Corporate Goals and Objectives**

Before the advent of CSR, the immediate goal of the business organization was to maximize the wealth of shareholders. But with the growth of activism and consumerism, business organizations could no longer produce in manners and ways that many stakeholders considered unethical and irresponsible (Putrevu, McGuire, Siegel, & Smith, 2012; Thang & Fassin, 2017). Hawken (2007) asserted that between the 1950s and 1970s the number of activists and organizations has more than doubled. This growth has led to tremendous awareness creation that organizations around the world could no longer ignore the media attention and reputational issues attached to unethical practices and irresponsible behavior of organizations. Activists argued that if the objective of the organization was only to maximize the wealth of shareholders, it will not be justifiable to ignore ethical and human activities that were associated with production (Wen, 2016). Experts argued that CSR programs affect stakeholders' cognitive aspirations, which change their behavior towards being sympathetic to organizations' commercial interests (Genedy & Sakr, 2017; Manasakis, Mitrokostas, & Petrakis, 2017; Mohiuddin, 2017). These experts further argued that CSR programs of the organization positively impact the corporate reputation of the organization which leads to increased revenue, reduced risk revenues, reduced risks costs, and general cost reduction in the organizational activities

(Knox & Maklan, 2004; Manasakis, Mitrokostas, & Petrakis, 2017; Spence, 2016). These in turn lead to customer affinity and retention, revenue volatility and growth strategy, employee retention and reduced waste, energy and reduced ecological risks, and lower employee turnover. The goals of CSR have then been found to be consistent with the strategic goals of the organization in the sense that proper management of relevant stakeholders enhances the reputation of the organization and eventually lead to improved financial and OP (Freeman, Wicks, & Parmar, 2004, Spence, 2016).

### **Benefits of CSR**

Although the benefits of CSR may not be tangible, there was undeniable agreement that CSR activities can create strategic values for the organization (Hamilton, 2013; Kim, Kim, & Qian, 2015; Solomon, Bester, & Moll, 2017). Practitioners have agreed that CSR may entail short-term costs but ultimately, the benefits of CSR programs tied to OP cannot be discounted (Kim, Choi, & Atkinson, 2017). Thus, the benefits of CSR were determined using the reputation of the organization in the community or society it operates and the content analysis of corporate reports which was correlated with measures of economic performance (Kurniawan & Wibowo, 2017). Therefore, corporate organizations integrated CSR activities with the strategic goals of the organization to help achieve OP (Ali, Sandhu, Iqbal, & Tufall, 2016; Chewinski, 2016).

Since value creation is viewed critically as one of the main strategic objectives of the organization, CSR was considered critical to the three dimensions of strategic CSR which were investigated in this study. These were CE, VS, and VCs. When these



dimensions are synchronized in the activities of the organization, they could lead to profit maximization, value creation for shareholders, and other relevant stakeholders too (Ghadiri, Gond, & Bres, 2015; Hamilton, 2013).

In the case of the Niger Delta Region, favorable conditions exist that could translate the benefits of CSR into actuality. The IOCs have been operating for years in this environment with attendant difficulties in the provision of infrastructure (Aaron & Patrick, 2013). The inhabitants of most host communities depend mostly on the IOCs for their survival in terms of infrastructure, health, economic empowerments, and human capital development (Aaron & Patrick, 2013). Through enhanced and improved CSR activities and mutually beneficial relationships, the benefits of CSR could become realizable (Aaron & Patrick, 2013).

If these benefits of CSR were well known, how come there exists so much strife and conflict in the Niger Delta Region? Could there be a relationship between CSR implementation and RC that could ease the conflicts between IOCs and host communities in the Niger Delta Region? Could there be a significant relationship between CSR implementation and the performance of IOCs operating in the Niger Delta Region?

### **Dimensions of CSR**

The dimensions of CSR examined in this study were CE, VS, and VCs by international oil firms operating within the Niger Delta Region. The relationship between these three dimensions of CSR was explored with the measures of OP. The measures of OP explored were RC and EC.

**CE.** This is the measurement of the closeness of CSR to the organization's vision, mission, and goals. It provides feedback to the organization on evaluating the actions of CSR if it is consistent with the vision, mission, and goals of the organization. Thus, CSR programs are expected to receive priority attention from the leadership of the organization (Ghadiri, Gond, & Bres, 2015; Hamilton, 2013).

**VS.** This denotes the ability of the organization to gain recognition from both internal and external stakeholders through the execution of CSR activities and programs. This could have both positive and negative consequences depending on how the organization conducts its business activities. These activities could either enhance or damage the reputation of the organization (Ghadiri, Gond, & Bres, 2015; Hamilton, 2013; Sethi, Martell, & Demin, 2017).

**VC.** This is the ability of the firm to determine voluntary activities to support the community and the society at large without being compelled through other mandates or regulation. Such voluntary activities include philanthropic activities like scholarships to community members, sponsoring of art exhibitions, and contributions to developmental activities or projects. These activities could lead to strategic payoffs for the organization (Ghadiri, Gond, & Bres, 2015; Hamilton, 2013).

All these dimensions of CSR lead to strategic outcomes such as customer loyalty, productivity gains, new products and markets, competitive edge, and of course improved organizational reputation and performance (Krebel-Chang, 2017; Noh, 2017; Parcha, 2017). Implementation of the dimensions of CSR also could lead to an improved working

environment, reduce conflicts, and reduce environmental degradation. It also could enhance good relationships between organizations and stakeholders (Krebel-Chang, 2017).

### **CSR Activities of Firms in Sub-Sahara Africa and Nigeria**

In sub-Sahara Africa, literature on CSR activities remain rather low (Aaron & Patrick, 2013). With the effects of trade liberalization and globalization, more firms were beginning to realize that multinationals preferred dealing with companies that have CSR as part of their central policies. In a study on the relationship between CSR activities of multinationals and conflicts within the Niger Delta, Aaron and Patrick (2013) found that CSR activities were framed within the context of conflicts. There was a general agreement also, of failure in CSR activities of multinationals which had resulted in perceived marginalization of relevant stakeholders, intense negotiation with individuals and groups with sectional interests, and several conflicts with IOCs operating within the region (Aaron & Patrick, 2013). The authors found that since host communities see the disruption of the exploration activities as a way of demanding attention from IOCs, the struggle for this attention has over time become a way of life for most stakeholders in this region. This has fueled more conflicts than collaboration between IOCs and their neighbors (Aaron & Patrick, 2013).

CSR as business strategy has been accepted wholly by most IOCs operating within the oil rich Niger Delta Region (Aaron & Patrick, 2013). This position cannot be separated from the inability of the Nigerian Government to provide basic amenities to

most communities impacted by oil exploration activities within the Niger Delta Region (Aaron & Patrick, 2013). CSR was not being seen as an altruistic measure by IOCs, but rather as an incentive for license to operate (LTO). LTOs were access permits that allowed IOCs to transport equipment and drilling rigs across host community roads and seaways. Without these permits, IOC contractors cannot have access to worksites which may negatively impact production activities (Nwagbara & Brown, 2014)

The unfriendly cycle between lack of social infrastructure, economic empowerment, absence of human capital development, continuous degradation of the environment, and IOCs seeking to do business has continued to fuel conflicts within this region without any apparent end in sight (Aaron & Patrick, 2013). The IOCs having seen the lack of political will by the government to develop the Niger Delta, have resorted to CSR implementation as a license to operate (Aaron & Patrick, 2013). This cycle of seeking profit through oil exploration and exploitation, continuous degradation of the environment, creation of massive poverty among the populace, disruption of the operations of IOCs, and CSR implementation albeit on a superficial level has resulted in many conflicts within this region (Aaron & Patrick, 2013; Nwagbara & Brown, 2014). The IOCs also have begun to realize that the profitable oil exploration and extraction activities in the swamp of the Niger Delta have some elements of risks attached to it (Aaron & Patrick, 2013). They had to make a choice between continuous operations or discover their profit objectives dwindle because of disruption from host communities (Aaron & Patrick, 2013).

Since the people of this region perceive the IOCs as the only means they could see for their immediate livelihood and survival, every effort was directed at receiving due attention through conflicts and disruption of their operations (Aaron & Patrick, 2013). Most often, pipelines are being vandalized, equipment has been stolen several times, and quite often angry youths have invaded operational bases of IOCs. In extreme cases, these agitations have resulted in complete shutdowns of operations, kidnappings, piracy, and organized violence (Aaron & Patrick, 2013). The production capacity of IOCs has reduced from 1 million barrels a day to less than 200,000 barrels a day. Despite the huge budget on security and military presence at oil installations, IOCs began to realize that business could not be conducted under an atmosphere of violence and threats (Aaron & Patrick, 2013).

The violence and threats in some cases have led to divestments by some IOCs who have decided to relocate their operational headquarters from Port Harcourt to Lagos, the commercial capital of Nigeria. Local operators who took over such investments have discovered that the problems associated with oil production in the Niger Delta were beyond military might and government intervention (Aaron & Patrick, 2013). Could it be possible to develop a more rewarding relationship with host communities in the Niger Delta? Could it be possible to develop mutually beneficial relationships with various stakeholders in the Niger Delta that could stem the rise in agitations? Thus, the study of the relationship between CSR activities and OP in terms of RC and ECs was justified if

the results could contribute to providing a mutually beneficial relationship between IOCs and their host communities.

### **OP**

OP has been described as those indices by which the operation of an organization is measured (Ali, 2014; Malik, Ali, & Ishfaq, 2015). Performance of a firm was referred to as the achievement of corporate objectives by the utilization of internal and external resources for the achievement of organizational goals through high effectiveness and efficiency (Cheng & Lin, 2014). OP was described as the ability of leaders to organize various parts of the firm so that they work together as a team in harmony to pursue and achieve common organizational goals to enhance performance and sustain competitive advantage. Sources of enhancing competitive advantage include employee capacity development, knowledge and innovation, improvement in skills and abilities through specialized trainings, and behavior management as embedded in organizational culture.

The organization also can increase its performance through enhancing relational and social capital. Social capital can be defined as those benefits accruing to a firm from its relationship between internal and external stakeholders who can influence the performance of the organization (Ali, 2014). Consequently, the indices for measuring OP include both financial and non-financial performance measurements (Ali, 2014). The financial performances could be measured by indicators such as return on investment (ROI), return on revenue (ROR), return on assets (ROA), market share, revenue growth, and cost merit. ROI measures the performance of an investment in relation to a gain or

loss. ROR is a measurement of the profitability of a firm based on its net income compared to its revenue. ROA is a ratio that measures the profit a firm earns compared to its total assets. Indicators for non-financial performance measurement include organizational survival, stability, risk maintenance, stakeholder management, EC and productivity, relational and social capital, and behavioral performance. All these indicators could be used to measure the non-financial performance of an organization as they have been found to have significant impact on the performance of the organization (Ali, 2014).

However, the focus of this study was on non-financial performance indices of the organization. These were EC and RC which represented the measures of OP that was adopted for the purpose of this study. Despite the numerous researches on the relationship between CSR and OP (Nag & Bhattacharyya, 2016), there has been a gap in literature in the application of this positive relationship in the oil extraction industry in the Niger Delta. The measures of OP in this study were the non-financial aspects of OP especially in the areas of EC and RC. The results of these measures investigated in this study could enable the IOCs operating in this environment to re-examine their policies in corporate performance and improve their relationships with both their internal and external stakeholders which could lead to a reduction in conflicts and safeguard the environment where they operate.

## **Employee Commitment**

CSR scholars suggest that CSR activities could impact positively on employees' attitudes, commitment, and satisfaction. CSR have been found to enhance organizational trust, commitment, and compliance (Antoni, 2016; West, Hillenbrand, & Money, 2014). CSR also was found to ease recruitment of qualified individuals, promote employee innovation, and association with organizations that tend to be honest, transparent, and promote accountability. Many scholars also agree that CSR implementation also was positively correlated with employees' attitude such as affective commitment and job satisfaction (Chun, Shin, Choi, & Kim, 2013; De Roeck, Marique, Stinglhamber, & Swaen, 2014; Farooq, Payaud, Merunka, & Valette-Florence, 2014; Wong & Gao, 2014). Affective commitment was defined as a positive emotional attachment as well as identification and continued interaction between an organization and its employees (Suh, 2016). Satisfaction of an employee on the job was also defined as contentment or fulfillment derived from personal experiences on the job that could compel an employee to desire to be associated with an organization.

Bartley and Egels-Zanden (2016) indicated that many scholars also have agreed that organizations enjoy competitive advantage over their peers when their employees are satisfied and committed to the organizations for which they work. This competitive advantage was found to correlate with employees providing quality service based on their commitment to CSR values of the organization (Golodner, 2016; Rodriguez-Fernandez, 2016). Thus, OP was affected by the behavior of employees that could attract customers,



improve organizational growth, and market share. Traditional strategies for demonstrating this commitment cannot be divorced from attractive wages, good benefits, reward system, training, and promotion (Bartley & Egels-Zanden, 2016; Ezzi & Jarboul, 2016; West, Hillenbrand & Money, 2014). However, new studies suggested that employees also want to identify with the values and aspirations of organizations that operate from the position of care for their employees, their relevant stakeholders, the society, and the environment where they operate (Haski-Leventhal, Roza, & Meys, 2017). Studies suggest that employees' participation in CSR activities have significantly impacted their identification with the organizations where they work (West, Hillenbrand, & Money, 2014). This identification has been found to be linked with organizational commitment, job satisfaction, and improved organizational behaviors (Jin, Park, & Yoo, 2017).

### **Relational Capital**

Within the period between 2004 and 2013, the focus of the impact of CSR activities on firms' performance had been on financial performance while the intangible benefits of reputational capital, social capital, EC, and customer retention especially in Africa and sub-Saharan Africa were rarely explored (Suh, 2016). Recently, scholars have put their focus on the effects of CSR on these intangible aspects even though these benefits may not be quantifiable in terms of return on investment (Suh, 2016). Drawing references from social capital theory, social capital was defined as intangible benefits and

assets a firm or an individual enjoys because of positive and close social relationships and networks among individuals or organizations (Rizwan, Obald, & Ashraf, 2016).

RC consists of three different dimensions: structural, relational, and cognitive (Rizwan, Obald, & Ashraf, 2016). The focus of this study was on the relational measure, which was defined by mutual trust, sense of identification, shared values, and recognized self-enhancing obligations in group or individual relationships (Suh, 2016). CSR was found to have a significant relationship with RC since it sends a message to both internal stakeholders and external partners too (Rizwan, Obald, & Ashraf, 2016). This perception also enabled workers to behave more virtuously and treat themselves and stakeholders with respect and fairness. Furthermore, CSR also was found to enhance RC through increasing organizational identification with shared vision and values. These ethics and values help to motivate both employees and external stakeholders to identify with the organization through espousing and practicing socially relevant values (Suh, 2016).

RC based on stakeholder theory involves the management of various interest groups who have the capacity to influence the performance of the organization. These interest groups identified as stakeholders could include customers, employees, suppliers, shareholders, and the society (Golodner, 2016). These stakeholders require an organization to behave with consideration to their environment and the people impacted by their operations (Diddi & Niehm, 2016). They also expect the company to be fair in its dealings in job relations and being fair generally in their dealings with their immediate neighbors. When these stakeholder expectations are ignored, they could lead to

significant operational costs which could affect their profits and their reputation on the long run (Seabrook & Young, 2016; Singh, Bakshi, & Mishra, 2015; Songmi, Han-Suk, & Minjung, 2017).

Organizations benefit significantly in their relationships with their host communities if they identify the major stakeholders most important to the operations of the company (Lund-Thomsen, Lundgreen, & Van hamme, 2016). A positive perception of the organization has been found to lead to employment desirability of the firm, improvement in purchase and investment decisions, and generally contribute to the positive reputation of the organization (Rodriguez-Fernandez, 2016).

### **CE and RC**

From the perspective of marketing and business management, customers were viewed as an essential component around which the firm was organized (Suh, 2016). A business organization therefore seeks to incorporate the values of its stakeholders, both internal and external in formulating and achieving its business goals (Deng & Xu, 2017). These business goals range between maximizing the profit aspirations of the company as well as satisfying the interest of its shareholders (Nag & Bhattacharyya, 2016). But these key-goals of the organization can hardly be achieved without paying attention to the firm's relationship with its stakeholders, the societal and environmental impact of its operations, and indeed the impact of their activities on its relevant stakeholders. From this viewpoint, CSR was described as those activities that the company proactively engages in which the objectives are to identify and integrate stakeholders' aspirations

with whom the company interacts with the goal of minimizing damage to its operating environment, while maximizing the goal of profit-realization (Lund-Thomson, Lundgreen, & Vanhamme, 2016; Low, Ong & Tan, 2017, Servera-Frances & Artega-Moreno, 2015).

Customer retention was viewed from the perspective of creating loyalty. Customer satisfaction, loyalty, and reputational capital have been found to be inextricably linked (Erdiaw-Kwasie, Khorshed, & Shahiduzzaman, 2017). Customer satisfaction has been known to lead significantly to influence customer and brand loyalty which eventually leads to repeat purchase of either an item or service of immense value (Servera-Frances & Fuentes-Blasco, 2015). Thus, scholars found that investing in CSR activities escalates customers' satisfaction and loyalty through perceived value which could lead to competitive advantage (Madorran & Garcia, 2016; Servera-Frances & Fuentes-Blasco, 2015; Wang, Dou, & Jia, 2015).

Customer retention also can be viewed from the perspective of social identity theory which stipulates that people were likely to recognize a brand when it was perceived as an extension of their own self-image (Deng & Xu, 2017). Given the symbolic relationship between a consumer and a brand, customers' behaviors have been found to affect their personal identification with a brand. Thus, when customers form relationships with a brand, their participation in the CSR activities of the organization could reinforce their own personal and social identification with the brand and loyalty which could eventually lead to customer retention and improved RC (Alumona & Kaur,

2017; Cha, Yi, & Bagozzi, 2015; Servera-Frances & Fuentes-Blasco, 2015; Skilton & Purdy, 2016)

### **VS and EC**

Positioning and VS of a firm in the minds of stakeholders and customers have been found to be significantly related (Hsieh, 2016; Husted, 2014). An individual employee seems to derive self-esteem through identification with an organization that gets involved with some public good (Rahman, Amran, Ahmad, & Taghizadeh, 2016). This VS by the organization helps to position the organization in the consciousness of its publics (Stanisavijevic, 2017). It also helps to influence building beneficial relationships, secure purchase intentions, build loyalty support for the business, and provides positive advocacy for the organization strategically (Farooq, Rupp, & Farooq, 2017; Suh, 2016; West, Hillenbrand, & Money, 2014). These values have been found to be sources of identification for employees who prefer to empathize with the organization and as such derive personal benefits from such association (Du, Bhattacharya, & Sen, 2015; El-Akremiti, Gond, Swaen, De Roeck, & Igalens, 2015).

### **VC and RC**

Many organizations have been deliberate in their association with some form of public good (De Jong & van der Meer, 2017; Zientara, 2017). This was achieved through VCs in education support and literacy campaign, support for rural community health initiatives, and social awareness building activities. All these activities were usually embarked upon voluntarily to secure social capital and build a positive relationship with

both internal and external stakeholders especially those impacted by the company's operations (Chen & Cao, 2016; Knight, & Elison, 2017). Many studies have shown a direct relationship between CSR and the brand image of a company (Bhattacharya & Kaursar, 2016; Park, Lee, and Kim, 2014). Scholars also found that ethical and philanthropic CSR activities cause and nurture stakeholders trust and concern for the organization which eventually could generate public support and economic benefits in the long run (Suh, 2016; West, Hillenbrand, & Money, 2014). This public support has been found to be linked with improved consumer- brand relationships, positive reputation for the firm, and mutually beneficial relationships with both internal and external stakeholders (Suh, 2016).

### **Visibility and Organizational Performance**

Increased public awareness, globalization, best practices, and government regulation has compelled most multinationals to adapt and undertake CSR activities in their operational domains in a proactive manner. Organizations have recognized the connection between CSR implementation and OP through improved reputation, economic benefit, and increased marketing opportunities. Proactive engagement of stakeholders has been found to have beneficial results in terms of economic benefits, brand loyalty and identification, and commercial performance which eventually lead to OP (Suh, 2016; West, Hillenbrand, & Money, 2014). This pro-active engagement in CSR implementation helps to generate confidence, build trust, and help create sustainable relationships

between stakeholders and the corporate brand (Bhattacharya & Kaursar, 2016; Park, Lee, & Kim, 2014)

### **Oil Exploration Activities in the Niger Delta Region of Nigeria**

Oil prospecting, exploration, and extraction began in Nigeria in 1958 when Shell Darcy initiated oil exploration in Oloibiri within the Niger Delta Region of Nigeria after the company was granted exploration license. The first commercial oil field was discovered at Oloibiri in 1958, leading to the first oil export from Nigeria to other countries. Since then so many IOCs have joined the lucrative business of oil exploration and extraction within the Niger Delta Region despite the attendant conflict existing in that part of Southern Nigeria. In the midst of prospecting for hydrocarbons, most of these IOCs have over the years focused on the economic interest and benefits of their shareholders while neglecting the immediate environment and the host communities where they operated (Aaron & Patrick, 2013). Over time the non-implementation of CSR activities has resulted in pipeline vandalization, incessant disruption of oil exploration activities, kidnappings, violent crimes, and deliberate depletion of other natural resources within the region (Aaron & Patrick, 2013). These criminal activities have been found to have directly impacted the livelihoods of most of the inhabitants of this area and as such promoted poverty, health challenges, lack of basic infrastructure, and other unbearable conditions that contribute to continuous agitation, restlessness, and militancy in this region over the years (Nwagbara & Brown, 2014).

## **Oil Exploration in the Niger Delta**

Before the advent of oil exploration and the discovery of oil in Oloibiri, the Niger Delta Region was gifted with a beautiful environment, lush with flora and fauna amidst beautiful tributaries flowing from both the River Niger in the North-West and the River Benue from the North East of Nigeria (Aaron & Patrick, 2013). The confluence created by these two rivers led to a continuous flow down south into the Atlantic Ocean. The pathways of this convergence through the solid crust led to the formation of what is known today as the Niger Delta (Aaron & Patrick, 2013). The common livelihood of the indigenous people of this region has been farming, fishing, and other water related trades including hunting. Within this period, it was learned that a fisherman could easily dip a basket into the river and come up with a basketful of fishes (Nwagbara & Brown, 2014). The ecological balance of the region remained serene and beautiful. This was before the exploration of oil in 1958 (Aaron & Patrick, 2013).

As soon as oil was discovered by Shell on behalf of Nigeria in a joint venture with the Federal Government of Nigeria through the Nigerian National Petroleum Corporation (NNPC) in 1958, the environment in the Niger Delta began to witness a gradual change (Aaron & Patrick, 2013). The environment in the Niger Delta lost its serenity which was replaced by a bee-hive of activities that witnessed tremendous congregation of drilling accessories and equipment that confounded both the host communities and individuals within the vicinity of the operations of Shell and other IOCs (Aaron & Patrick, 2013). With a weak government regulation, loose supervision, and neglect over numerous years,



the Niger Delta began to witness tremendous change especially in the lives of the inhabitants of the impacted host communities and the environment. With neglect by successive governments that were more interested in the profits of oil exploration than the environment, the Niger Delta witnessed an upsurge in the activities of IOCs who had come to join Shell in oil exploration (Aaron & Patrick, 2013). Such oil giants included Chevron-Texaco, Mobil, Agip, and Totalfina-Elf. These IOCs operated under different joint venture agreements that gave more than 50% of their investments and profits to the Federal Government of Nigeria while the others were shared according to the operators of the joint venture. To be fair to the IOCs, the extant laws in Nigeria then compelled them to pay taxes to the then Federal Government while they concentrated their efforts on their investment objectives of making profit. These IOCs thereby concentrated their attention on their profit objectives without being supervised by the government in areas of environmental damage and other associated costs of oil exploration including the depletion of the natural resources of the environment, eroding the sustainable livelihoods of the host communities, and the attendant neglect of infrastructural and human capital development (Aaron & Patrick, 2013).

This lack of supervision of IOCs by the Federal Government led to gaps in the operating standards of IOCs when compared to international best practices (Aaron & Patrick, 2013). The cycle of serenity in host communities and oil fields gave way to a period of restlessness, agitation, militancy, and anarchy within the Niger Delta (Aaron & Patrick, 2013). Through the neglect of infrastructural and human capital development and

the absence of government, the youths of the Niger Delta graduated into adults without any means of livelihood, with a degraded environment, and depleted sources of income (Aaron & Patrick, 2013). The only means of securing the attention of the Federal Government of the day was to disrupt the activities of the IOCs through conflicts (Nwagbara & Brown, 2014), which also drew the attention of countries globally to the travails of the Niger Delta Region.

The local population who had been watching the IOCs pillage their environment from a distance became more restless and demanding (Aaron & Patrick, 2013). The youths of the Niger Delta could see the damage caused by oil-production activities at Oloibiri community, the oldest oil-bearing community in the Niger Delta, and they knew that within a short while they also could lose their means of livelihood (Aaron & Patrick, 2013; Berlan, 2016). Consequently, the host communities formed different pressure groups of impacted stakeholders under several names such as the Movement for the Survival of Ogoni People (MOSOP), Ijaw Youth Council (IYC), and several others. These organizations became pressure groups who demanded attention from the Federal Government and the IOCs (Aaron & Patrick, 2013). They demanded fair treatment and compensation for their damaged environment. They demanded infrastructural development, economic emancipation, and health related interventions from both the IOCs and the Federal Government of Nigeria. Although the government responded with palliative measures such as the Niger Delta Development Commission (NDDC) and subsequently the ministry of Niger Delta, the host communities felt the palliative

measures were inadequate compared to the damage caused by oil exploration and production. The plethora of demands from stakeholders based on the level of awareness spurred by trade liberalization and globalization were seen as endless by the IOCs. But these groups of stakeholders were relentless in their desire to see that justice was done and they were ready to achieve their goal through the twin path of dialogue and militancy. Thus, the militarization and militancy in the Niger Delta began (Aaron & Patrick, 2013; Nwagbara & Brown, 2014).

### **CSR Implementation by IOCs in the Niger Delta**

CSR implementation has become a global concept. Through trade liberalization, globalization, climate change, best business practices, governance statutes, and business disclosures, organizations are compelled to show how they carry out their societal obligations to the environment and show concern for the impact of their operations on their host communities and their several stakeholders (Ghobadian, Money, & Hillenbrand, 2015). This trend also has influenced many social entrepreneurs furthering social, cultural, and business goals through proffering solutions to societal problems (Rivera-Santos, Holt, Littlewood, & Kolk, 2015). Although CSR practices and implementation are low key on the African continent, awareness created by activists have increased the consciousness of people and individuals to demand compensation for oil exploration activities which directly and negatively impacted their lives (Harjoto, Lakasmana, & Lee, 2015). Although the responsibility of human and infrastructural development rest squarely with the Federal Government of Nigeria, stakeholders within

the Niger Delta have concluded that implementation of CSR activities could be significantly and positively related to an enduring environment for oil exploration and production (Nwagbara & Brown, 2014). This also could lead to positive social outcomes and foster mutually beneficial relationships with host communities.

**Historical trend.** Nigeria became an independent nation when it gained independence from Britain in 1960. The country was governed through a parliamentary system under regions, namely the Northern Region, Eastern Region, Western Region, and Mid-Western Region. After the civil war in 1973, the Military Government at that time created 12 states for effective governance of the Federal Republic of Nigeria. Two of these states had oil exploration and extraction activities within their domain. These were Bendel and Rivers States which later metamorphosed into Edo, Delta, Bayelsa, and Rivers States. These states constitute the main Niger Delta Region with oil bearing communities scattered across large oil fields within the Niger Delta (Aaron & Patrick, 2013). Although the Nigerian Government generated more than 80% of its revenue from oil exportation, resources were usually allocated to the states through a central distribution system resulting in most of the states (especially those within the Niger Delta) being under-funded despite being responsible for generating most of the national income (Aaron & Patrick, 2013). The aquatic, swampy, and difficult terrain of the Niger Delta made it difficult for these states to cater to the Niger Delta region in terms of infrastructure, economic empowerment, human capital development, and health care delivery. Without good roads and basic infrastructure, the oil-bearing communities over

time were cut off from the socio-economic developments that came with oil exploration and exportation. Rather, most of these communities suffered neglect from the central government in Lagos, then the capital of Nigeria (Nwagbara & Brown, 2014). The main source of livelihood of these communities, farming, was affected by oil exploration and exploitation which resulted in massive migration from rural communities to urban centers (Aaron & Patrick, 2013). The remaining inhabitants of these oil-bearing communities suffered from lack of education, portable water, good health, and the basic necessities of life (Nwagbara & Brown, 2014). When the inhabitants of these oil-bearing communities realized that the central government paid no attention to their needs, their attention was re-focused to the activities of IOCs within their reach (Nwagbara & Brown, 2014). The failure of government and the non-implementation of CSR activities within these areas may have attributed to the agitations being experienced in the Niger Delta today (Aaron & Patrick, 2013). This was the prevalent condition under which the IOCs operated their oil exploration activities (Nwagbara & Brown, 2014).

CSR activity implementation began with community assistance (CA) by most of the IOCs in the early 1970's. This model was being operated through the traditional leadership of host communities. Without a clear CSR policy, IOCs in their perception and goodwill, initiated interventions they thought were beneficial to oil-bearing communities now recognized as host communities (Aaron & Patrick, 2013). Such interventions which included community grants, scholarships, schools, and other infrastructural interventions were executed through traditional chiefs and community governance structures (Aaron &

Patrick, 2013). These traditional chiefs did not involve majority of their community members in the decision-making processes and they also could not provide solutions to the main problems of the host communities (Aaron & Patrick, 2013; Nwagbara & Brown, 2014). With the absence of government intervention in these rural areas of the Niger Delta, the community representatives struggled for little payouts from the IOCs like Shell, Chevron, Total, Elf, and Mobil (Nwagbara & Brown, 2014). The host communities gradually accepted the IOCs as the only source of assistance (Aaron & Patrick, 2013). Thus, these communities began to depend substantially on the IOCs for basic infrastructure in their communities. These basic items included portable water, electricity, human capital development, and economic empowerment. These were at very low stages of implementation. Gradually, attention of the inhabitants of these host communities was being focused on the IOCs operating within their environment (Aaron & Patrick, 2013).

**CA.** In the early 1980's, the IOCs began to see a relationship between their ability to operate and community restlessness and agitation (Nwagbara & Brown, 2014). Because of the oil boom of this era, there was a tremendous increase in oil exploration activities in Southern Nigeria which also resulted in an increase in the depletion of the natural resources of the environment and the livelihoods of the inhabitants of this region. The natural flora and fauna of the environment began to disappear in direct proportion to the increase in oil exploration (Aaron & Patrick, 2013). Due to the actions of environmental activists, the communities became more aware of the environmental damage associated with the production of hydrocarbons. Increase in oil production led to

an increase in gas flaring, oil spills, and environmental degradation (Aaron & Patrick, 2013). The agitations of host communities also grew proportionally, leading to litigations such as the Ogoni Oil Spill and several others across the land scape. The IOCs knew that they needed to find ways to improve their relationships with their host communities (Nwagbara & Brown, 2014). With attendant spotlight on their oil exploration activities from Europe, America, and abroad, mostly from their international headquarters, IOCs were then compelled to do more to assuage the restlessness prevalent in the Niger Delta (Nwagbara & Brown, 2014). IOCs sought the help of professionals in community relations and conflict resolution to improve their relationship with their host communities (Nwagbara & Brown, 2014). The IOCs then realized that they needed to establish CSR activities in their host communities if it could reduce agitations from the stakeholders within their operating environment. These led to the implementation of community development by IOCs operating in the Niger Delta (Nwagbara & Brown, 2014).

**Community development(CD).** This approach became significantly different from the initially implemented community direct assistance model that had no consideration for the aspirations and needs of the host communities. The CD approach consisted of baseline studies, participatory needs appraisal, sustainable livelihood assessments, and prioritization of the needs of the host communities. This approach had the consideration of the interest of relevant stakeholders and communities that were directly impacted by the activities of IOCs (Nwagbara & Brown, 2014). This included direct relationship with various levels of community representation through participatory

community appraisals where focused group discussions were employed to prioritize the needs of individual communities that eventually resulted in community development plans (CDPs). These CDPs were then utilized to design various interventions that could meet those needs of host communities from the perspective of host communities rather than from the perceptions of representatives of IOCs. This was a paradigm shift in the relationship of IOCs with their host communities (Nwagbara & Brown, 2014). At this time, host communities were guided to identify their needs, different from their wants, prioritize these needs, before developing a 5-year community development plan from which a yearly business plan could be implemented. This model made it possible for the inhabitants of host communities to handle their community development interventions themselves. This model was used by most of the IOCs operating in this region to obtain their license to operate (LTO) (Nwagbara & Brown, 2014). After the initial five years, the little gains in terms of infrastructural development in the Niger Delta communities were lost because of the absence of a credible sustainability plan (Aaron & Patrick, 2013).

**Sustainable community development (SCD).** The CD approach eventually led to SCD which broadened the scope of the CD approach through sustainability (Aaron & Patrick, 2013). IOCs began to move from the implementation of basic infrastructural needs to human capital development, economic empowerment, sustainability, and increased attention on the environment and the impact of their oil exploration activities (Aaron & Patrick, 2013; Jenner & Fleischman, 2017). At this time, the issue of



sustainability had become prominent (Nagel, Hiss, Woschnack, & Teufel, 2017).

Sustainability in the implementation of projects and programs was to ensure that host communities were empowered to design, implement, and maintain basic structures funded by IOCs operating within their communities (Nwagbara & Brown, 2014).

Although it was a novel idea, the host communities knew that as long as the IOCs were producing oil for the Federal Government of Nigeria, they could continue to make demands from IOCs (Nwagbara & Brown, 2014).

Environmental laws compelled IOCs to embark on environmental impact assessment before embarking on new projects because of sustainability and the impact of their operations on the environment. Attention was equally being placed on the reduction of gas flaring and reduction in oil spills across the footprints of the Niger Delta. The Federal Government of Nigeria under democratic rule began to pay more attention to the Niger Delta environment since oil exploration activities constituted more than 80% of its revenue base (Aaron & Patrick, 2013). Laws guiding oil extraction and exploration became operational while the activities of oil companies were placed under more scrutiny (Nwagbara & Brown, 2014). This period also corresponded to a rise in community agitation and restlessness, increased militancy, and increased criminal activities. Under democratic rule, militants became more daring in the disruptions of oil exploration activities and oil installations. IOCs closed some of their oil producing operations while others moved their headquarters away from the restiveness of the Niger Delta to Lagos, far away from the agitations in the Niger Delta Region (Nwagbara & Brown, 2014). The

IOCs knew that their oil production was directly related to their LTO, which could only be given by their host communities (Nwagbara & Brown, 2014). With little help coming from the Federal Government, its joint venture partners, the IOCs knew that the fate of their profit- making goal was directly related to their ability to negotiate mutually beneficial relationships with their external stakeholders and their host communities (Nwagbara & Brown, 2014). This has led to the implementation of the Global Memorandum of Understanding (GMoU) model by most IOCs across the Niger Delta Region.

**GMoU Model.** This approach was an improved version of the SCD approach. It has been found to be widely acceptable to most host communities as there has been a huge clamor for its implementation (Aaron & Patrick, 2013). Initiated by Shell and Chevron in its host communities in 2004, this model involved the communities from the inception of interventions up to the close-out of such programs. It was based on the philosophy that the communities knew their felt needs much more than any developmental agency and as such, should be given the opportunity to plan, design, and execute such programs with funding from donor agencies including IOCs (Aaron & Patrick, 2013). The GMoU utilized the community governance structures of appointed delegates to constitute a cluster development board (CDB) at the clan level with a base structure of community trust (CT) members at the community level. Nominations of ten individuals were endorsed as community representatives. These community representatives were then sent as delegates from the community level as community trust

members who were then entrusted to reflect the development aspirations of the community members. Information about development aspiration and objectives were therefore maintained by individual communities at the CT level as well as the CDB levels. It was the responsibility of the CDB and the CTs to coordinate and execute interventions planned by the communities through structures recognized by donor agencies as well as IOCs but supported by mentoring NGOs. The cluster development board was then used as the platform with which host communities negotiated demands from IOCs and organizations who come to their domain for either oil exploration activities or any other business. Funds for projects or programs execution were transferred into joint accounts through which such funds were disbursed after approved contractual processes by the CT and CDBs. Contractors were given timelines to deliver projects while NGOs provided oversight supervision.

The advantages in the GMoU structure were dual in nature. It allowed mutually beneficial relationships between the IOCs and their host communities and also, utilized funds donated through recognized community-based structures with clear accountabilities and responsibilities (Nwagbara & Brown, 2014). While the board members were nominated by their individual communities, they also could be recalled if their performance was seen as being below expectation. Thus, the checks and balances within the GMoU Model ensured good relationship with IOCs on one hand and improved infrastructural development and livelihoods for impacted host communities on the other.

Some scholars and CSR practitioners have claimed that most host communities impacted by oil exploration and production activities have embraced the GMoU model because of the opportunity it provided for host communities to determine their development aspirations (Aaron & Patrick, 2013; Nwagbara & Brown, 2014). They also claimed that there has been a significant reduction in disruptions in oil production activities in GMoU deployed areas which may suggest a connection between CSR activities and OP in areas such as relations capital, improved stakeholder relationships, and customer retention (Aaron & Patrick, 2013; Nwagbara & Brown, 2014).

Although the revenue from oil constitute about 97% of Nigeria's foreign exchange earnings and about 85% in total revenue generated from the Niger Delta Region, Nigeria remains largely a country trying to escape the grips of poverty (Nwagbara & Brown, 2014). Apart from the fact that Nigeria was one of the wealthiest countries in terms of oil reserves, the Niger Delta Region remained one of the least developed in the country due to inadequate legislation and policies which tend to promote deprivation and inequalities in the revenue sharing formula to a great disadvantage of most people within the oil producing region (Aaron & Patrick, 2013). These inherent inequalities have within time translated into restiveness, conflicts, disruption of oil producing activities, and militancy (Aaron & Patrick, 2013; Nwagbara & Brown, 2014).

### **Environmental Concerns and Ethical Issues in the Niger Delta**

Oil exploration and production in the Niger Delta have left behind legacies of environmental and ethical issues very much unlike what obtains in other developing

economies where businesses were mandated to mitigate against negative impacts of their operations (Karhu, 2015). The sourcing and production of hydrocarbons have affected the lives of the inhabitants of the Niger Delta region in so many ways (Aaron & Patrick, 2013). Oil spills in the operations of the IOCs have led to soil pollution, water pollution, and air pollution. The aquatic life in the environment has been disrupted and damaged several times leading to a significant depletion in the ecosystem and livelihoods of individuals who depended upon them for their daily survival (Nwagbara & Brown, 2014). Inhabitants of host communities who depended on the marine resources in their environment have found their sources of income disappear at an alarming rate. This has raised ethical issues within the operations of the IOCs (Aaron & Patrick, 2013). If the goal of the IOCs was to make profit for their shareholders, it should not lead to deny others their livelihood while trying to achieve such goals. Several litigations have arisen due to claims of environmental degradation, barrenness of soil due to oil spills, acid rain due to air pollution, and gas flaring activities (Aaron & Patrick, 2013). Most impacted oil producing communities now demand compensation from the government and IOCs (Nwagbara & Brown, 2014). This has negatively impacted the bottom line of the IOCs and partly reduced government revenue substantially (Nwagbara & Brown, 2014). This has led government to enact laws to regulate the exploration and oil producing activities of IOCs operating within Nigeria and specifically in the Niger Delta Region.

### **Laws and Policies Regulating Oil Exploration and Production in Nigeria**

Due to several issues arising from the activities of IOCs in the Niger Delta Region, several laws and acts have been passed since the attendant effects of exploration activities have attracted attention from a global audience. The Ogoni oil spill over several years has led to the famous United Nations Environmental Protection (UNEP) Report which highlighted the issues associated with the spill and the strategy to be adopted in cleaning up the damaged environment (Aaron & Patrick, 2013). Among the several laws enacted are: the Environmental Law in Nigeria; the Niger Delta Development Commission Establishment Act of 2000; the Nigerian Oil Industry Content Development Act (NOGIC); the Petroleum Training Institute (PTI) Act of 1972; and the Nigerian National Petroleum Corporation Act.

The environmental law governing environmental practices in Nigeria was derived from the 1999 constitution of the Federal Republic of Nigeria (Makinde & Adeyoke, 2007). Section 2 of the Environmental Impact Assessment Act of 1992 (EIA Act) provides that a private or public company operating in Nigeria shall undertake or embark on projects after it has conducted an environmental impact assessment (EAI) to assess the impact of such activities on its immediate environment (Makinde & Adeyoke, 2007). This was an updated version of the Federal Environmental Protection Agency Act of 1988. These laws were enforceable by the Federal Ministry of Environment. By this act, all state governments including those in the Niger Delta region were empowered to have their state agencies regulate and monitor the oil producing activities of IOCs regarding

their impact on the environment and the host communities where they operate (Makinde & Adeyoke, 2007).

The PTI Act of 1972 was established specifically to train Nigerians to participate in the labor force of the oil industry (De Vita, Lagoke, & Adesola, 2016). It was established to deliver quality and contemporary technological requirements to sustain and service the oil industry in Nigeria. The NOGIC Act of 2010 was also designed to increase participation of Nigerians in the oil industry. Its objective was to add value through local content utilization (Aaron & Patrick, 2013). Since the oil industry was dominated by foreign nationals, the local content policy was to strengthen Nigerian participation through the utilization of both human and material resources within the country. Another objective was to consider Nigerians first in both training and employment opportunities. The NOGIC Act also reminded IOCs on the need for research and development in collaboration with tertiary institutions within Nigeria (De Vita, Lagoke, & Adesola, 2016). The goal was to find better ways of improving technologies associated with oil production in Nigeria.

### **Building Relationships in the Niger Delta**

It is clearly in the best interest of the IOCs to build mutually beneficial relationships in the Niger Delta (Nwagbara & Brown, 2014). Events in this region over the years have shown that such relationships could enhance the ability of the IOCs to improve their relationships, create value in the lives of the inhabitants of its host communities, and promote goodwill in the hearts and minds of its relevant stakeholders

across the Niger Delta region (Nwagbara & Brown, 2014). Apart from these lofty goals, creating sustainable relationships also could enable the IOCs to have license to operate (LTO), expand their operational base and capacities, reduce conflicts, and subsequently improve their ability to create wealth for their shareholders.

It is also in the best interest of the IOCs to ensure the implementation of best practices in terms of the environment as oil spills, production disruptions, and deferments which could impact negatively on their reputation as responsible entities if not properly mitigated. Since the protection and sustenance of their brand are imperative, mitigation against ethical and environmental issues could help reduce conflicts and violence across the Niger Delta region. This could ultimately serve as an enabler for a conducive environment that could increase production, increase their revenue, and subsequently generate positive social outcomes.

### **Summary and Conclusions**

In this chapter involving the literature review, I have reviewed three main sections of CSR and OP. The first section of the review was based on the literature search strategy, the theoretical foundation guiding CSR, the relationship between CSR, stakeholder theory, and OP. The second section of the literature review explored the dimensions of CSR and the measures of OP, and the components of CSR, especially CSR's historical perspectives, and CSR's corporate goals and benefits. The final section of the literature review examined the implementation of CSR in sub-Saharan Africa with a special focus on the CSR activities of IOCs in the Niger Delta Region. I also reviewed



extant literature of both environmental issues and ethical issues associated with oil exploration and extraction in the Niger Delta and considered part of the genesis of the unrest in the entire region and its attendant challenges of work disruption, youth restiveness, and outright militancy, and its implication in the activities of IOCs operating in this region.

Although many views of CSR exist, the approach considered in this chapter was the stakeholder approach based on the stakeholder theory. Thus, CSR activities of the organization were viewed from the perspective of economic, ethical, legal, and voluntary (or discretionary) responsibilities of the organization. The performances of organizations reviewed in this chapter were limited also to the non-financial aspect of OP. This chapter involved an examination of the dimensions of CSR and the measures of OP. These dimensions were identified as CE, VS, and VCs. The measures of OP were also identified as RC and EC.

The importance of CSR as a corporate objective was identified as being critical to the organization in fulfilling its corporate goal of creating wealth and maximizing value for its shareholders. Much of the literature reviewed supported the linkage between CSR and a firm's performance while others also opposed this view. These perspectives were supported by extant literature and studies conducted by scholars and practitioners over several decades. Although CSR may seem to be a relatively new concept in the business world compared to the advent of the industrial revolution, some scholars have accepted CSR implementation activities as critical indices of business success (Suh, 2016).

Through the influences of trade liberalization, globalization, climate changes, advocacy, stakeholders' awareness, and other market factors affecting the operations of the firm, international business organizations have accepted CSR implementation and also, have compelled most of their subsidiaries to embrace the implementation of CSR activities in their various areas of operation. Thus, CSR discourses have been vibrant within the academic and business communities.

In the second part of this literature review, I examined the existing discourse on the benefits associated with CSR by companies who, while pursuing their profit maximization goal, combined this with CSR implementation and subsequently secured wider market share, competitive advantages, employee satisfaction, and customer retention. Extant literature suggests that companies who embed CSR in their policies gain more acceptances in the public space and attract goodwill and patronage from various stakeholders impacted by their activities in terms of reputation, employee satisfaction, and market response.

The final part of this chapter also included a review of the history of oil exploration and extraction within the Niger Delta. It also included a review of the practice of CSR in sub-Saharan Africa with a special focus on the practices of IOCs in the Niger Delta. If CSR was acceptable as a worldwide practice and associated with OP, also it seems logical that it could be practicable in the Nigeria situation that has witnessed incessant disruptions in oil operations, vandalization of pipelines and oil installations, conflicts, and unprecedented environmental pollution in the Niger Delta. It seems

possible that the implementation of CSR activities in this region could lead to mutually beneficial relationships that could improve the performances of IOCs and at the same time create positive social change in the lives of the inhabitants of host communities in this region. Consequently, the purpose of this study was to explore the relationship between CSR and OP with a specific focus on the Niger Delta Region that might provide evidence to managers of IOCs to operate in a manner that would reduce conflicts and environmental pollution in this region. This could contribute to the existing body of knowledge on CSR and its relationship with OP as well as contribute to minimizing the adverse consequences from oil production.

### Chapter 3: Research Method

The research methodology is the framework for addressing the research objectives and hypotheses. It provides a structure for addressing the research problems, research questions, and opportunities and benefits of the research (Gates & McDaniel, 2010). With the presentation of the research problems, research questions, and hypotheses in Chapter 1 and the elaborate discussion in the literature review in Chapter 2, this chapter focused on the methods used in assessing the study elements (study design, population, type of data, sample and sample size, data source, and level of measurement) and how they were used within the research to obtain required data from which solutions were presented regarding the research problem, which was the ongoing conflict between IOCs and host communities in the Niger Delta.

The purpose of this study was to investigate the relationship between CSR and OP. The dimensions of CSR that were investigated were CE, VS, and VCs while the measures of OP were RC and EC. These variables have been found to be critical in assessing the performance of a business organization. Through this study, I intended to contribute information regarding how CSR activities may reduce conflicts between IOCs and their host communities, protect the environment, and eventually promote mutually beneficial relationships and also improve their OP. This may eventually lead to the creation of positive social change in the Niger Delta by improving the physical wellbeing of its citizens.

Major information discussed in this chapter include the research design and the rationale behind the design, methodology, and threats to both internal and external validity. The methodology involved sampling procedures, including procedures for recruiting the respondents, data collection, and instrumentation. Threats to validity involved internal and external validity, content validity, empirical validity, and construct validity.

### **Research Design**

The research design that I used in this research was the quantitative methodology. This was because this design is useful and most appropriate in measuring the degree of association between two or more variables. It is also useful in measuring the effect of an independent variable on a dependent variable. The dimensions of the independent variable were CE, VS, and VCs. The measures of the dependent variable were EC and RC. These were measured on an interval scale through the research questionnaire. The cross-sectional survey design was used in the data collection while SPSS was used as the statistical tool to analyze the set of variables using multiple regression. The Spearman Rank correlation was used to establish the degree of the relationship between the independent and dependent variables.

### **Quantitative Research Design**

In quantitative research, the steps undertaken during the research include topic selection, writing the problem statement, identifying the purpose of the research, identifying the variables, and formulating the research questions. This leads to a

development of relevant hypotheses. A research design is the strategy used by the researcher to determine how the subjects of a research will be employed to generate required data (Baridam, 2001; Neuman & Robson, 2004).

There are broadly two basic forms of research design: experimental designs and quasiexperimental designs. The major difference between the two of them is that experimental designs involve elements of the design process that are within the control of the researcher. These include research setting, variables, study subjects, and the assigning of these subjects into both control and experimental groups. With quasiexperimental designs or survey designs, the research elements are not totally under the control of the researcher. Rather, the researcher attempts to study the research variables in a natural social setting that is not predetermined by the researcher (Frankfort-Nachmias & Nachmias, 2008). The survey design was used as the strategy in this research.

### **Quasiexperimental Design**

The quasiexperimental design is characterized by empirical studies with human beings that makes it different from experimental designs because they rarely occur within a laboratory or controlled environment and do not require a random assignment of subjects to treatment or control groups (Frankfort-Nachmias & Nachmias, 2008). This type of design involves a natural observation of the characteristics of research subjects without any attempt to manipulate them. There are basically two types of quasiexperimental designs: Cross-sectional surveys and longitudinal surveys.

The cross-sectional survey involves a population measured at a single point in time (Frankfort-Nachmias & Nachmias, 2008). This type of study is particularly useful when attempting to determine the relationship between two variables to generalize to a population of interest. A longitudinal design measures the characteristics of research in a continuous or intermittent manner over time.

### **Rationale for the Design**

This research involved finding the relationship between the dimensions of CSR and measures of OP among IOCs operating within the Niger Delta Region. The recommended research design was the cross-sectional survey while the survey instrument that was used in the collection and collation of data was the research questionnaire. The longitudinal approach was not suitable because it involves observation of study subjects over a longer period. The experimental design was not applicable simply because no intervention was being proposed in this study.

### **Methodology**

The methodology for this research was quantitative and it included the specific techniques or procedure used in gathering information for this study. It involves the collection, collation, analyses, and interpretation of data for a study of interest. The methodology involves the population of study, sample size and techniques, rationale for the choice of technique, procedures used in the collection of data, instrumentation, data analysis plan, and the measurement of variables. The methodology and the data collection

procedure could enable researchers who are interested in this area of study replicate this research in future to either validate or invalidate the results.

### **Population**

The population in a study can be defined as a large collection of individuals with similar characteristic that is the main focus of a scientific enquiry. It is from the population that relevant information is obtained to conduct data analysis through which answers to research questions can be obtained and interpreted. (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008). When the subset of a population is being considered for study, it is usually referred to as a sample. When the attribute of a population can be measured, it is referred to as a parameter while the measure of the sample is known as a statistic.

A population is usually defined by the content, extent, and timeframe and it can be referred to as being finite or infinite (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008). When a population contains countable number of sampling units, it is referred to as a finite population. But when a population consists of an endless number of sampling units such as an unlimited number of coin tosses, it is referred to as an infinite population. The population that was studied consists of adults 18 to 70 years of age including women, men, elders, and chiefs residing in host communities within the Niger Delta Region. Employees, suppliers, and individuals impacted by oil exploration in host communities also constituted part of the population from which a sample was drawn. This population that was considered was an estimated population of about 9,000,000



individuals drawn from employees of IOCs, youth, women, and elders residing within host communities where IOCs operate within the Niger Delta Region.

### **Sample Design**

The objective of having a sample design is to be able to determine a population of study that is representative from which inferences can be drawn on a target population. A sample is deemed to be representative of a population if the analysis made using the sample units produces similar results if the parameters of the population were used. Thus, the sampling design included the target population, accessible population, sampling techniques, and a representative sample which was made up of youths, elders, women, and employees of IOCs.

**Accessible population.** The accessible population is usually a portion of the target population that is used in the study since some of the members of the target population may not be available for study. The accessible population I studied consisted of some employees of the major IOCs in the Niger Delta and host community representatives. These were employees of IOCs, as well as community representatives (men, women, and youths) drawn from host communities impacted by oil exploration and production activities.

**Sampling techniques.** There are two major sampling techniques used in a study of this nature. These are non-probability and probability sampling techniques. The probability sampling techniques was used in this study.

***Non-probability sampling.*** This method of sampling is used when the items of the sample is based on the decision of the researcher rather than the use of random techniques (Frankfort-Nachmias & Nachmias, 2008). In this case, inferences cannot be drawn on a larger population based on the results from such samples. Examples include, convenience sampling; purposive sampling, and quota sampling. These types of sampling technique were not used in this study.

***Probability sampling.*** In this technique, all the items of the population have equal chances of being selected in a sample. Selection of items could be done through either simple random sampling, systematic sampling, stratified sampling or cluster sampling.

A simple random sampling is the most commonly used method in the social sciences (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008) since it involves a simple random selection of items in a population while maintaining equal selection opportunities for each item. Systematic sampling is used when the elements of a population are selected randomly but according to a pre-determined order. The major advantage over simple random sampling is that it is faster and less susceptible to sampling errors. In stratified sampling, the target population is divided into homogeneous sub-populations before a simple or systematic sampling is then used to further select items equally while cluster sampling is used in areas where the population is geographically dispersed (Frankfort-Nachmias & Nachmias, 2008). In this study, the host communities were grouped into clusters before being selected through simple random sampling.

### Sample Size Determination

To ensure that the sample size is truly reflective of the population, the Taro Yemen formula was used in this study. Since the larger the size of the population, the more precise the results of the investigation will be, the sample was drawn based on a 95% level of confidence. The level of confidence indicates the percentage level at which a sample is distributed in the same way as the population being studied.

The Taro Yemen formula is given as :  $n = \frac{N}{1+N(e)^2}$

Where:

n = sample size sought

e = Level of significance

N = Population size.

In this way, the sample size in this study was determined based on 95% level of confidence.

The Taro Yemen Formula was used to manually determine the sample size. Power analyses are deployed based on their intended purposes. Two most common types are the a-priori and the post hoc power analysis (Frankfort-Nachmias & Nachmias, 2008). The a-priori test was used to help determine the appropriate size of the sample. This is being used to help avoid making a Type 2 Error of either accepting or rejecting the hypotheses when they are indeed right or false.

The study population of employees of IOCs and community representatives in host communities was estimated at 400 individuals. This is derived from 37 cluster

communities in Rivers, Bayelsa, and Delta States respectively with 10 representatives from each cluster community and employees of IOCs drawn from the CSR department who manage community interface. Using the Taro Yemen Formula, the required sample size was estimated at a minimum of 200 participants.

In this study, the sample was drawn by using the multi-stage random sampling technique. The host communities exist as clusters in the three states. These are Rivers (17 cluster communities), Bayelsa (10 clusters communities), and Delta (10 cluster communities). At the first stage, simple random sampling was used to select cluster communities into manageable sizes in the three different states since they were geographically dispersed. Using an assigned random number of two counts, the cluster communities in Rivers was reduced to eight while Bayelsa and Delta cluster communities would be made up of five communities each. At the second stage, each community representative was listed and they also were randomly selected to determine the sample size from community representatives. Since each community was represented by an average of 10 elected individuals who manage their interface with IOCs, this implies that the total number estimated from the community representatives would be 80 from Rivers, 50 from Bayelsa, and 50 from Delta, giving a total estimate of 180 participants from the community representatives. Similarly, two IOCs were also selected from five and the employees (managers and supervisors) of IOCs who manage stakeholders in CSR department were listed as participants. Through this process, a total estimate of 30 participants were recruited. This gave a total estimated minimum sample of 270

participants consisting of community representatives and employees of IOCs.

Questionnaires were distributed to these participants to generate the required data for this study.

### **Procedures for Recruitment, Participation, and Data Collection (Primary Data)**

The sample population of this study consisted of some employees of IOCs, and community representatives made up of youths, elders, women, and individuals residing within host communities, and impacted by the activities of IOCs. A randomly selected sample was drawn from this population which was considered to be a fair representation of the population to be studied (Frankfort-Nachmias & Nachmias, 2008). In a randomly selected sample, elements of a population are selected using a draw. This ensures that the choices that are made into a sample were selected without bias and every item in the population was chosen entirely by chance and has an equal probability of being selected. As stated earlier, the respondents were limited to three states within the Niger Delta where IOCs operate mainly. These were Rivers, Delta, and Bayelsa States. The justification for this was because the activities of IOCs in other states of the Niger Delta were minimal compared to the three states selected. The community representatives in the population also were drawn from host communities within these three states.

Two major sources of data were used in this study. The primary source of data was the research questionnaire (see Appendix A). Data collection was done through a structured questionnaire that requested information on demographic qualities such as age bracket, gender, marital status, academic background, profession, and number of years

lived or worked in the host community. The information obtained helped in the analysis of descriptive statistics and the demographic profiling of respondents. All information obtained was treated with a high level of confidentiality.

The other sections of the questionnaire were used to source information and perception of proposed respondents on both the independent variables and the dependent variables of the study. This consisted of detailed and structured multiple-choice questions that operationalize the dimensions of the independent variable (CE, VS, and VCs) and the measures of the dependent variable (RC and EC). Information obtained through this strategy was used in the data analysis of the study.

### **Instrumentation and Operationalization of Constructs**

The main instrument used in this study was the research questionnaire. The questionnaire was used to source both demographic information from respondents and data that was used for statistical analysis. Other sources of data that was useful to this study include documents, information booklets, and other related information that gave a historical perspective of the problem. However, the questionnaire used contained different levels of measurements (ordinal and interval) that enabled the research to obtain both demographic information and data that enabled descriptive and well as analytical aspect of the research.

The questions in the questionnaire were developed from the research questions when they were made operational. I developed and used the questionnaire as the measuring instrument. Usually two or more options are used to test for the reliability of

the measuring instrument (the questionnaire). The test-retest option is used when the questionnaire with the formulated questions is sent to a population of experts on the subjects (variables) being examined. This population is different from the one being investigated. The feedback is then collated for reliability using SPSS. After a period of two weeks, depending on the responses obtained, a second set of questionnaires is re-sent to this population for their final contribution before it is tested for reliability. However, a more modern option of testing for reliability is the use of the Cronbach Alpha. This is the option that was chosen for this study. The questionnaire that I have developed from the research questions (see Appendix A ), was deployed to the sample drawn from the population and the reliability of this scale was tested using SPSS to obtain the level of Alpha. When this level is greater than 7, the internal consistency of the measuring scale is said to be reliable. When it is less than 7, it is said not to be reliable (Frankfort-Nachmias & Nachmias, 2008).

The sample of 400 participants was drawn through random sampling of the representatives of the inhabitants of the host communities. These representatives consisted of youths and adults within the age range of 18-70 years. When a sample is drawn in a simple random sampling through a draw and without bias, it will give equal opportunity to all the elements of the population to be selected. Inferences from this sample can then be generalized to the population. The sample in this study provided equal chance to all the elements of the population selected.

### **Operational Definition of Constructs**

CSR was defined in this study as those activities organizations undertake to enhance their reputation, improve the lives of their stakeholders, and their OP. These activities could be economic, ethical, legal, or philanthropic. The dimensions being studied are, CE, VS, and VCs. OP in this study was also defined as the non-financial aspects of OP which included RC and EC. These activities are believed to contribute to the profit maximization objective of the organization.

*Centrality (CE)*: This term in this study refers to how important CSR activities are central to the vision and policies of the IOCs. It denotes the significance a business organization places on the implementation of its CSR goals. It recognizes also, how a firm values its internal and external stakeholders.

*Corporate social responsibility (CSR)*: These are activities business organizations undertake to enhance their reputation with their stakeholders and subsequently, improve their organizational performance. These activities could be economic, ethical, legal, and philanthropic. These activities are carried out in partnership with relevant stakeholders within the area of the firm's business operation.

*Employees' commitment (EC)*: This is defined as the motivation and commitment derived from employees of a firm based on the way the firm interacts with its customers, stakeholders, and the public. This interaction is usually defined by the values of the organization which is perceived by its employees when the organization interacts with



it's stakeholders. This positive perception translates into increased productivity and consequently improved performance in the workforce.

*Organizational performance (OP):* In this study, OP is defined as the benefits a business organization derives from its investments. This benefits could either be measured in terms of financial or non financial benefits. In this study, OP was limited to the nonfinancial aspects which includes RC and EC.

*Positive social change:* In this study, positive social change refers to those changes in the socioeconomic lives of inhabitants of host communities who are impacted by the activities of IOCs operating in this region. These positive changes will be made visible in terms of human capital development, economic empowerment, social infrastructure, health, and general reduction of conflicts being experienced in this region.

*Relational capital:* This defines the social capital that could be generated by a firm in it's relationship with it's stakeholders and society where it operates. These are benefits derived from a firm's recognition and positive interaction with a firm's internal and external stakeholders who contribute to it's brand acceptance. This recognition and acceptance by it's stakeholders could generate goodwill and eventually contributing to its profit margin.

*Visibility (VS):* This is denoted by activities or projects undertaken by IOCs to deliberately promote their brand in the perception of their stakeholders. A strategy where IOCs position their brand in host communities and society where they operate to create

value and be associated with good deeds. These are activities that are intangible but contribute to the profit goal of the organization.

*Voluntary contribution (VC):* Contributions made by IOCs voluntarily to host communities and societies as enablers for socioeconomic development. This contribution could be in areas of economic empowerment, health, human capital development, and social infrastructure related activities. Although these contributions by IOCs may be voluntary they are usually regarded as investments in social capital.

### **Levels and Types of Measurements**

There are basically two types of measurements in research. These are qualitative scales and quantitative scales (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008). Qualitative scales are the types used to measure the variables in such a way that their discrete characteristics can be measured. These scales are also known as classification scales by which objects of study are distinguished in terms of qualitative criterion (Baridam, 2001). These scales include nominal scales and ordinal scales.

*Nominal scales.* These are used *to name* and not used to determine existing relationships (examples are *sex, age*). This type of scale remains one of the most widely used in research where observations are categorized without existing relationships between them. These scales may vary in size having more than two categories as desired by the researcher. When they are used in generating quantitative data, the numbers of subjects in each categorization are simply counted (Frankfort-Nachmias & Nachmias, 2008). The number of occurrences is referred to as frequencies and reported as

percentages with respect to the number of subjects in such category. This scale was utilized to determine the demographic profiles of individual respondents.

***Ordinal scales.*** These are used in ranking and ordering things like measuring intensity or severity. Examples are *excellent, very good, good*, and so on. They can be used by a researcher as self-measuring instruments in which subjects are placed in categories considered most appropriate. When the data from an ordinal scale is to be employed in a quantitative manner, numerical values are then assigned to indicate their rank order qualities. This scale was utilized in the descriptive aspects of the study.

***Quantitative scales.*** Quantitative scales are measurement scales that provide a numerical value for the variables they are measuring (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008). The two major types are, interval and ratio scales.

***Interval scale.*** This type of measurement scale uses pre-determined equal intervals to measure variables in a study (Examples are: 1-5years, 6-10 years, 11-15 years). They are used by the researcher to inform the interval of distance between judgments (Frankfort-Nachmias & Nachmias, 2008). On this scale, the distance between the points are usually constant but without an identifiable zero. This scale was utilized in the analytical aspects of this study specifically in the analysis of demographic data of respondents.

***Ratio scales.*** These are scales mostly utilized in physical sciences. They were not used in this research.

### **Transformation from One Level of Measurement to Another**

Measurements can be transformed from one level to another especially from the qualitative scales into quantitative. But the quantitative scales cannot be transformed into qualitative (Frankfort-Nachmias & Nachmias, 2008). Nominal scales can be transformed into quantitative data simply by counting the number of subjects that are classified in each category and their frequency of occurrence measured or counted. Likewise, in ordinal scales data can be transformed when numbers are assigned to each scale as in *Excellent-1; Good-2*, and so on. Through ranking procedures, it is then possible to analyze relationships among variables using Spearman Rank Correlation Coefficient or Kendall Coefficient (Frankfort-Nachmias & Nachmias, 2008). In this study, the nominal, ordinal, and interval scales were utilized to obtain relevant demographic information and analytical data required in the study.

### **Measurement of Variables**

The survey instrument which was the questionnaire consisted of three parts. One aspect was designed to obtain demographic information from respondents while the two other aspects were designed in a structured manner to obtain information on operationalized variables of both the independent and dependent variables. The demographic information obtained were gender, age bracket, marital status, educational qualification, number of years worked, and position at work. Demographic information obtained in this section was used in descriptive statistics analysis. The information obtained in the second and third section was designed to measure the extent to which the

dimensions of CSR (CE, VS, and VCs.) influenced the measures of OP (RC and EC).

Weighting was assigned to responses on an interval scale from *Not at all* being the lowest to *Great extent*, being the highest. The Likert Five Point Scale of measurement was used in this survey instrument. All information obtained were kept in highly confidential storage. Letters of consent were sent to respondents informing them of the nature of the research and the level of confidentiality. Questionnaire deployment was done manually in host communities.

### **Justification in Scales and Tests**

Test and scales play a very crucial role in research especially in the social sciences since they are often used to measure the relationships between the variables in a research study and used to establish validity and reliability of the instruments utilized (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2007). While scales are used to measure items or dimensions and measures of both the predictor and criterion variables, tests are used to determine the reliability of the measurement scale adopted (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008). Thus, scales and tests are therefore used to establish and enhance reliability and validity of a research study.

In the social sciences, measurements of complex human behaviors are hardly feasible since empirical scores cannot be assigned to such complex behaviors. A clear example is the attitude of human beings. As such, scales of measurement like the Five – Point Likert Scale or the Guttman Scaling are utilized to measure complex human behaviors that stretch from one extreme (positive) to another (negative). These scales

therefore enable a researcher to assign scores to difficult-to-measure dimensions of a variable (Allen & Seaman, 2007; Frankfort-Nachmias & Nachmias, 2008). The Five Point Likert scale was used for the design of the questionnaire in this study.

### **Data Analysis Plan**

A data analysis plan involves how data will be collated, processed, and interpreted to address questions raised in the research. Once the data is collected from respondents, it is collated according to the independent (CSR) and dependent (OP) variables and their subvariables, to determine their values. Such values generated are then analyzed using SPSS to obtain descriptive, and inferential information such as univariate and bivariate data. The final phase of the plan is to then determine the statistical significance of the relationship between the variables and the effects of their interaction.

### **Statistical Tests and Interpretation of Results**

The major data analysis was conducted using multiple regressions through SPSS. This tool enables the researcher to establish if there exists a significant relationship between the dimensions of the independent variables and the measures of the dependent variable. The Cronbach's Alpha was also used to establish reliability and viability while the Spearman Rank Correlation Coefficient was utilized to determine the degree of association of test items used to accept or reject them. The Spearman Rank coefficient was used to measure how close the relationship between the predictor and criterion variables were in a multivariate setting while the Cronbach's Alpha was used to ascertain the reliability of the scale and homogeneity within the items of latent variables, usually

ranging from 0-1.0. The measure from 0 to 0.39 was regarded as weak correlation while 0.6 to 0.7 and 0.8 to 1.0 was regarded as a high and very high correlation. Thus, I ensured reliability and validity of variables used in this study using these tools.

Demographic information of respondents obtained from data have been presented in frequency tables and bar charts which was analyzed to generate descriptive statistics of the constructs using univariate analysis. Bivariate Analysis was conducted to ascertain the level of relationship that exists between the independent and dependent variables. The Spearman Rank Correlation Coefficient was used to determine the level of correlation between the dimensions and measures of the variables used in the study. The measure from 0.00 - 0.39 was regarded as weak correlation while 0.40 - 0.59 was interpreted as moderate correlation. Any correlation results from 0.6 - 0.7 and 0.8 - 1.00 was interpreted as strong and very strong correlation respectively.

The hypotheses generated from the research questions were tested using the Multiple Regression Analysis Model. The decision rule of 5% level of significance (Probability Value, PV) was used to determine the level of significance in the relationship between the variables. The decision rule was: if PV was greater than 0.05, the null hypothesis would be accepted and if it was less than 0.05, the null hypothesis would be rejected. The effect of the dimensions of the independent variable on the measures of the dependent variables was determined using the values of F calculated and F values from tables

### **Threat to Validity**

The concepts of validity and reliability in research are very critical to the success of any project (Adcock & Collier, 2001). Validity is defined as the extent to which a selected instrument measures what it is supposed to measure while reliability is the extent to which a measuring instrument is consistent in measuring the data being sought. It seeks to describe the precision of an instrument. There are three known types of validity: content, concurrent, and construct validities.

#### **Content Validity**

This type of validity determines the degree to which the sample of items to be tested represents the content the test is designed to measure. It involves two types: Face validity and sampling validity. Face validity is usually concerned with the researcher's subjective evaluation of the measuring instrument. For example, a researcher may design a questionnaire to reflect the relationship between the variables being measured. This could be assessed with the use of experts to determine how suitable the questionnaire meets with the content being measured. Sample validity is concerned with the sampling procedure if it meets with requirements of a sample for a given population (Baridam, 2001; Frankfort-Nachmias & Nachmias, 2008). In this study, the questionnaire that was used was designed by the researcher based on the research questions. The research questions were operationalized in the questionnaire and presented in a structured manner in a way that the responses obtained from the selected sample were quantified. A simple random sampling procedure was used to determine the sample from the identified target



population. Cronbach Alpha analysis was then used to determine the viability and reliability of the constructs used in the questionnaire. This ensured content validity.

### **Empirical Validity**

This is also known as predictive validity. This type of validity is used to determine if correct inferences are being drawn from the use of statistical assumptions or calculations. It describes how scores from a test correspond with behaviors being measured in a research.

### **Construct Validity**

This is the degree to which a test measures what it was designed to measure. This type of validity could be experienced in the choice of design used to test hypothetical constructs and concepts. It could help determine if the scores obtained serve a useful purpose or have positive consequences when used in practice (Frankfort-Nachmias & Nachmias, 2008).

### **External Validity**

The is the extent to which inferences from a study can be generalized to a population. External validity in this type of study is very essential since inferences could be drawn on a population of interest (Trochim, 2002). A researcher therefore ensures that the data being collated and analyzed are a true reflection of what occurs within the population.

**Reliability**

Reliability helps to determine the internal consistency of the measuring instrument. It helps to ensure that instruments utilized are capable of being replicated to produce reliable scores over a period. Factors that could contribute to the unreliability of an instrument include, familiarity with the test form, emotional strain, fatigue, and fluctuations in human memory (Frankfort-Nachmias & Nachmias, 2008). These factors could lead to instrumentation biases and could lead to unreliability.

**Limitations**

Among several strengths of the quasi-experimental design is the fact that it is economical as data could be obtained using questionnaires. There is also easy cooperation of study subjects and research could be completed in a shorter period. Among its limitations is the fact that it cannot be used to establish causal relationships and it is not useful in the generation of new theories and ideas (Frankfort-Nachmias & Nachmias, 2008). Secondly, the conditions existing in the Niger Delta Region may be attributed to factors other than CSR activities of IOCs. I therefore ensured that such conditions were minimized so that the degree of the relationship between the predictor and criterion variables was correctly established.

**Ethical Concerns**

In a study of this nature, the individual respondents were employees of IOCs, youths, women, and men residing in host communities that have been impacted by oil exploration and production activities within the Niger Delta Region. A Form of Consent

was presented to each respondent to enable proper feedback to the questionnaires that were distributed. The privacy of information generated was communicated to respondents to ensure information they provided was fully protected from any name association.

### **Summary**

This chapter focused on the methods used in assessing the study elements and how they were used within the research to obtain the required data from which possible solutions could be presented on the research problem. Major sections discussed in this chapter included the research design and the rationale behind the design chosen, methodology followed in the design, and threats to both internal and external validity. The research design highlighted the study variables, identified the appropriate design adopted in connection to the research questions, and time and resource constraints that were experienced during the research. The methodology provided information on the sampling and sampling procedure, the procedure for recruitment of respondents, data collection, and instrumentation. The section on threats to validity highlighted internal and external validity, content validity, empirical validity, and construct validity.

The design that I used in this research was the quantitative approach. This was because of the objective of the research which was to determine the significance of the relationship between CSR and OP of IOCs operating within the Niger Delta Region. The independent variables were CE, VS, and VCs. The dependent variables that were measured were RC and EC. The cross-sectional survey using the questionnaire was utilized in data collection while the multiple regression analysis was utilized as the

statistical tool. The Spearman Rank Correlation Coefficient was also used to establish the degree of the relationship between the predictor and criterion variables.

This chapter included information on the data analysis plan, the reliability of the survey instrument, and the threats to validity. SPSS was used in data analysis while the reliability of the survey instrument was tested using the Cronbach Alpha. High confidentiality was maintained while using the survey instrument to ensure that the identities of respondents were not exposed and that information provided was not compromised.

## Chapter 4: Results

As stated earlier, the purpose of this research was to investigate the relationship between CSR and OP of IOCs operating within the Niger Delta Region that might lead to fewer conflicts (between inhabitants of host communities and IOCs) and improve the lives of the inhabitants of host communities. The dimensions of CSR activities that were investigated were CE, VS, and VCs while the measures of OP were RC and EC. These variables have been found to be useful in assessing the performance of an organization.

### Research Questions

The central research question in this quantitative study was:

*RQ1*: What is the extent to which CSR activities impact OP specifically within the oil industry in the Niger Delta Region of Nigeria? The subquestions were:

*SQ1*: Is there a significant relationship relationship between CSR and OP?

*H<sub>01</sub>*: There is no significant relationship between CSR and OP.

*H<sub>a1</sub>*: There is a significant relationship between CSR and OP.

*SQ2*: Is there a significant relationship between VCs from corporate organizations and OP?

*H<sub>02</sub>*: There is no significant relationship between VCs by corporate organizations and OP.

*H<sub>a2</sub>*: There is a significant relationship between VCs by corporate organizations and OP.

*SQ3*: Is there a significant relationship between VS and OP?

*H<sub>03</sub>*: There is no significant relationship between VS and OP.

*H<sub>a3</sub>*: There is a significant relationship between VS and OP.

*SQ4*: Is there a significant relationship between CE and EC?

*H<sub>04</sub>*: There is no significant relationship between CE and EC.

*H<sub>a4</sub>*: There is a significant relationship between CE and EC.

*SQ5*: Is there a significant relationship between VCs and RC?

*H<sub>05</sub>*: There is no significant relationship between VCs and RC.

*H<sub>a5</sub>*: There is a significant relationship between VCs and RC.

*SQ6*: Is there a significant relationship between VS and RC?

*H<sub>06</sub>*: There is no significant relationship between VS and RC.

*H<sub>a6</sub>*: There is a significant relationship between VS and RC.

In this chapter, I have attempted to present the results of the study. This section includes presentation, analysis, and interpretations of data. The chapter highlights the demographic profile of respondents, reliability analysis using Cronbach's Alpha, and the univariate and bivariate analyses. I present the results of the correlation analysis, hypotheses, and the results of regression analysis.

### **Data Collection**

Questionnaires in the study were administered to community representatives and individuals residing in host communities in Rivers, Delta, and Bayelsa, Nigeria. The questionnaires were distributed within a time frame of 2 months. A total of 420

questionnaires were distributed to community representatives consisting of adults above the age of 18 years, residing in host communities. These host communities were those impacted by the activities of IOCs. Out of these, 270 questionnaires were retrieved, and 80 could not be retrieved. The total number of questionnaires received was about 67% of the total distributed.

### **Demographic Characteristics of Sample**

This section includes the demographic characteristics of respondents which are gender, age, marital status, and educational qualifications. It also includes the number of years individuals have lived or worked in the community, and their designation or employment positions. All these characteristics helped to provide information on the features and quality of the sample used.

Table 1

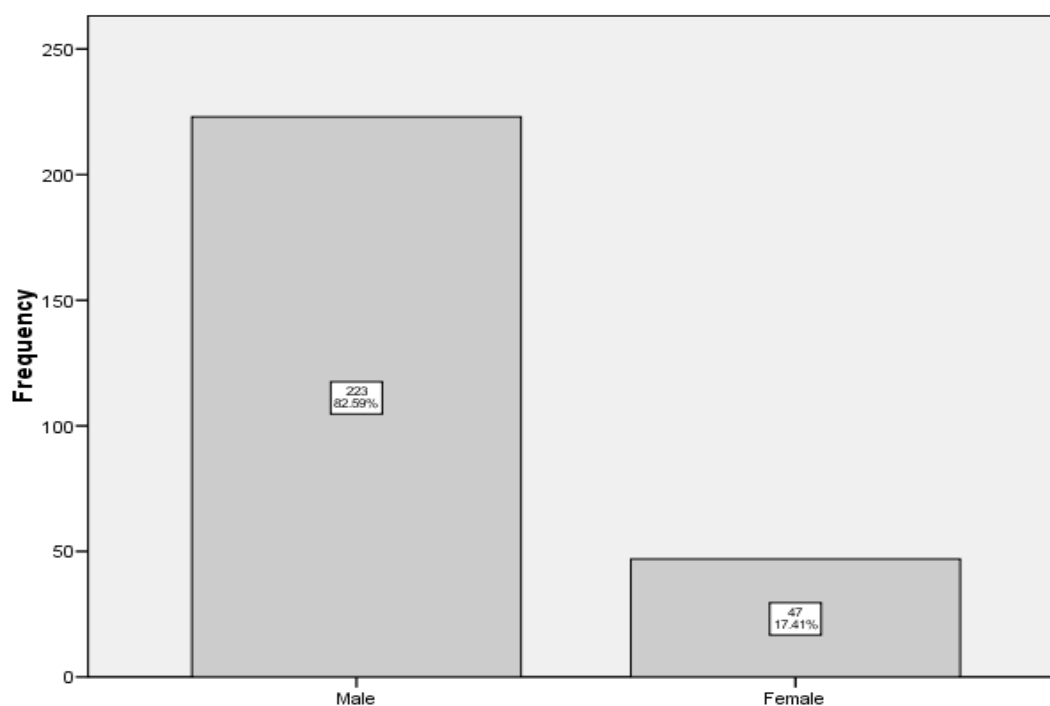
#### *Frequency Table on the Gender of Respondents*

Demographic Variable	Frequency	%
Gender		
Male	223	82.6
Female	47	17.4
Total	270	100

### **Gender of Respondents**

From Table 1 and Figure 2, it was observed that majority of the respondents were males (82.6%) while females constitute the minority (17.4%). This was not unexpected as women hardly participate in the decision-making process within the dominant tribes of

the Niger Delta Region. It was also a reflection of the culture of the inhabitants of host communities.



*Figure 2.* Bar chart showing gender of respondents.

Table 2

*Frequency Table on the Age of Respondents*

Demographic Variables	Frequency	%
Age		
Less than 21 Years	9	3.3
21 - 30 Years	30	11.1
31 - 40 Years	122	45.2
41 – 50 Years	80	29.6
51 Years and above	29	10.7
Total	270	100



### Age Bracket of Respondents

The age of the respondents was also shown on Table 2 which highlighted that majority of the respondents were within the age bracket of 31 to 40 years (45.2%), compared to others that were within the age bracket of 41 to 50 years (29.6%), and 21 to 30 years that constitute 11.1%. This indicates that the majority of the respondents were young and active. This information is also presented in the bar chart in Figure 3.

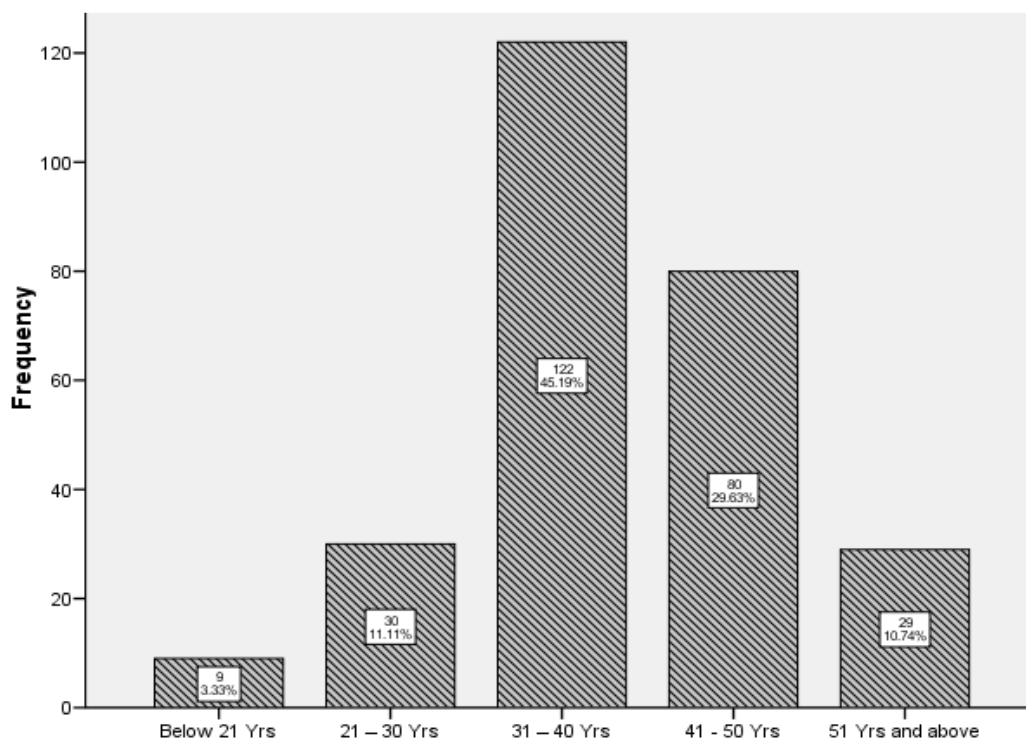
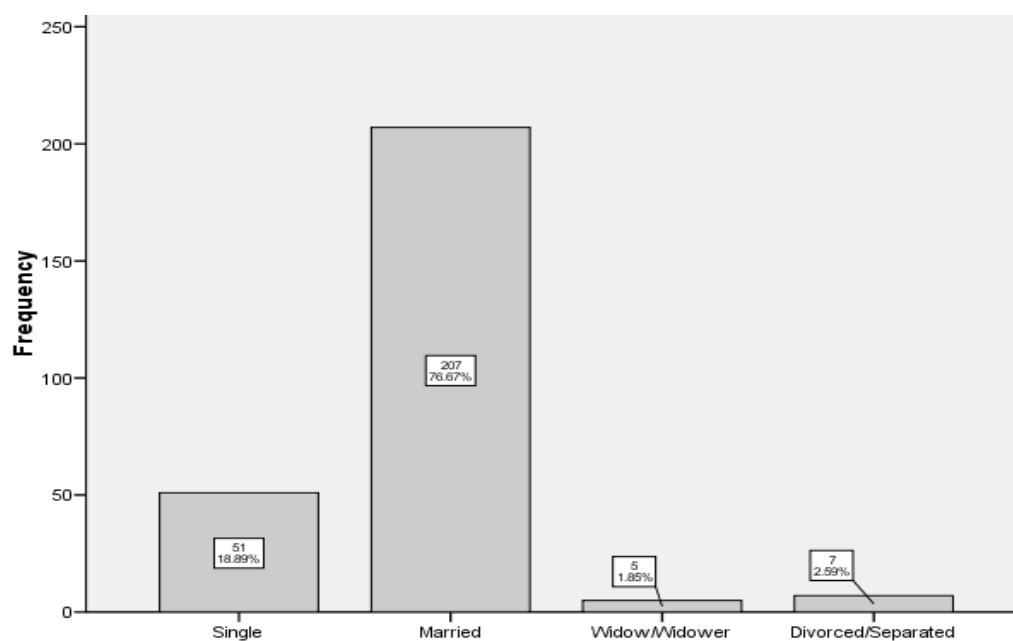


Figure 3. Age distribution of respondents in the survey.

Table 3

*Frequency Table on the Marital Status of Respondents*

Demographic Variables	Frequency	%
Marital Status		
Single	51	18.9
Married	207	76.7
Widow/Widower	5	1.9
Divorced/Separated	7	2.6
Total	270	100

*Figure 4. Marital status of respondents.***Marital Status**

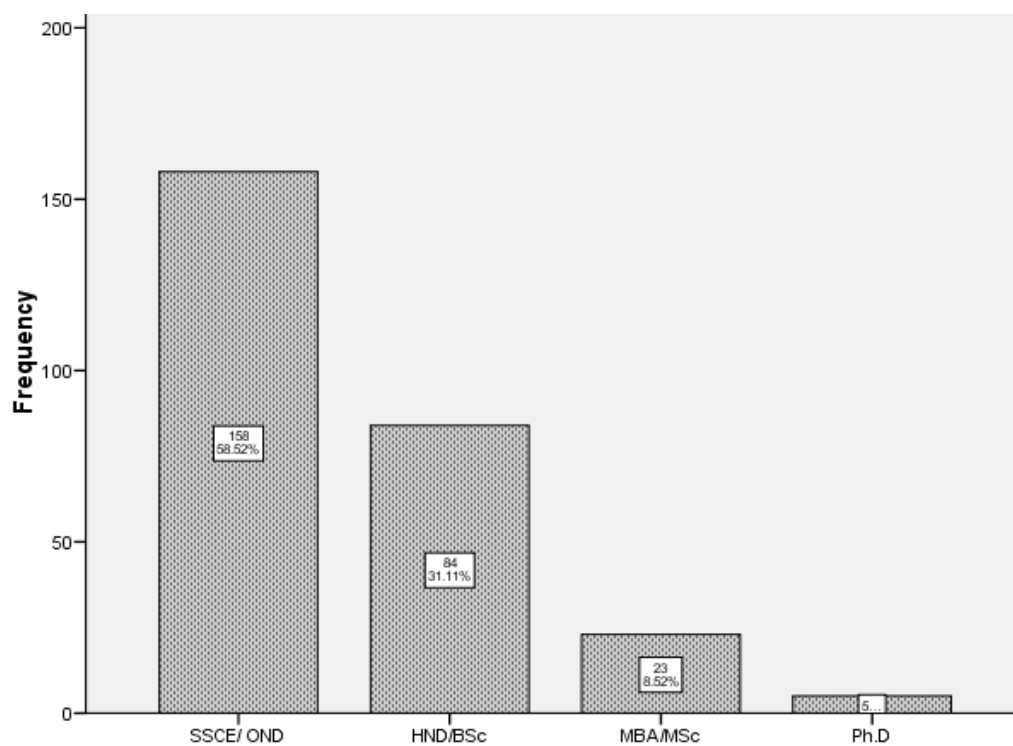
The result in Table 3 indicates that majority of the respondents (76.7%) were married and 18.9% were single. The table further revealed that 1.9% were widowed or

widowers while 2.6% were either divorced or separated. The corresponding bar chart is shown in Figure 4.

Table 4

*Frequency Table on the Academic Qualification of Respondents*

Demographic Variables	Frequency	%
Academic Qualification		
SSCE/OND	158	58.5
HND/BSc	84	31.1
MBA/MSc	23	8.5
Ph.D.	5	1.9
Total	270	100



*Figure 5.* Educational qualifications of respondents.

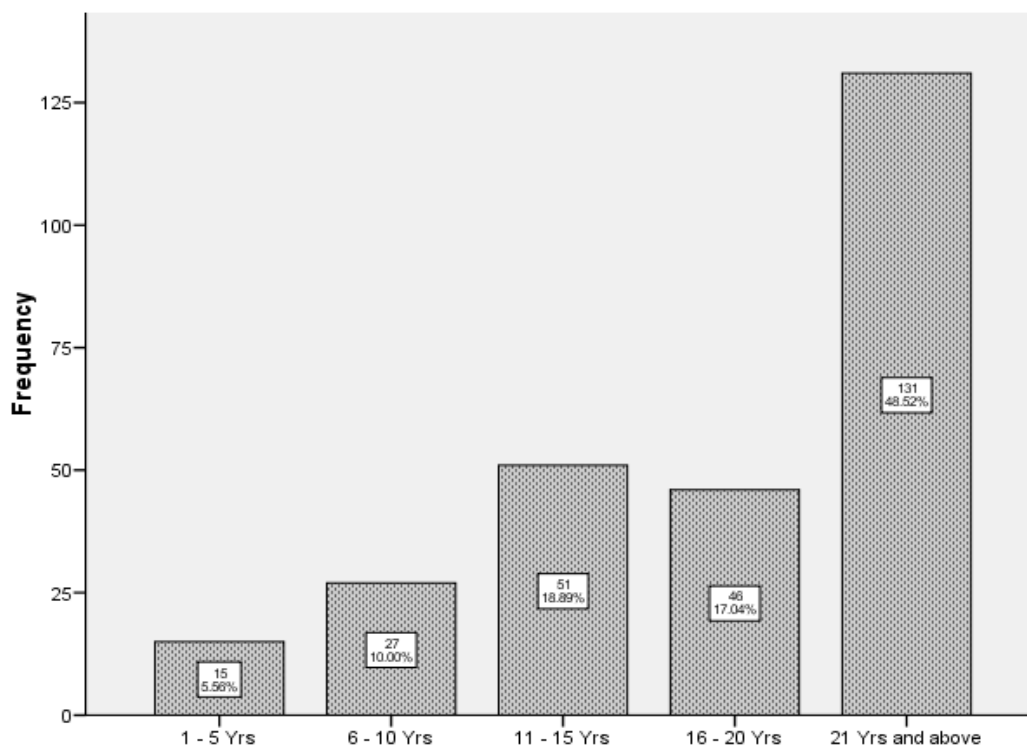
### **Educational Qualification of Respondents**

Table 4, also indicates that the majority (58.5%) of the respondents with SSCE/OND finished high school while 31.1% had a BSC/Higher National Diploma (HND) and 1.4% of respondents had higher degrees (MBA, MSc, and PHD). The result shows that most of the respondents had required educational qualification and are informed enough to respond to research questions. This information is also presented in a bar chart in Figure 5. The minimum required educational qualification in Nigeria is the Senior Secondary School Certificate (SSC) which is closely followed by the Ordinary National Diploma (OND). Majority (58.5%) of respondents fall within this qualification range. This is an indication of respondents being knowledgeable about issues raised in research questions.

Table 5

#### *Frequency Table on the Years of Experience of Respondents*

Demographic Variables	Frequency	%
Years of Experience		
1 - 5 years	15	5.6
6 - 10 years	27	10
11 - 15 years	51	18.9
16 – 20 years	46	17
21 years and above	131	48.5
Total	270	100



*Figure 6.* Number of years respondents have lived or worked in community.

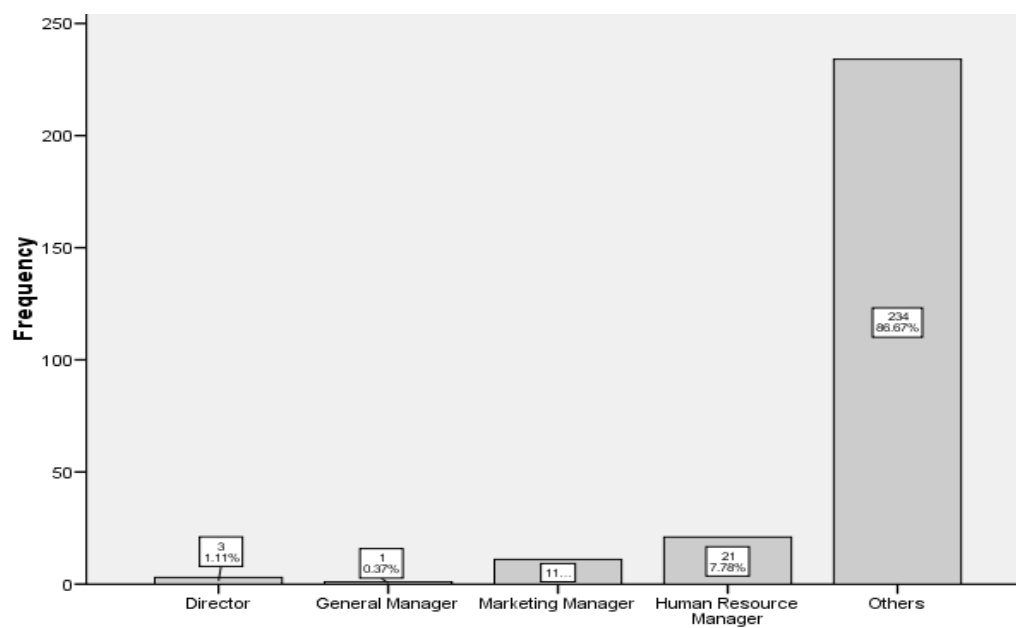
### **Number of Years Respondents Worked or Lived in the Community**

The number of years respondents have worked in the firm or lived in the community is shown in Table 5. The result indicates that majority (48.5%) of the respondents had worked in the firm or lived in the community for at least 21 years while 41.5% of the respondents had worked in the firm or lived in the community for at most 20 years. Specifically, 5.6% of the respondent had worked in a firm or lived in the community within 1-5 years, 10% of the respondent had worked in the firm or lived in the community within 6-10 years, and 18.9% of the respondent had worked in the firm or lived in the community within 11-15 years. This information is also presented in the bar chart in Figure 6.

Table 6

*Frequency Table on the Designation of Respondents*

Demographic Variables	Frequency	%
Designation		
Director	3	1.1
General Manager	1	0.4
Marketing Manager	11	4.1
Human Resource Manager	21	7.8
Others	234	86.7
Total	270	100

*Figure 7. Designation of respondents.*

**Designation**

Table 6 shows that majority of respondents have lived in the community while some of them have worked in firms in the community as directors of organizations (1.1%). Some of the respondents have worked as general managers (0.4%), marketing managers (4.1%), and 7.8% were human resources managers. The other respondents (86.7%), without any particular designation and who were in the majority lived in the communities.

**Univariate Analysis of Variables**

To accept the reliability of the data generated from the variables of the study, a univariate analysis was conducted on each item of the model to justify their individual inclusion. The predictor variable in the study was CSR which included the dimensions of CE, VS, and VCs. The dependent variable tested was OP and its measures which also included RC and EC. The reliability tests of individual variables were conducted to ensure their consistency in measuring what they were meant to measure. The Cronbach's Alpha was utilized to determine the reliability of the variables. The reliability results of these variables are presented in the Table 7.

Table 7

*Result of Reliability Analysis on the Variables of the Study*

Variable	Cronbach's Alpha
Independent variable and dimensions	
CSR	0.972
CE	0.971
Visibility	0.957
Voluntary contributions by oil firm	0.959
Dependent variables and measures	
OP	0.943
Relational Capital	0.861
Employees' Commitment	0.954

The reliability analysis in Table 7 indicates a result of the Cronbach's Alpha being greater than 0.7. Our decision rule was that values of Cronbach's Alpha greater than 0.7 confirms high reliability while values less than 0.7 indicates low reliability. The



results in the table therefore confirm that all the variables were high in terms of their reliability in measuring what they were expected to measure since all of the variables had Cronbach's Alpha  $> 0.7$ . These results were in accordance with acceptable values of reliability tests. This implies that given the same circumstances in the survey, the reliability of the survey results could lead to practicable generalizations of the impact of CSR on OP.

### **Statistics Results**

A presentation of the results includes the descriptive statistics of the dimensions of the independent variable and the measures of the dependent variable. It also includes the univariate and bivariate analysis of the variables. The relationships between the variables and testing of hypotheses are also presented.

#### **Descriptive Statistics of Variables of the Study**

The major variables in the study were CSR with dimensions of centrality (CE), visibility (VS) and voluntary contributions (VC), and organizational performance (OP) which has RC and EC as measures. The descriptive statistics of these variables are presented in the Table 8.

Table 8

*Descriptive Statistics of the Variables*

Statistics	Independent Variables				Dependent variables		
	CSR	C	V	VC	OP	RC	EC
N	270	270	270	270	270	270	270
Mean	4.65	4.54	4.58	4.55	4.62	4.58	4.53
Std Deviation	0.89	0.97	0.89	0.91	0.83	1.12	1.37

**Extent of CSR in the Studied Communities**

Table 8 shows that CSR had a mean score  $4.5 > 3.0$ . This indicates the prevalence of CSR in sampled communities. The three dimensions of CSR also had means higher than the required mean: CE  $4.54 > 3.0$ , VS  $4.58 > 3.0$ , and VC by oil firm  $4.55 > 3.0$ . This also signifies the prevalence of these variables in the sampled communities.

**Extent of OP in the Studied Communities**

Table 8 shows that OP had a mean score greater than 3.0. The mean scores of the measures of OP were also greater than 3.0 (RC  $4.58 > 3.0$ , EC  $4.53 > 3.0$ ). This is an indication of the prevalence of these variables in the studied communities.

### Extent of CE

Five measurement items in the questionnaire were used to collect data on centrality of CSR. These items were used to determine the prevalence of CE. The associated descriptive statistics of CE are presented in Table 9.

Table 9

#### *Descriptive Statistics on the Extent of CE*

Questionnaire Items	N	Sum	Mean	Std Dev
The extent to which your organization or community considers CSR activities as being central to its policies.	270	1227	4.54	1.022
The extent to which leaders in your organization or community rate centrality of CSR activities.	270	1210	4.48	1.079
The extent to which you value the centrality of CSR	270	1234	4.57	1.002
The extent to which your organization or community considers the centrality of stakeholders in CSR activities.	270	1230	4.56	1.01
The extent to which the leaders in your organization or community considers the centrality of stakeholders in CSR	270	1232	4.56	1.003
Grand Mean			4.54	

The prevalence of CE is upheld since the grand mean is higher than the required mean from the Likert Scale of 3.0 ( $4.53 > 3.0$ ). This indicates that all the items of CE were rated to a high extent. It also shows that EC is prevalent in host communities.

### **The Extent of Visibility**

Five items were measured to determine the extent of VS in the model. The items were to determine the rate and value of VS in the communities. The result of the descriptive statistics is presented in the Table 5.

Table 10

#### *Descriptive Statistics on Items of VS*

Questionnaire Items	N	Sum	Mean	Std Dev
The extent to which your organization or community considers VS as being necessary in CSR activities	270	1233	4.57	0.987
The extent to which leaders in your organization or community rate VS of oil firms in their CSR activities.	270	1236	4.58	0.968
The extent to which you value VS of oil firms in their CSR activities	270	1241	4.6	0.947
The extent to which you consider being visible to your stakeholders in CSR activities	270	1239	4.59	0.986
The extent to which you value stakeholders in CSR	270	1239	4.59	0.915
Grand Mean			4.58	

### The Extent of VCs

The extent of VCs in the model also was measured by five items on the questionnaire. This was to determine the extent of VCs by oil firms. The result is presented in Table 11.

Table 11

#### *Descriptive Statistics on Items of VCs*

Questionnaire Items	N	Sum	Mean	Std Dev
The extent to which your organization or community considers VCs as being necessary in CSR activities	270	1215	4.5	1.001
The extent to which leaders in your organization or community rate VCs of oil firms in their CSR activities.	270	1243	4.6	0.872
The extent to which you value VCs of oil firms in their CSR activities	270	1236	4.58	0.975
The extent to which your organization or community consider VCs to stakeholders	270	1227	4.54	1.007
The extent to which the leaders in your organization or community rate VCs to stakeholders.	270	1224	4.53	1.03
Grand Mean			4.55	

### The Extent of RC

The extent of RC also was measured by five items in the questionnaire. These items were used to measure the extent of RC in the communities. The descriptive statistics result is presented in the Table 12.

Table 12

#### *Descriptive Statistics on Items of RC*

Questionnaire Items	N	Sum	Mean	Std Dev
To what extent does the CE policy of oil firms influence your relationship	270	1223	4.53	1.015
To what extent does the VS of oil firms influence your relationship	270	1215	4.5	1.019
To what extent does the VCs by oil firms influence your relationship?	270	1228	4.55	0.981
To what extent does VCs by oil firms influence relationship with stakeholders?	270	1287	4.77	3.278
To what extent does VS to stakeholders influence your relationship?	270	1224	4.56	0.945
Grand Mean			4.58	

### Extent of EC

The extent of EC was measured by five items on the questionnaire. These items were used to measure the influence and commitment of individuals to the firm based on its CSR activities. The outcome is presented in Table 13.

Table 13

#### *Descriptive Statistics on Items of EC*

Questionnaire Items	n	Sum	Mean	Std Dev
To what extent does the CE policy of oil firm influence your commitment to the firm?	270	1212	4.49	.911
To what extent does the VS policy of your oil firm influence your commitment to the firm?	270	1234	4.57	.991
To what extent does the VC policy of your oil firm influence your commitment to the firm?	270	1222	4.53	1.065
To what extent does VS to stakeholders influence your commitment to the firm?	270	1220	4.52	1.076
To what extent does VCs to stakeholders influence your commitment to the firm?	270	1232	4.56	1.003
Grand Mean			4.53	

### Summary of Findings from the Univariate Analyses of the Variables

Based on the information derived from Tables 8 to 13, the following deductions were made from the univariate analyses of the variables: CSR activities were well known

and common within the area of study. CSR had a mean of 4.54 while OP also had a mean of 4.53. Both means were above the minimum requirement of 3. This implies that both CSR and OP were held to a high extent in the sampled area. The measures of CSR (CE, VS, and VCs) were found to be highly prevalent in the communities. The measures of OP was also found to be common and prevalent in studied communities.

### **Bivariate Analysis of Research Variables**

Since the univariate analyses of the independent and dependent variables have been conducted, the next phase of the results was to determine the effects of the different dimensions of the independent variables with the measures of the dependent variable. However, before one can proceed to determine the effects of one variable over another, it was important to first determine if any relationship exists between the variables as guided by the research questions and the hypotheses. This relationship can be determined using the Spearman Rank Correlation coefficient (usually denoted as  $r$ ). The values of  $r$  and the corresponding levels of association are presented in Table 14 .

Table 14

#### *Range of Correlation ( $r$ ) and the Corresponding Level of Association*

Range of $r$ with positive and negative sign values	Strength of Association
$\pm 0.80 - 0.99$	Very strong
$\pm 0.60 - 0.79$	Strong
$\pm 0.40 - 0.59$	Moderate
$\pm 0.20 - 0.39$	Weak



± 0.00 – 0.19

Very weak

---

*(table continues)*

The positive (+) sign in the values of  $r$  denotes a direct/positive relationship, while negative (-) of  $r$  denotes an indirect/negative or inverse relationship. Thus, the sign of the  $r$  explains the direction of association or relationship between the two variables. Also, in this section, both correlation and regression analyses were both used to determine the extent of relationships between the study variables. The results are presented in the tables 15 to 21.

#### **Test of Hypotheses Decision Rule**

If  $PV < 0.05$ , the null hypothesis is rejected and one can safely conclude that the relationship is significant. But if the probability value ( $PV > 0.05$  (Level of Significance), the null hypothesis is accepted and one can conclude that the relationship is insignificant. This also implies that an increase or decrease in one variable affects the other significantly.

#### **Extent of Relationship between CSR and OP**

The extent of the relationship between CSR and OP and their subvariables were tested. This was to determine if the relationships between the variables and their subvariables were significant. The results are presented in Tables 15 to 21.

Table 15

*The Extent of the Relationship between CSR and OP*

Type	Variables1	Statistics	CSR	Organizational Performance
Spearman's rho	CSR (CSR) Activities	Correlation Coefficient	1.000	.702**
		Sig. (2-tailed)		.000
		N	270	270
	OP	Correlation Coefficient	.702**	1.000
		Sig. (2-tailed)	.000	
		N	270	270

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 15 shows a high value of Spearman's correlation coefficient ( $r = 0.702$ ). This implies a strong and positive relationship between CSR and OP. This also implies that an increase in OP is positively associated with an increase in CSR activities.

**Test of Hypothesis 1**

$H_0$ : There is no significant relationship between CSR and OP.

$H_a$ : There is a significant relationship between CSR and OP.

The probability value (PV) =  $0.001 < 0.05$  (Level of Significance). The null hypothesis is therefore rejected. This implies a significant relationship exists between CSR and OP.

Table 16

*Relationship between VCs and OP*

Type	Variables1	Statistics	VCs by oil firm	Organizational Performance
Spearman's rho	Voluntary contributions by oil firm	Correlation Coefficient	1.000	.633**
		Sig. (2-tailed)		.000
		N	270	270
	OP	Correlation Coefficient	.633**	1.000
		Sig. (2-tailed)	.000	
		N	270	270

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The Spearman's Rank correlation result presented in Table 16 revealed a correlation coefficient ( $r$ ) of 0.633. This coefficient is high and positively signed, implying that a strong relationship exists between VCs and OP. This implies that an increase in OP is associated with an increase in the VCs by oil firm.

### **Test of Hypothesis 2**

$H_02$ : There is no significant relationship between voluntary contributions by corporate organizations and OP.

$H_a2$ : There is a significant relationship between voluntary contributions by corporate organizations and OP.

Table 16 reveals that the probability value (PV) = 0.001 < 0.05 (Level of Significance). The null hypothesis is therefore rejected. This implies that a significant relationship exists between VCs by oil firm and OP.

Table 17

*Correlation Analysis Showing Relationship between VS and OP*

Type	Variables1	Statistics	VS	Organizational Performance
Spearman's rho	Visibility	Correlation Coefficient	1.000	.659**
		Sig. (2-tailed)	.	.000
		N	270	270
	OP	Correlation Coefficient	.659**	1.000
		Sig. (2-tailed)	.000	.
		N	270	270

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 17 reveals a Spearman's Rank correlation coefficient ( $r$ ) of 0.659. This implies that a strong and positive relationship exists between VS and OP. This also implies that an increase in VS can yield a corresponding increase in OP.

### Test of Hypothesis 3

$H_03$ : There is no significant relationship between VS and OP.

$H_a3$ : There is a significant relationship between VS and OP.

The probability value is  $PV = 0.001 < 0.05$ . The null hypothesis is therefore rejected. This implies that a significant relationship exists between VS and OP.

Table 18

*Correlation Analysis Result between CE and EC*

Type	Variables1	Statistics	Centrality	Employees' Commitment
Spearman's rho	CE	Correlation Coefficient	1.000	.095**
		Sig. (2-tailed)	.	.616
		N	30	30
	Employees' commitment	Correlation Coefficient	.095	1.000
		Sig. (2-tailed)	.616	.
		N	30	30

Table 18 shows that the Spearman's correlation coefficient ( $r$ ) = 0.095. This implies that a weak relationship exists between CE and EC. The positive sign of the correlation coefficient implies that a direct but weak relationship exists between the variables.

**Test of Hypothesis 4**

$H_04$ : There is no significant relationship between CE and EC.

$H_a4$ : There is a significant relationship between CE and EC.

The Probability value,  $PV=0.616 > 0.05$ . This implies a weak relationship between CE and EC. The null hypothesis is therefore upheld that the relationship between CE and EC is insignificant.

Table 19

*Correlation Analysis Result of Relationship between VCs and RC*

Type	Variables1	Statistics	Voluntary contributions	Relational Capital
Spearman's rho	Voluntary contributions by oil firm	Correlation Coefficient	1.000	.600**
		Sig. (2-tailed)	.	.000
		N	270	270
	Relational Capital	Correlation Coefficient	.600**	1.000
		Sig. (2-tailed)	.000	.
		N	270	270

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The result from Table 19 shows a high correlation coefficient of  $(r) = 0.600$ , which signifies a high, strong, and positive relationship exists between VCs and RC. This indicates that an increase in RC is accompanied with an increase in VCs by oil firm. This implies that an increase in VC could cause an increase in RC in the studied firms.

**Test of Hypothesis 5**

$H_05$ : There is no significant relationship between VCs and RC.

$H_a5$ : There is a significant relationship between VCs and RC.

The probability value,  $PV = 0.001 < 0.05$ . This implies a significant relationship between VCs by oil firms and RC. The null hypothesis is therefore rejected.

Table 20

*Correlation Analysis Result between VS and RC*

Type	Variables1	Statistics	Visibility	Relational Capital
Spearman's rho	Visibility	Correlation Coefficient	1.000	.643**
		Sig. (2-tailed)	.	.000
		N	270	270
	Relational Capital	Correlation Coefficient	.643**	1.000
		Sig. (2-tailed)	.000	.
		N	270	270

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The result from Table 20 shows that the Spearman's correlation coefficient ( $r$ ) = 0.643. This value is high and indicates a strong and positive relationship between VS and RC. This implies that an increase in VS could lead to a corresponding increase in RC.

**Test of Hypothesis 6**

$H_{06}$ : There is no significant relationship between VS and RC.

$H_{a6}$ : There is a significant relationship between VS and RC.

The probability value,  $PV = 0.001 < 0.05$ . This implies that there is a significant relationship between VS and RC. The null hypothesis was therefore rejected.

Table 21

*Summary Presentation of Hypotheses Tested*

Hypothesis	Statement of the Hypothesis	Coefficient	Extent	Direction	PV	Decision
Ho1	There is no significant relationship between CSR and OP	0.702**	High	+ve	0	Rejected
Ho2	There is no significant relationship between VCs by corporate organizations and OP	0.633**	High	+ve	0	Rejected
Ho3	There is no significant relationship between visibility and OP	0.659**	High	+ve	0	Rejected
Ho4	There is no significant relationship between CE and EC	0.616**	High	+ve	0.095	Accepted
Ho5	There is no significant relationship between VCs by corporate organizations and relational capital	0.600**	High	+ve	0	Rejected
Ho6	There is no significant relationship between visibility and relational capital	0.643**	High	+ve	0	Rejected



## Regression Analysis Results

After conducting univariate and bivariate analyses of the study variables, the regression analysis is then conducted to determine the effects of the independent variable and its subvariables on the dependent variable and its measures (RC and EC). The univariate analysis was used to determine if there was any correlation between the variables. The bivariate analysis was further conducted to determine the significance of such relationships. The regression analyses was conducted to determine the effects of one variable on the other. The results are shown in Tables 22 to 25.

Table 22

### *Regression Analysis Result Showing the Effects of CSR on OP*

Variables	Coef.	t-cal	sig. t	t-tab (0.05, 269)	R	R <sup>2</sup>	F-cal	F-tab (0.05, 1, 268)	Sig. f
Constant	0.384	2.51	0.012						
CSR	0.915	27.82	0.000	1.96	0.862	0.743	774.2	3.84	0.000

The results from Table 22 shows that the Coefficient of Determination ( $R^2$ ) = 0.743. This implies that 74.3% variation in OP is explained by variations in CSR. This implies that the model has a good fit. The remaining 25.7% is explained by other variables not included in the model. The F-calculated of 774.2 had a corresponding probability value of 0.001; therefore, one can conclude that the model is useful.

Conventionally  $F\text{-Cal} = 774.2 > F\text{-tab}_{(0.05, 1, 269)} = 3.84$  hence the decision above is upheld.

The test of significance conducted as shown in Table 17 above indicates that CSR had  $t\text{-cal} = 27.8 > t\text{-tab}(0.05, 268) = 1.96$ , consequently, CSR significantly affects OP. Furthermore, the corresponding probability value (PV) =  $0.001 < 0.05$  level of significance. This confirms that the decision above that CSR significantly affects OP is upheld.

Table 23

*Regression Analysis Result Showing the Effects of VS, CE, and VC on OP*

Variables	Coef.	t-cal	sig. t	t-tab (0.05, 269)	R	R <sup>2</sup>	F-cal	F-tab (0.05, 3, 266)	Sig. f
Constant	0.426	2.740	0.007						
CE	0.316	3.622	0.000	1.96	0.868	0.753	270.4	3.84	0.000
VS	0.071	.883	0.378						
VCs by oil firm	0.521	6.104	0.000						

The results from Table 23 shows that ( $R^2 = 0.753$ ). This implies that 75.3% variation in OP is explained by variations in VS, CE, and VCs. The model consequently has a good fit. The remaining 24.7% is explained by other variables not included in the model. The F-calculated of 270.4 had a corresponding probability value of 0.001; one can therefore conclude that the model is useful. Conventionally  $F\text{-Cal} = 270.4 > F\text{-tab}_{(0.05, 3, 266)} = 3.84$  hence the decision above is upheld.

The test of significance conducted as shown in Table 23 indicates that

CE had  $PV = .001 < 0.05$ . This implies that C significantly affects OP. VS had  $PV = .378 > 0.05$ . This implies that VS does not significantly affect OP. VCs had  $PV = .001 < 0.05$ . This implies that VCs significantly affect OP.

Table 24

*Regression Result Showing the Effects of CE, VS, and VC on EC*

Variables	Coef.	t-cal	sig. t	t-tab			F-tab (0.05, 3, 266)		
				(0.05, 269)	R	R <sup>2</sup>	F-cal	3, 266	Sig. f
Constant	0.444	3.158	.002						
CE	0.426	5.409	.000	1.96	0.889	0.790	333	3.84	0.000
Visibility	0.004	.060	.952						
Voluntary contribution	0.468	6.068	.000						

The regression analysis result in Table 24 above shows that  $R^2 = 0.889$ . This implies that 88.9% variation in EC is explained by variations in VS, CE, and VC. This shows that the model has a good fit. The remaining 11.1% is explained by other variables not included in the model. The F-calculated of 333 had a corresponding probability value of 0.001; therefore, one can conclude that the model is useful. Conventionally  $F\text{-Cal} = 333 > F\text{-tab}_{(0.05, 3, 266)} = 3.84$  hence the decision above is sustained.

The test of significance conducted as shown in Table 24 above shows that CE had  $PV = 0.001 < 0.05$ . This implies that EC is significantly affected by CE. VS also had  $PV = 0.954 > 0.05$ , therefore, VS does not significantly affect EC. VCs had  $PV = 0.001 < 0.05$ . This implies that VC significantly affects EC.

Table 25

*Regression Result Showing the Effects of CE, VS, and VCs on RC*

Variables	Coef.	t-cal	sig. t	t-tab			F-tab (0.05,		
				(0.05, 269)	R	R <sup>2</sup>	F-cal	3, 266	Sig. f
Constant	0.407	1.631	.104						
CE	0.205	1.461	.145	1.96	0.735	0.540	104	3.84	0.000
VS	0.139	1.065	.288						
VC	0.573	4.178	.000						

The regression analysis result in Table 20 shows that  $R^2 = 0.735$ . This implies that 73.5% variation in RC is affected by variations in VS, CE, and VCs. This shows that the model has a good fit. The remaining 26.7% is explained by other variables not included in the model. The F-calculated of 104 had a corresponding probability value of .001. One can therefore conclude that the model is useful. Conventionally  $F\text{-Cal} = 104 > F\text{-tab}_{(0.05, 3, 266)} = 3.84$  hence the decision above is upheld.

The test of significance conducted as shown in Table 25 above shows that CE had  $PV = 0.104 > 0.05$ , consequently, CE does not significantly affect RC. VS had  $PV = 0.145 > 0.05$ , therefore, VS does not significantly affect RC. VCs by oil firm had  $PV = 0.001 < 0.05$ . This implies that VC significantly affects RC

### Summary

The central research question in this study involved the extent of the relationship between CSR activities of oil firms and their OP. The result from Table 15 indicated that a positive and significant relationship exists between CSR and OP. The relationship

between the dimensions of the predictor and criterion variables were also examined. Tables 16 and 17 indicated that there were positive and significant relationships between VCs, VS, and OP. Table 18 indicated that a very weak but direct relationship exists between CE and EC. On the relationships between VCs, VS, and RC, Table 19 revealed a strong, positive, and significant relationship between VCs and RC while Table 19 also denoted a strong, positive, and significant relationship between VS and RC.

The null and alternate hypotheses were also tested. Table 21 shows a summary of all the six hypotheses tested. The result showed that all the null hypotheses in the study were rejected with the exception of HO<sub>4</sub> where the null hypothesis was accepted. The result of HO<sub>4</sub> indicated that there was no significant relationship between CE and EC. Other results indicated strong, positive, and significant relationships between all the other variables tested and also between their dimensions and their measures. It is also significant to note that there was a strong, positive, and significant relationship between CSR and OP.

Tests were also conducted on the effects of the independent variable and its dimensions on the dependent variable and its measures. The results indicated that variations in CSR significantly affect OP. It is also worthy of note that variations in CE and VCs significantly affect OP while the effects of VS on OP was not significant. Results also indicated that variations in CE and VCs significantly affect EC but VS does not affect EC. Available results also showed that variations in CE and VS do not significantly affect RC but variations in VCs significantly affect RC.

## Chapter 5: Discussion, Conclusions, and Recommendations

### **Purpose of the Study**

The purpose of this study was to investigate the relationship between CSR and OP of IOCs operating within the Niger Delta Region that might lead to fewer conflicts between IOCs and host communities and improve the lives of the inhabitants of host communities. The dimensions of CSR (independent variable) that were investigated included CE, VS, and VCs, while the measures of OP investigated were RC and EC. These variables have been found to be critical in assessing the performance of an organization. Through this study, I intended to determine if the benefits derivable from IOC activities could lead to mutually beneficial relationships between IOCs and host communities and eventually contribute towards finding a solution to the persistent problem of conflicts between IOCs and their host communities in the Niger Delta, improve the lives of the inhabitants of host communities, enhance OP, and also create positive social change in the lives of host community members by promoting mutually beneficial relationships between the IOCs and their host communities.

This study involved the use of the quantitative methodology since the study was to determine if there was a significant relationship between the independent (CSR) and dependent (OP) variables. The research design was a quasiexperimental cross-sectional survey, while the instrument used in the collection and collation of data was the research questionnaire which was developed from the research questions. The population studied

was adults between 18 and 70 years of age including women, men, elders, and chiefs residing in host communities within the Niger Delta Region.

### **Interpretation of Findings**

The goal of the study was to determine if there was a relationship between CSR and OP. That goal was accomplished using statistical tests and the results were presented in Chapter 4.

### **Research Questions, Hypotheses, and Findings**

The central research question in this quantitative study was:

*RQ1*: What is the extent to which CSR activities impact OP specifically within the oil industry in the Niger Delta Region of Nigeria?

The subquestions were:

*SQ1*: Is there a significant relationship relationship between CSR and OP?

Results from Table 10 indicated a strong and positive relationship between CSR and OP ( $r = 0.702$ ). A test of SQ1 was rejected which indicated that the relationship was actually found to be significant at  $PV = 0.001 < 0.05$ . From this result, CSR activities by oil firms could actually lead to improved OP.

*SQ2*: Is there a significant relationship between VCs from corporate organizations and OP?

Results from Table 11 revealed a value of correlation coefficient  $r = 0.633$ . This implied that a positive relationship exists between VCs by corporate organizations and OP.  $H_02$  was rejected ( $PV = 0.001 < 0.05$ ) because of a significant relationship between

VC and OP. This would serve as good news to oil firms who make VCs under the GMoU where funds are contributed annually to host communities to embark on projects of their choice.

*SQ3*: Is there a significant relationship between VS and OP?

Results from Table 12 revealed a high value of correlation coefficient,  $r = 0.659$ . This implied a strong and positive relationship between V and OP.  $H_03$  was also rejected since  $PV = 0.001 < 0.05$ . PV indicated that a strong, positive, and significant relationship exists between VS and OP.

*SQ4*: Is there a significant relationship between CE and EC?

The extent of the relationship between CE and EC was indicated with a correlation coefficient  $r = 0.095$ . This value was low and indicated a very weak relationship between CE and EC.  $H_04$  was accepted with a value of  $PV = 0.616 > 0.05$ . The null hypothesis in this case was accepted in that there was no significant relationship between CE of CSR policies in an organization and EC to an oil firm.

*SQ5*: Is there a significant relationship between VCs and RC?

Results from Table 14 also revealed a correlation coefficient of  $R = 0.60$  which indicated that a strong and positive relationship exists between VCs by an oil firm and RC. The tested  $H_05$  also revealed that this relationship was significant at a P Value of  $0.001 < 0.05$ . This implied that VCs could influence RC significantly.

*SQ6*: Is there a significant relationship between visibility and RC?



The extent of the relationship between VS and RC was high with a correlation coefficient,  $r = 0.643$  and a corresponding  $PV = 0.001 < 0.05$ . This implied that the relationship between VS and RC was significant. This also implies that a change in VS will result in a change in RC.

### **Regression Results**

The multiple linear regression analysis that was conducted to evaluate the prediction of OP from CSR revealed CSR to be statistically significant predictors to the model ( $p < .05$ ). With the regression coefficient  $b = 0.915$ , 95% C.I, and  $p < .05$ , the result suggests that with each additional increase in CSR, OP increases by approximately 92%. The  $R^2$  value of 0.74 associated with this regression model suggests that CSR accounts for 74% variation in OP, which means that the remaining 26% can be explained by other factors not included in the model. Therefore, the decision to reject the null hypothesis is sustained.

The multiple linear regression analysis that was conducted to evaluate the prediction of OP from CE, VS, and VCs revealed CE and VCs to be statistically significant predictors to the model ( $p < .05$ ), while VS was not found to be statistically significant ( $p > .05$ ). The  $R^2$  value of 0.753 associated with this regression model suggests that CE, VS, and VCs account for 75.3% variation in OP, which means that the remaining 24.7% can be explained by other factors not included in the model. Therefore, the decision to reject the null hypothesis is sustained.

The multiple linear regression analysis that was conducted to evaluate the prediction of EC from CE, VS, and VCs revealed that CE and VCs to be statistically significant predictors to the model ( $p < .05$ ). The  $R^2$  value of 0.88 associated with this regression model suggests that CE, VS, and VCs account for 88.9% variation in EC, which means that the remaining 11.1% can be explained by other factors not included in the model. Therefore, the decision to reject the null hypothesis is sustained.

Multiple linear regression analysis also was conducted to evaluate the prediction of RC from CE, VS, and VCs. The result revealed VCs to be statistically significant predictor to the model ( $p < .05$ ). The  $R^2$  value of 0.735 associated with this regression model suggests that CE, VS, and VCs account for 73.5% variation in RC, which means that the remaining 26.5% can be explained by other factors not included in the model. Therefore, the decision to reject the null hypothesis is sustained.

### **Analysis and Interpretation of Findings**

In the literature review, experts had defined the role of stakeholders as having the capacity to influence the organization's ability to deliver on its goals (Avci, Ring, & Mitchell, 2015). Wicks et al. (1994) indicated that these stakeholders were usually made up of individuals or groups who added value and purpose to the organization. It was also established that when both the stakeholders and the organization are mutually dependent on each other, such relationships could lead to mutually beneficial situations that could lead to positive social change (Ong & Tan, 2017). From the result, it has been confirmed that there exists a strong, positive, and significant relationship between CSR and the

performance of an organization in terms of RC and EC. This outcome was also in alignment with the study conducted by Gorg, Hanley, Hoffman, and Seric (2016) on more than 2000 foreign owned companies in 19 Sub-Saharan African countries where they found that CSR influenced the corporate activities of organizations. This outcome also was in line with the discovery of Gherghina and Vintila (2016), where a significant relationship was found to exist between CSR implementation and financial outcomes. Non-financial outcomes such as operational efficiency, EC, and attractiveness to investors also were found to be significantly influenced by CSR activities.

The study results indicated that the extent of the relationship between CSR and OP was high and significant. They also indicated that the relationships between the dimensions of CSR (CE, VS, and VCs) and the measures of OP (RC and EC) were high, positive, and significant. The regression results also show that that these variables have the capacity to influence the performance of IOCs operating within this region. The implication is that the perception of stakeholders, especially groups and individuals from communities where oil firms operate have the capacity to influence the objectives and goals of these organizations. The significance of this study result is a signal to IOCs operating within the Niger Delta Region and indeed Nigeria that creating and sustaining mutually beneficial relationships could help in achieving their goal of profit maximization and consequently, improve the bottomline. It also could enhance their relationships with stakeholders in their areas of operation which could lead to reducing the conflicts currently being experienced within the Niger Delta Region. Since the

relationship between CSR and OP was significant, this implies that the international oil companies that operate within this environment need to consider more and accommodate the perceptions and aspirations of stakeholders within the Niger Delta Region.

### **Limitations of the Study**

Limitations in a study of this nature refer to external variables that cannot be completely controlled by the researcher but may affect the outcome of the research (Bloomberg & Volpe, 2015). Therefore, drawing inferences from a population sample and generalizing to the population could sometimes create doubt. But when such generalization aligns with other conclusions of scholars and studies conducted within similar environments and countries, such inferences could be credible. The sample of the population studied was fairly representative as it consisted of community representatives (youths, elders, women, and men) and other individuals as presented in the results. The results of this study that there exists a significant relationship between CSR and OP can therefore be acceptable and generalized to the entire population with a comfortable degree of confidence (95%).

### **Recommendations**

The outcome of the study indicates that there is a significant and positive relationship between CSR and OP both in terms of direct relationship between the independent and dependent variables and between their dimensions and measures. OP in terms of RC and EC was significantly affected by CSR. This implies that organizations especially those situated and actively engaged in the Niger Delta Region need to engage

in CSR activities to improve their relationship with host communities in this area. The relationship between VCs by oil firms and OP also was found to be significant and positive. This implies that oil firms operating in the Niger Delta Region stand to gain more if they get involved more in philanthropic activities that go beyond their profit goals. One good example is the general memorandum of understanding program (GMOU), being organized by some of the oil firms in the Niger Delta. In this program, funds were usually donated to host communities through community development boards (CDB) for the execution of their own projects. This has the potential to help cultivate positive and mutually beneficial relationships between the oil firms operating in this area and their host communities.

VS and OP also were positively correlated as the result showed a strong and positive relationship between both variables. This implies that the more visible the organizations, especially oil firms are in the Niger Delta, the more they are valued in the perceptions of their stakeholders in the host communities. VCs also were found to be positively and significantly related with RC. This implies that oil firms can develop mutually beneficial relationships with their stakeholders in their host communities through philanthropic activities. This mutually beneficial relationships eventually could lead to sustainable relationships that could reduce conflicts, improve profits, and generally contribute to the bottom line of oil producing firms.

EC was significantly and positively related with VCs while VS was not significantly related with EC. This implies that employees in oil firms could prefer to

identify more with oil companies who participate more in philanthropic activities much more than just being visible within host communities where they operate. Oil firms could take advantage of this perception and therefore, benefit from their VCs toward activities in their host communities as this could generate more commitment from their employees who could feel more valued by their employers and stakeholders in their areas of operation.

Recommended areas of further research include finding the relationship between CSR and OP over a period of time to determine if the relationship between these variables could remain the same in this dynamic region, since this study was conducted within a particular time frame in a cross-sectional manner. Other studies could be in the areas of CSR activities and well-being of stakeholders in host communities or between CSR and employment generation in host communities. Such studies could help contribute to resolving issues around conflicts related to unemployment and other factors in the Niger Delta Region of Nigeria.

### **Implications**

In this study, positive social change was described as those positive changes in the social-economic lives of inhabitants of host communities in the Niger Delta who are impacted by the activities of IOCs operating in this region. These positive changes could be made visible in human capital development, economic empowerment, social infrastructure, improved societal health, and a general reduction in conflicts being experienced in this region between IOCs and their host communities.

The main objective of this study was to create positive social change by suggesting ways of reducing conflicts, providing a mutually beneficial solution to an existing problem between the IOCs and their host communities in the Niger Delta Region on one hand, and subsequently, improve the performances of these organizations and the revenue of IOCs and government on the other. Numerous conflicts exist within the Niger Delta that are linked to the vandalization of oil exploration equipment and pipelines resulting in billions of US Dollars lost annually without any apparent end in sight (Aaron & Patrick, 2013). The result of this study could provide an opportunity for IOCs and governments in this region to rediscover ways of improving their relationships with their host communities. This could directly improve the livelihoods of the host communities and individuals residing within this region.

### **Conclusion**

The objective of this study was to investigate the relationship between CSR and OP in the activities of IOCs operating within the Niger Delta Region of Southern Nigeria that could lead to reduced conflicts and improve the lives of the inhabitants of this area. These conflicts could be traced to serious disagreements between IOCs and host communities over business relationships, employments, business interests, and production related benefits which the host communities believe should accrue to them (Aaron & Patrick, 2013). The dimensions of CSR investigated were CE, VS, and VCs. The measures of OP examined were RC and EC. These dimensions and measures when examined, suggested a positive and significant relationship between CSR and OP. The

study could provide a platform for positive social change and serve as a basis for creating mutually beneficial relationships between IOCs and their relevant stakeholders especially host communities where they operate and contribute possibly to lasting solutions to the challenges being experienced in the Niger Delta Region of Nigeria.



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## Appendix A: Questionnaire

**QUESTIONNAIRE**  
**PLEASE TICK (✓) OR FILL WHERE APPROPRIATE**  
**SECTION A**  
**DEMOGRAPHIC PROFILE OF THE RESPONDENT**

- 1) Gender (a) Male  (b) Female
- 2) Age brackets (a) Above 17yrs  (b) 21-30yrs   
 (c) 31-41yrs  (d) 41-50yrs   
 (e) 51yrs and above
- 3) Marital status (a) Single  (b) Married   
 (c) Widow  (d) Divorced/Separated
- 4) Educational qualification (a)SSCE/OND   
 (b) HND/BSc   
 (c) MBA/MSc   
 (d) Ph. D
- 5) Number of years worked in the firm or lived in community  
 (a) 1 – 5 years   
 (b) 6 – 10 years   
 (c) 11 – 15 years   
 (d) 16 – 20 years   
 (e) 21 years & above
- 6) Designation (a) Director  (b) General Manager   
 (c)Marketing Manager  (d) Human   
 Resource Manager  (e) Other   
 (specify)

### PART B & C

This part of the questionnaire is designed to measure the extent to which corporate social responsibility activities of oil companies impact organizational performance in the Niger Delta Region of Nigeria. Please tick according to the weighting assigned as follows: Not at all (NA=1), Slight extent (SE=2), Moderate extent (ME=3), Considerable extent (CE=4), and Great Extent (GE=5). Please tick the appropriate column that best describe your response.

S/N	PART B: CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES	NA (1)	SE (2)	ME (3)	CE (4)	GE (5)
1	The extent to which your organization/community values corporate social responsibility activities					
2	The extent to which the leaders in your organization/community value corporate social responsibility					
3	The extent to which you value corporate social responsibility					
4	The extent to which your community/organization rates stakeholders in corporate social responsibility					



5	The extent to which your community/organization values stakeholders in corporate social responsibility					
<b>A</b>	<b>CENTRALITY</b>					
1	The extent to which your organization or community considers corporate social responsibility activities as being central to its policies.					
2	The extent to which leaders in your organization or community rate centrality of corporate social responsibility activities.					
3	The extent to which you value the centrality of corporate social responsibility					
4	The extent to which your organization or community considers the centrality of stakeholders in corporate social responsibility activities.					
5	The extent to which the leaders in your organization or community considers the					

	centrality of stakeholders in corporate social responsibility					
<b>B</b>	<b>VISIBILITY</b>					
1	The extent to which your organization or community considers visibility as being necessary in corporate social responsibility activities					
2	The extent to which leaders in your organization or community rate visibility of oil firms in their corporate social responsibility activities.					
3	The extent to which you value visibility of oil firms in their corporate social responsibility activities.					
4	The extent to which you consider being visible to your stakeholders in corporate social responsibility activities.					
5	The extent to which you value stakeholders in corporate social responsibility					
<b>C</b>	<b>VOLUNTARY CONTRIBUTIONS BY OIL FIRM</b>					

1	The extent to which your organization or community considers voluntary contributions as being necessary in its corporate social responsibility activities					
2	The extent to which leaders in your organization or community rate voluntary contributions of oil firms in their corporate social responsibility activities.					
3	The extent to which you value voluntary contributions of oil firms in corporate social responsibility					
4	The extent to which your organization or community consider voluntary contributions to stakeholders					
5	The extent to which the leaders in your organization or community rate voluntary contributions to stakeholders.					
	<b>PART C: ORGANIZATIONAL PERFORMANCE</b>					

1	To what extent does corporate social activities in your firm influence your organizational performance?					
2	To what extent do your leaders consider corporate social responsibility critical to organizational performance?					
3	To what extent do you consider centrality of corporate social responsibility critical to organizational performance?					
4	To what extent do you consider visibility of corporate social responsibility critical to organizational performance?					
5	To what extent do you consider voluntary contributions of oil firms critical to organizational performance?					
<b>A</b>	<b>RELATIONAL CAPITAL</b>					
1	To what extent does the centrality policy of oil firms influence your relationship?					
2	To what extent does the visibility of oil firms influence your relationship?					

3	To what extent does the voluntary contributions by oil firms influence your relationship?					
4	To what extent does voluntary contributions by oil firms influence relationship with stakeholders?					
5	To what extent does visibility to stakeholders influence your relationship?					
<b>B</b>	<b>EMPLOYEES' COMMITMENT</b>					
1	To what extent does the centrality policy of the oil firm influence your commitment to the firm?					
2	To what extent does the visibility policy of the oil firm influence your commitment to the firm?					
3	To what extent does the voluntary contribution policy of the oil firm influence your commitment to the firm?					
4	To what extent does visibility to stakeholders influence your commitment to the firm?					

5	To what extent does voluntary contributions to stakeholders influence your commitment to the firm?					
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