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IMPACT OF CSR ON BUSINESS AND KEY  
STAKEHOLDERS: A SYSTEMS APPROACH  
FOR SOCIALLY RESPONSIBLE  
ORGANISATIONS:

A CASE OF SHELL COMPANIES' ENVIRONMENTAL FOOTPRINT IN  
NIGERIA.

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## ABSTRACT

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The term corporate social responsibility (CSR) refers to practices and policies undertaken by corporations that are intended to have a positive influence on their sphere of influence. The key idea behind CSR is for corporations to pursue prosocial objectives in addition to maximizing profits.

CSR is a self-regulating business model that helps a company be socially accountable—to itself, stakeholders, and the public, through the impact they make in all aspects society, including but not limited to economic, social, and environmental facets.

This paper aimed at finding out the perception of CSR undertakings of Shell companies in Nigeria's Niger-Delta region, by its stakeholders, because of the environmental externalities and degradation, occasioned by oil exploration and exploitation, vis-à-vis the profit maximization and continued business operation in the region.

Methodologies employed in the research included qualitative and quantitative analyses on a sample of 55 stakeholders, including residents of the Niger-Delta region.

Earlier research revealed that the stakeholders were unhappy with the activities of the company in the region, hence the hostility towards its operations. However, the results from this study does not tell the same story. A good number of respondents were indifferent to the questions asked in the questionnaire.

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Keywords<sup>1</sup> CSR, Perception, Stakeholders, Profit Maximization, Socially Accountable

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## **1 INTRODUCTION**

### **What is Corporate Social Responsibility (CSR)?**

The term corporate social responsibility (CSR) refers to practices and policies undertaken by corporations that are intended to have positive effects on their sphere of influence. The key idea behind CSR is for corporations to pursue other pro-social objectives, in addition to maximizing profits. Examples of common CSR objectives include minimizing environmental externalities, promoting volunteerism among company employees, and donating to charity.

It is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they have on all aspects of society, including, but not limited to, economic, social, and environmental facets.

To engage in CSR means that, in the ordinary course of business, a company operates in ways that enhance society and the environment, instead of contributing negatively to them.

### **Understanding Corporate Social Responsibility (CSR)**

Corporate social responsibility is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands.

As important as CSR is for the community, it is equally valuable for a company. CSR activities can help forge a stronger bond between employees and corporations, boost morale and help both employees and employers feel more connected with the world around them (Investopedia, 2022).

### **What is the impact of CSR?**

The movement toward CSR has had an impact in several domains. For example, many companies have taken steps to improve the environmental sustainability of

their operations, through measures such as installing renewable energy sources or purchasing carbon offsets. In managing supply chains, efforts have also been taken to eliminate reliance on unethical labor practices, such as child labor and slavery. Although CSR programs have generally been most common among large corporations, small businesses also participate in CSR through smaller-scale programs such as donating to local charities and sponsoring local events (Investopedia.com, 2022).

From the foregoing, we have established the objectives and benefits of CSR, by enumerating what CSR entails, and the accruing benefits to both the practicing organization, and its stakeholders.

### **1.1 Research Problem**

The research problem is to describe and analyze the perception of the stakeholders of SHELL companies in Nigeria's Niger-delta, on the environmental externalities and degradation, occasioned by oil exploration and exploitation and its attendant effects/prospects of continued business operation by the companies in the region.

### **1.2 Aim of the Research**

Earlier research has found a lot of infractions by shell bordering on environmental irresponsibility. The company has been found guilty with attendant cost implications in the United Kingdom and Netherlands due to environmental neglect, leading to pollution and loss of livelihood by their host communities.

One report, compiled by WWF UK, the World Conservation Union and representatives from the Nigerian federal government and the Nigerian Conservation Foundation, calculated in 2006 that up to 1.5m tons of oil – 50 times the pollution unleashed in the Exxon Valdez tanker disaster in Alaska – has been spilled in the delta over the past half century. In 2009, Amnesty International calculated that the equivalent of at least 9m barrels of oil was spilled and accused the oil company of a human rights outrage.

The thesis, therefore, aims to find out if these environmental infractions ascribed to Shell companies have affected the way the company is perceived by their stakeholders (employees, government, public, NGO's) and the resultant effect on their continued business operations and ultimately, profitability.

### **1.3 Research Questions**

RQ1. How do perceptions of the stakeholders, particularly the host communities, impact on the business operations of Shell?

RQ2. In what ways have the publicized environmental externalities attributed to Shell, influenced the hostilities of their host communities towards the company's operation?

RQ3. How can Shell's CSR obligations and undertakings remediate the situation to the benefit of all concerned?

### **1.4 Limitations**

The major limitations to this research would be the availability of accurate and reliable data, to determine the amount of oil spills recorded in the region, and what measures were taken by the company, if any, towards remediating the effects on the lives and livelihood of their host communities.

Accessibility to the company's operational area might also be challenge, being that those are usually high-risk environments, and are usually restricted to human traffic.

### **1.5 Definitions**

The world bank defined CSR in 2004 as "the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community, and society at large, to improve their quality of life, in ways that are both good for business and good for development" (Blowfield 2005,515). This definition has a more positive nature than other earlier ideas of CSR. In 1997, the British Department for International Development, (DFID), as "a means to protect

workers and the environment from the undesired consequences of the otherwise desirable fostering of International trade”. This definition has a defensive tone and implies that capital profit is always “desirable”, and that the environment and workers are merely material resources that need to be protected, rather than improved. The World bank’s definition is better suited, relating to development discourses on human rights, empowerment, and sustainability.

Simply put, CSR is an overlap between development and business goals that has long been left out of development thinking (Blowfield 2005,515-518). Development professionals have tended to see business as a problematic barrier to development, whereas businesses have seen NGO’s as thwarting maximum profits with environmentalism and human rights.

### **What Is an Externality?**

An externality is a cost or benefit caused by a producer that is not financially incurred or received by that producer. An externality can be both positive or negative and can stem from either the production or consumption of a good or service. The costs and benefits can be both private—to an individual or an organization— or social, meaning it can affect society (Investopedia.com, 2022).

### **Understanding Externalities**

Externalities occur in an economy when the production or consumption of a specific good or service impacts a third party that is not related to the production or consumption of that good or service.

The action of an individual or organization often results in positive private gains but detracts from the overall economy. Many economists consider technical externalities to be market deficiencies, and this is the reason people advocate for government intervention to curb negative externalities through taxation and regulation (Investopedia.com, 2022).

Externalities were once the responsibility of local governments and those affected by them. So, for instance, municipalities were responsible for paying for the effects of pollution from a factory in the area while the residents were responsible for



their healthcare costs due to the pollution. After the late 1990s, governments enacted legislation imposing the cost of externalities on the producer. This legislation increased costs, which many corporations passed on to the consumer, making their goods and services more expensive.

## **SOCIAL RESPONSIBILITY**

This is defined as the duty of business to do no harm to society. Succinctly put, businesses are minded in their daily operations about the welfare of society vis-à-vis the impact it makes on society. Generally, companies should concentrate on four areas of social responsibility in their quest to fulfil their duty to society (linnbenton.edu, 2022).

These areas of social responsibility include:

### **ECONOMIC**

Companies need to maintain strong economic interests to remain in business. To achieve that, they must be profitable, while providing value to their stakeholders.

### **LEGAL**

In being socially responsible, a company shall follow the laws operating in its area of activity.

### **ETHICAL**

An ethical company is that company which performs above the legal requirements in meeting its obligations to society.

### **PHILANTROPY**

This is the act of companies giving back to society through charitable donations of time, money, and goods (linnbenton.edu, 2022).

### **STAKEHOLDERS**

In business, a stakeholder is any individual, group, or party that has an interest in an organization and the outcomes of its actions. Common examples of stakeholders include customers, employees, suppliers, communities, and governments. Different stakeholders have different interests, and companies often face trade-offs in trying to please all of them (corporatefinanceinstitute.com, 2022).

## **CUSTOMERS**

A school of thought argues that businesses exist to serve their customers. Customers are stakeholders of a business; in that they are impacted by the quality of service/products offered by the company and their value.

## **EMPLOYEES**

Employees of a company have a direct stake in the company because they earn an income to support themselves, along with other benefits (monetary and non-monetary). Depending on the nature of the business, employees may also have a health and safety interest. For example, employees of companies in the mining and oil and gas industry.

## **INVESTORS**

Investors include both shareholders and debtholders. Shareholders invest capital in business and expect to earn a certain rate of return on the invested capital.

Investors are commonly concerned with the concept of shareholder value. Lumped in with this group are all other providers of capital, such as lenders and potential acquirers. All shareholders are inherently stakeholders, but stakeholders are not inherently shareholders.

## **SUPPLIERS AND VENDORS**

Suppliers and vendors that sell goods/services to a business rely on it for revenue generation, and on-going income. In many industries, suppliers also have their health and safety on the line, as they may be directly involved in the company's operations.

## **COMMUNITIES**

Communities are major stakeholders in large businesses located in them. They are impacted by a wide range of things, including job creation, economic development, environmental pollution, health, and safety. When a big company enters or exits a small community, there is an immediate and significant impact on employment, incomes, and spending in the area. With some industries, there is a potential health impact too, as companies may alter the environment.

## **GOVERNMENTS**

Governments can also be considered a major stakeholder in a business as they collect taxes from the company (corporate income taxes) as well as from the people it employs (payroll taxes) and from other spending the company incurs (sales taxes). Governments benefit from the overall gross domestic product (GDP) that companies contribute to (corporatefinanceinstitute.com, 2022).

## **PERCEPTION**

According to the Oxford University press, perception is the way in which something is regarded, understood, or interpreted.

Perception is the way you think about or understand someone or something. The ability to understand or notice something easily. The way that you notice or understand something using one of your senses, visual/spatial perception (merriam-webster.com, 2022).

Perception in business communication, is the process of selecting, organizing, and interpreting information. This process includes the perception of select stimuli, that pass through perceptual filters, and how they are organized into your existing structures and patterns and are then interpreted based on previous experiences. People respond differently to objects or persons that they perceive favorably than they do to others and things they find unfavorable (ecampusontario.pressbooks.pub, 2022).

## **SELECTION**

This is the first part of the perception process, in which you focus your attention on certain incoming sensory information. This is important because your perceptual field, (the world around you) includes so many stimuli that is impossible for your brain to process and make sense of it all. So as information comes in through your senses, several factors influence what continues through the perception process (Fiske & Taylor, 1991).

### **ORGANISATION**

This is the second part of the perception process, in which you sort and categorize information that you perceive, based on innate and learned cognitive patterns. 3 ways you sort things into patterns are by using proximity, similarity, and difference (Coren & Girgus, 1980).

### **INTERPRETATION**

This is the third part of the perception process, in which you assign meaning to your experiences, using mental structures such as schemata. Schemata are like databases of stored, related information that you use to interpret new experiences. They are like lenses that help you make sense of the perceptual cues around you based on previous knowledge (ecampusontario.pressbooks.pub, 2022).



**Figure 1.** The perception process (amnesty.org)

## 2 BACKGROUND AND EARLIER RESEARCH

The Royal Dutch Shell group founded Shell D'Arcy, as the first Shell company in Nigeria in 1936. Shell D'Arcy was granted exploration license to prospect for oil throughout Nigeria in 1938. However, it was not until January 1956 that the company struck first oil in commercial quantity at Oloibiri, in the present day Bayelsa state.

In April 1956, the company changed its name to Shell-BP petroleum development company of Nigeria. The first shipment of oil from Nigeria was by Shell in February 1958.

Earlier research has found a lot of infractions against Shell, bordering on environmental irresponsibility. The company has been found guilty, with attendant cost implications in the United Kingdom and Netherlands, as well as in Nigeria, due to environmental neglect, leading to pollution, and loss of livelihood by their host communities.

One report compiled by WWF UK, the World Conservation Union, representatives from the Nigerian federal government and the Nigerian Conservation Foundation, calculated in 2006, that up to 1.5 million tons of oil—50 times the pollution unleashed in the Exxon Valdez tanker disaster in Alaska—has been spilled in the Niger Delta over the past half century. In 2009, Amnesty International calculated that the equivalent of at least 9 million barrels of oil was spilled and accused the oil company of a human rights outrage.

The London-based oil watch group, Platform, at about the same time said: “Deepwater Horizon may have exceeded Exxon Valdez, but within a few years in Nigeria, offshore oil spills from four locations dwarfed the scale of the Exxon Valdez disaster many times over. Estimates put spill volumes in the Niger Delta among the worst on the planet, but they do not include the crude oil from wastewater and gas flares. Companies such as Shell continue to avoid independent monitoring and keep key data secret.”

The Guardian newspapers UK reported in 2010 about an oil spill at Ibeno, Akwa Ibom state, Nigeria, which occurred at the same time as the Gulf of Mexico oil leak

in the United States. The newspaper highlighted the sharp contrast in the steps taken by BP Petroleum to stop the leak and protect the Louisiana shoreline, against what happened at Ibeno, where over 1 million barrels of oil spilled into the swamp and farmlands, with extraordinarily little reportage and publicity given to the incident.

Shell admitted to spilling 14,000 tons of oil in 2009, and 17.5 million liters in 2011, in the Niger Delta region of Nigeria, which it blames largely on sabotage of its pipelines. This underlines the challenges facing the victims of environmental pollution and human rights abuses involving large corporations like Shell. Farmers and fishermen have had their livelihood destroyed by oil pollution from Shell's operations, because of delayed and inadequate clean-up of oil spills, significantly amplifying the damage to the environment and people's human rights, particularly the rights to health, food, water, and livelihood.

### **ROYAL DUTCH SHELL**

The company operates in more than 90 countries, both developed and undeveloped. Shell produces about 2% of the world's oil and 3% of the world's gas, which ranks 22nd most of all oil and gas companies worldwide. (Oil and gas journal, 2008). Although Shell is not a leading oil company in terms of oil and gas produced, it is in terms of revenue. In 2010, Shell ranked as the second largest corporation, (next to Wal-Mart), with revenue of over 285 billion USD. Shell is also one of the largest three oil companies in terms of profit, amongst Exxon Mobil and British Petroleum. In sum, Shell makes enormous revenue and profit, and thus, has strong economic, political, and social impacts on the countries it operates in, especially where oil acts as a leading export product or mono product.

Henri Deterding, a successful Shell executive said, **"profits in their true sense are simply the reward for foresight and courage—the foresight to see where opportunities exist to meet mankind's needs more adequately and more cheaply than before; and the courage to risk one's energies and savings in exploiting those opportunities"**. This vague and sugar-coated statement does not indicate which opportunities are being exploited and how needs are met more cheaply.

The public eye of the 1990s did not see Shell as insightful and courageous, as Deterding indicates, but rather as corrupt and exploitative.

J.P Martin sums up Shell's social reputation well when he said, **"In the oil industry, virtually all the major MNCs in Europe and North America have come under scrutiny for their practices in developing countries, none more so than Royal Dutch Shell."**

Several writers, film makers, activists and NGOs have agreed, publishing works on Shell's operations in Nigeria, the North Sea, Bangladesh, South Africa, Sudan, and other locations. The Ogoni issue in Nigeria has especially been analyzed and scrutinized due to too little space to examine all of Shell's controversial operations in Nigeria. Shell's approach to CSR has been largely defensive, reactive, and protective of themselves, rather than progressive and proactive for the sake of humanity, setting a negative example of CSR to other companies operating in the Niger Delta, and hindering the possibilities of positive and symbiotic company—host community relationship.

## **2.1 CONCEPT OF CSR**

This chapter of the study attempts to review related literature on the subject matter. The focus here is on the relevance of these scholarly works to our topic, and to ascertain to what extent they contribute to our understanding the subject.

The practice of Corporate Social Responsibility (CSR) in Nigeria, as a business requirement, is fast becoming a tradition among multinational enterprises and indigenous entities, especially in the Oil and Gas, telecommunication, and the manufacturing sectors. Even among non-profit organizations like NGOs, churches and mosques, CSR practice has become commonplace. However, as much as CSR practice has gained wide prominence and acceptability; it has also attracted serious criticism in recent times. Particularly, some scholars have expressed critical concerns about the approaches to CSR practice in Nigeria, which they say leaves much to be desired. It has been observed that many indigenous firms in Nigeria still perceive CSR activities as corporate humanitarian gesture, aimed at tackling socio-economic development challenges in the country. In other words, most firms

approach CSR just the way they engage in charitable activities, making voluntary donations aimed alleviating the sufferings of the people.

Scholars have argued that the CSR activities of many multinational oil companies in Nigeria have been mainly remedial in approach. They purport that such activities are mainly focused on remedying the effects of their environmentally harmful exploration and exploitation activities in their host communities. This approach cannot achieve any significant development and sustainability, in that sustainable development initiatives are usually deliberate and purposeful attempts aimed at impacting positively in the lives of the people and their environment.

The focus of CSR practice in contemporary times has considerably shifted from mere philanthropic or charitable gestures to addressing real development issues of the people. Thus, the centrepiece of CSR in contemporary time is sustainability or sustainable development. Any CSR initiative aimed at addressing people's needs cannot afford to be philanthropic in approach. **“Development is a wider concept than purely philanthropy. Development projects are much more complicated than philanthropic or charitable donations that hand cash over directly for a school or hospital, however welcome these may seem**” Hopkins (2016, p8). He further stressed that development entails working closely with the people and public organisations to create sustainable projects.

Suffice to mention that sustainable development concerns have become a global affair, with the United Nations at the frontline of the campaign. In an extraordinary session held between 25th and 27th September 2015, the Heads of State and Government of 193 countries of the world and delegates from various groups and organisations around the world, including Nigeria, met at the United Nations headquarters in New York, and adopted the 2030 Agenda for Sustainable Development, which provides a blueprint for peace and prosperity for people and the planet. At the core of this blueprint are the 17 Sustainable Development Goals (SDGs). The implementation of the 17-point goals is expected to lapse in December 2030, giving a 15-year timescale for achieving the set goals.

Principally, the goals were targeted at addressing some critical challenges to sustainable development globally. Such challenges include extreme poverty,



inequalities within and among countries, unemployment, global health threats and intense natural disasters, spiralling conflict, mounting climate change and the like. The SDGs are expanded goals over the Millennium Development Goals (MDGs) and signify the United Nations dream of future development until 2030.

On this premise, Oil and gas companies in the Niger Delta can do better for their host communities if they focus more on sustainable development initiatives rather than embarking on remedial or ad-hoc interventions in the of CSR programs. According to Adetokunboh (2007, p1), “CSR when proactively undertaken, promotes the public interest by encouraging community growth and development, and by voluntarily eliminating practices that harm the public sphere, regardless of legality.”

Over the years, the oil rich Niger Delta region of Nigeria has been serially confronted with social and environmental crises, youth restiveness and devastating activities of militia groups. These infractions have been pointedly attributed to oil exploration and exploitation activities, resulting in environmental degradation, and social issues like spiralling poverty, and yawning underdevelopment of the region due to seeming negligence by government and Multinational oil companies.

Successive administrations have tried different means to arrest the state the of unrest, with minimal success, as cases of oil bunkering, pipeline vandalism, hostage taking of expatriates and insecurity still loom over the region. All the aforementioned cases are relationship issues, that perhaps arise from inability of government and the oil companies to adequately engage aggrieved groups in the host communities in productive dialogue and seek ways to resolve the impasse. This raises a serious question about the level of importance attached to CSR practice in Nigeria, especially among the Multinational oil and gas companies.

Over time, CSR has been associated with such concepts as Corporate Responsibility (CR), Corporate Accountability (CA), Business Ethics, (BE), Stakeholders Management (SM), Corporate Citizen (CC), Corporate Stewardship, Sustainability (SUS) and Triple bottom-line (Hohnen 2007, p2 and Carroll 2015, p91). In recent times, the notions of corporate citizenship and sustainability appear trendier when

discussing CSR. As a business obligation, CSR practice is hinged on the idea that corporations can no longer act as isolated economic entities operating in detachment from the host community or the society at large. They are expected to be socially responsible.

Katsoulakos, koutsodimou, Matruga and Williams (2004, p1) define CSR as **“a company’s veritable commitment to operating in an economically, socially and environmentally sustainable manner, that is transparent and increasingly satisfying to its stakeholders”**.

The emphasis is on economic, social, and environmental sustainability, which has to do with the development of the people and their immediate environment. Similarly, Hohnen (2007, p2) states that **“CSR should be seen as the way firms—working with those most affected by their decisions, can develop innovative and economically viable products, processes, and services within core business process, resulting in improved environmental protection and social conditions”**. CSR is a social contract between business and society. As an integral part of the communities in which they operate, businesses are becoming increasingly aware that their long-term success is based on continued good relations with a wide range of individuals, groups, and institutions. Smart firms know that business cannot succeed in societies that are failing—whether this is due to environmental challenges or governance problems. Moreover, the public has elevated expectations of the private sector in terms of responsible behaviour (Hohnen, 2007 p2). According to Daramola (2008, p20), **“As a specialization of PR, CSR, through effective community relations is, is devoted to creating a relationship of good neighbourliness between an organisation and groups within the community in which it is physically located”**. Jefkins (1998, p57) simply states that **“a good neighbour policy is wise; public relations begin on the doorsteps”**.

The United Nations Department of Economic and Social Affairs (UNESA), in 2007 simply defined CSR as **“the overall contribution of business to sustainable development”** (UN, 2007, P1). The private sector can contribute to sustainable development through job creation, industrialisation, knowledge sharing, adopting environmentally friendly operations, among others. According to Hohnen (2007,

p4), “As issues of sustainable development become more important, the question of how the business sector addresses them is also becoming an element of CSR”.

The phrase “sustainable development” has gained increasing global recognition over the years, beginning with the 1987 release of the Brundtland’s report of the world Commission on Environment and Development tagged: **Our Common Future**. The commission was headed by Gro Harlem Brundtland, a Norwegian politician and environmentalist. Today, one of the most widely quoted definitions of sustainable development is contained in the report of the commission. It defines Sustainable Development as “**Development that meets the needs of the present without compromising the ability of future generations to meet their own needs**” (WCED 1987, P41). The key to sustainability is the future. (Carroll 2015, p92). Sustainability is understood to embrace environmental, economic, and social criteria, depending on the user’s intent when articulating the concept.

CSR has the potential to contribute immensely to sustainable development in many respects. In fact, the focus of CSR practice in contemporary times has gradually shifted from the mere philanthropic or charitable gestures to the tackling of real development issues of the people. Corporations can align their CSR interventions along any of these three core areas. In other words, CSR initiatives should be planned along the line of sustainable development, basically under the 3 core values of economic growth, ecological balance, and social progress.

## **2.2 CSR THEORIES**

### **2.2.1 Stakeholder Theory**

This theory establishes the interconnected relationships between a business and its customers, suppliers, employees, investors, communities, and others who have a stake in the business concern. It holds a capitalist perspective that favors the creation of value for all stakeholders, in a firm, not just the shareholders (stakeholdertheory.org, 2022).

### 2.2.2 CARROLL THEORY

Carroll's CSR pyramid is a framework that explains how and why organization should take social responsibility. The pyramid was developed by Archie Carroll and highlights the four most important types of responsibility of organizations. They include economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility (marketing91.com, 2022).

### 2.2.3 TRIPLE BOTTOM THEORY

This is a business concept that posits firms should commit to measuring their social and environmental impact in addition to their financial performance-- rather than solely focusing on generating profit, or standard "Bottom line". It can be broken into three Ps: Profit, People and Planet.

**PROFIT:** In a capitalist economy, a firm's success must heavily depend on its financial performance, or the profit it generates for shareholders. Strategic planning initiatives and key business decisions are generally carefully designed to maximize profits while reducing costs and mitigating risk.

**PEOPLE:** It is important to make the distinction between a firm's shareholders and stakeholders. Traditionally businesses have favored shareholders value as an indicator of success, meaning they strive to generate value for those who own shares of the company. As firms have increasingly embraced sustainability, they have shifted their focus towards creating value for all stakeholders impacted by business decisions, including customers, employees, and community members.

**PLANET:** Businesses have historically been the greatest contributors to climate change, they also hold the keys to driving positive change.

The triple bottom line doesn't inherently value societal and environmental impact at the expense of financial profitability. Instead, many firms have reaped financial benefits by committing to sustainable business practices (forbes.com, 2022).

### 2.3 CSR PROGRAMS OF SHELL NIGERIA

Corporate Social responsibility (CSR) remains a fundamental obligation of organisations for brand development, and growth of communities where such organisations are situated. CSR began since the breakout of the first world war (WW1) and has become a golden rule for corporate organisations to pay their dues to their stakeholders.

There has been half a century of Problems with oil production in Nigeria, much of which has been blamed on Shell's low political profile. Oil reserves were discovered shortly before Nigeria's independence, and at the time, Nigeria was poised to become an African superpower. In the 1970s, Shell oil was "Nigerianized", leaving government with larger concessions. Since 1979, Nigeria has a 55% share in oil, which is a whopping 45% higher than the next largest oil concession in the country (Litvin 2003, p257). Nigeria's government became wealthy. Nigerian politicians lavishly and corruptly spent the money on themselves and failed projects, leaving public services such as clean water, electricity, and paved roads inadequate. (Ibid: 258). Drowning in debt, a country of over 200 million people, producing about 1.93 million barrels of oil daily, and the 15<sup>th</sup> largest oil producer in the world, is also recognized by the World Bank as one of the world's twenty poorest countries. 43% of Nigerians live in extreme poverty (less than \$2 per day), rising to 33.1% in the oil-rich Niger Delta region. (World Bank, 2021). Litvin (2003, p259) states that **"it was in the Niger Delta region, where Shell's reluctance to intervene in Politics gave critics the strongest impressions that it was working in concert with the federal government"**. This local discontent with the oil industry forced the federal government to increase the 1.5% of revenues that were given to the host communities to 13%. However, local bureaucrats spent much of this on themselves instead (Litvin 2003, p259).

It is therefore unsurprising that locals in the Niger Delta began to resist Shell's operations, by sabotaging facilities and pipelines, which in turn lessened the amount of oil and money accruing to Shell and bureaucrat pockets. Shell paid the salaries of many of the police protecting the facilities, as they were obliged to do by law, but did not prohibit the massacre against local protesters. (Litvin 2003,

260). A man named Ken Saro-Wiwa organised efforts of the Ogoni tribe and brought structure to the resistance. The Ogoni people had been writing government since 1970 asking for a greater share of the oil revenue, and to address the environmental problems associated with oil exploration and exploitation, to no avail. Saro-Wiwa led a group called the Movement for the Survival of the Ogoni People (MOSOP) that began its protests with a thirty-day ultimatum for Shell to pay back both rents, and damage compensation or leave Ogoni land. When Shell did not respond, many Ogoni people staged a peaceful demonstration. In the year that followed, increasingly violent clashes between the Ogoni and the Nigerian Army resulted to the killing of hundreds of Ogoni villagers and members of neighbouring tribes (Ghazvinian 2007, 28).

In May 1994, the clash that made headlines and created mass scrutiny broke out. A meeting of Ogoni leaders was disrupted by a mob that murdered 4 of the tribal chiefs. Although they had alibis, Ken Saro-Wiwa and eight other men were arrested for the murders. Brian Anderson, Shell's then chief executive for Nigeria, offered to intercede with the authorities and stop the 9 men from being charged, only on the condition that MOSOP ends its campaign and absolves the company of responsibility for the environmental damage in the Niger Delta. Despite the bribe, the men refused, and were hanged on November 10, 1995. Shell appeared to remain neutral, if not silently supportive of the hangings (Martin 2006, 94). Locals and the press assessed the situation as conspiracy and corruption, and by the late 1990s, anger fuelled what were once peaceful movements into spontaneous and confrontational acts of guerrilla warfare, that culminated in the killing of expatriates. Protesters tapped into the pipelines and sold oil illegally on the black market, so called "illegal bunkering", creating more damage to the already degraded environment.

By 2003, an estimated 200,000 barrels of oil was disappearing daily, costing the Nigerian government \$100 million a week (Ghazvinian 2007, p29). Although these acts were essentially violent and illegal, the Nigerian government and Shell could no longer ignore the Ogoni people.

The 1995 hangings, as well as the separate case of the disposal of the Brent Spar drilling Platform in the North Sea, brought amplified environmental and human rights responses. **“These days, there are few multinationals in the world as loudly committed as the Shell group to Sustainable Development, or as evangelically enthusiastic about CSR”** (Litvin 2003, p264). Shell maintains an “Environment & Society” website (2011) that thoroughly describes their principles and practices. In 1998, Shell director, Phillip Watts emphasized the World Bank’s definition of CSR and Shell’s changing mindset when he said, “Shell companies are not just economic actors; nor can they be social activists, however, their role lies somewhere in between, as responsible, efficient, and acceptable business organisations, acting on the world stage” (Martin 2006, p97).

In 1997, Shell took their first stab at improving their principles by revising the company’s 5 areas of responsibility. These principles included the word human rights for the first time. However, this speedy amendment of Shell’s framework brings scepticism of how thorough the policies are.

Sustainable development was first seriously discussed by Shell at the 1997 revision of the general policies, following the Nigerian crises. Martin (2006, p99) notes that sustainable development was portrayed as just good business. This is still apparent today on Shell’s “Sustainable Development” webpage, which simply links to a description of the company’s general good business policies. Interestingly, they posit that, **“We were one of the first global companies to state and share our beliefs when we published our general business principles in 1976. As part of these principles, we commit to contribute to sustainable development, balancing short and long-term interests and integrating economic, environmental, and social considerations into our decision-making”**. This ignores the 1997 revisions and implies that Shell followed the same policies during the Ogoni crisis.

However, it is apparent that Shell has been making some progress on issues such as climate change and fossil fuel depletion. They state both on their website and in their 2002 booklet, **“Contributing to Sustainable Development”**, that they offer a portfolio of energy solutions, tackling challenges of the new energy future,

reducing CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub> and VOCs from their emissions, and preventing oil spills (Shell 2011; Martin 2007, p99-100). Shell's environmental standards have been criticised as a greenwash created by PR reacting to the Brent Spar and Nigerian crises to appear sustainable and save profits, rather than having any practical applications (Litvin 2003, p265).

Economic growth and community development projects by Shell have been well funded and socially responsible. In 2001, Shell Nigeria directed over 52 million USD to the Niger Delta region, which is now 60 million USD annually towards community projects (Litvin 2003, 266). Unlike the quick-fix projects of the 1990s, the money has been spent on projects generally approved by development professionals. They help to create and sustain self-sufficiency, using methods such as micro-credit, hospital support, education, and infrastructure. By providing roads, bridges and electricity, Shell has aimed, not only to reduce poverty, but has created a space for the company to operate more sustainably (Martin 2006, p104).

In 2007, Shell commissioned a confidential risk assessment survey from a consulting firm, WAC Global Services, whose report leaked to the press. The report said, **"it is clear that shell is part of the Niger Delta conflict dynamics and that its social license to operate is fast eroding"**, and that it must improve. The report also accuses Shell of a "quick-fix, reactive and divisive approach to community engagement", and describes their conflict management as **"limited in scope"** (Ghazvinian 2007, p78). Shell's CSR has operated as a humble attempt of company transparency. Litvin explains that Shell must direct more money to the Nigerian cause, than elsewhere, when he says, "Shell headquarters has been sufficiently reassured by all this activity to risk more of its money in Nigeria".

Michael Blowfield (2006, p980) notes 3 important drivers of CSR, which could affect Shell's wide division of CSR expenses. Firstly, the intensification of shaming companies; secondly, the entrance of anti-corporate criticism into popular culture and documentaries; and thirdly, ethical branding. Shell uses CSR in Nigeria to avoid or discontinue "name-shaming", as has intensified recently with corporations such as Wal-Mart, Nike, and Gap. They also defend themselves against popular documentaries such as, **"The Case Against Shell: The Hanging of Ken Saro-Wiwa**



**showed the True Cost of Oil**", and organisations such as Shell Guilty (2011), which are willing to use strong images and wordings to get public attention.

Nevertheless, Shell's environmental CSR has been much less successful. With the recent trendiness and demand for responses to climate change and the Kyoto protocol, Shell may find it more beneficial to spend the money on lowering footprint for public approval. The Ogoni case has been a source of inspiration, controversy, and progress in CSR. However, Shell's CSR policies are plagued with shortcomings. To improve, successful CSR must receive government cooperation. Without legal enforcement, the best corporations can do is use a "soft law" approach to CSR, where they can voluntarily act on CSR policies, but are not required to, by law. Nigeria is still operating with Shell under Memorandums of Understanding (MOU), which are informal documents that have been largely unsuccessful for their Nigerian tribes (Ghazvinian 2007, p31).

Shell has struggled for years with spills in the Niger Delta, arising from pipeline theft and sabotage, as well as operational issues, leading to costly repairs and highprofile lawsuits. In the cause of oil exploration, oil is transported through pipelines. Oil leakage usually originates from corroded or rusted pipelines. The spillage spurts over a wide area destroying crops, fishponds, economic trees, farmlands, and biodiversity (Sagay, 2005). In the Niger Delta region, an average of one spill occurs every week, causing grave damage in the environment (Federal Ministry of Environment, 2006).



**Figure 2.** Fire outbreak due to ruptured pipelines in Lagos, Nigeria (amnesty.org)

Oil spillage has many effects which include the effect on rivers, creeks, and lakes. Pollution is engendered and aquatic organisms die prematurely. Bush fires occasioned by explosion of oil tankers, oil installations, leakages from oil pipes and pipeline explosions during oil bunkering cause destruction of plants, insects, birds, while burning the organic matter content of the soil. All these have bearing on agriculture, water supply, settlement, and the ecosystem or biodiversity within the region (Oronto, 1998)



**Figure 3.** Oil leak from a Shell pipeline in Goi-bodo, Rivers State, Nigeria, 2004 (amnesty.org)

Gas is flared through surface flaring and high towering pipes. Gas flaring is defined as the burning of natural gas, which could have been refined into usable products (Bankoff, 2005). The average gas flare in the world is 4%. Human Rights Watch (2004) reported that in Nigeria, over 70% of associated gas is flared. Nigeria has a record of 25% of all gas flared in the world. The federal ministry of environment set a gas flare out date of 2004. Shell canvassed for 2008 as another deadline, and several years later, none of the several flare sites have been discontinued. Nigeria produces about 5.5 billion cubic feet (bcf) of gas per day. About 2.6 bcf or 40% is utilized, while 2.9 bcf or 60% is wasted through flares, leading to environmental degradation. (Sagay, 2005).

According to Sagay (2005), the annual value of wasted gas is about 2 billion USD, or enough to generate electricity for the whole of West Africa. The free disposal of gas through flaring constitutes a deafening bowl of raging fire at flare sites. The thick smoke that billow into the atmosphere falls back as acid rain, which has polluted rivers and creeks in the region (Wisner and Cannor, 2004). The World Health Organization (WHO, 2002) also reported the following: that release of elevated levels of Sulphur, Carbon, and Nitrogen Oxide causes acid rain, which facilitates the process of rusting and reduces oil productivity and excessive heating of the environment, leading to change in biodiversity.

Flaring contributes to Ozone layer depletion, which causes skin damage in the form of "Sunburns" and "Suntans", destroying the natural ability to fight skin cancer. Gas flaring also damages the eye and reduces visibility and, in some cases, causes blindness. It also affects the natural immune system with increased potential for infection. It restricts plant growth, delay in flowering, adverse changes in plant leaf structure, and adverse effects on animals (Oronto, 1998)



**Figure 4.** Gas flaring from a site in Niger-Delta, Nigeria (fluenta.com)

Over 5 decades, oil and gas extraction have caused large-scale, continued contamination of the water and soil in the Niger Delta region. In 2011, the United Nations Environment Program (UNEP), released a report, on the invitation of the Federal government of Nigeria, documenting the devastating impact of the oil industry in Ogoniland, and set out urgent recommendations for clean-up. Nearly 11 years after a clean-up was urged for areas polluted by Shell, and other oil companies in the Niger Delta, work has only begun on 11% of planned sites, while vast areas remain heavily contaminated, according to a recent investigation by 4 NGOs (Friends of The Earth Europe, Amnesty International, Environmental Rights Action, Milieidefensie).

Colin Roche, Friends of The Earth Europe said, “Nine years on, there is still no clean-up, no ‘emergency’ health and water measures, no transparency and accountability. Without urgent action, there will be no justice. While oil companies like Shell spend millions, greenwashing their image, tens of thousands of people continue to suffer from their pollution and negligence. European governments like the UK, the Netherlands, France, and Italy must act to support a truly effective clean-up, and ensure these companies are held accountable for the devastating pollution of the Niger Delta”.



**Figure 5.** An overview of the Niger delta where signs of oil spills can be seen in the water in Porthacourt, Nigeria, April, 2018 (amnesty.org)

Despite committing to the implementation of the UNEP report recommendations on its website (Sustainability, 2018), Shell has failed to follow-up on the implementation. A recent report by the 4 NGOs afore mentioned noted the following:

- Work has begun on only 11% of polluted sites identified by UNEP, with only a further 5% included in current clean-up efforts, and no site has been entirely cleaned-up
- Actions classified by UNEP as “emergency measures”—immediate action on drinking water and health protection—have not been implemented properly; there are still communities without access to clean water supply
- 11 of 16 companies contracted for the clean-up are reported to have no registered expertise in oil pollution remediation or related areas
- Health and Environmental monitoring have not been carried out

- There has not been any public accounting for how the 31 million USD funding provided since 2018 has been spent.

The NGOs went further to demand of Shell, the following:

- Provide proper compensation to all communities affected by failed or delayed clean-ups of oil spills
- Decommission all aging and damaged pipelines
- Commits to funding the clean-up of Ogoniland, and the rest of the Niger Delta until completed.
- That European governments home to oil companies operating in the Niger Delta make a fundamental shift to prioritise the clean-up of Ogoniland and the rest of the Niger Delta over the interests of the companies
- Increases engagement with, and support for the Nigeria government to ensure effective implementation of UNEP's recommendations, independent oversight of the oil industry and effective remedy for affected communities
- Establishes strong international regulations for corporate liability abroad—such as an EU law for mandatory Human Rights due diligence, and a binding UN Treaty on Business and Human Rights.

### **3 RESEARCH METHODOLOGY**

The author explains the methodology employed in conducting the research, with a view to provide an understanding of the empirical methods used in arriving at the observations and findings. The author's narrative here is about the methods employed in collating the data, and what parameters were measured, to elucidate the reliability of the observations.

#### **3.1 QUANTITATIVE AND QUALITATIVE ANALYSIS**

##### **QUANTITATIVE ANALYSIS**

Bryman and Bell (2007), defines quantitative research strategy, as that, which emphasizes quantification in the collection and analysis of data. Cresswell (2002) noted that quantitative research is the "process of collecting, analyzing, interpreting, and writing the results of a study".

Quantitative research methods emphasize objective measurements, and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data, using computational techniques. Quantitative research focuses on gathering numerical data and generalizing it across groups of people to explain a particular phenomenon ([lib-guides.letu.edu/quantresearch](http://lib-guides.letu.edu/quantresearch)).

##### **QUALITATIVE ANALYSIS**

Qualitative research is defined as a research strategy that usually emphasizes words, rather than quantification, in the collection and analysis of data (Bryman. 2008. P. 366). Similarly, (Cresswell, 2002) posits that qualitative research is intended to deeply explore, understand, and interpret social phenomena, within its natural setting.

According to Derzin and Lincoln (2000), qualitative research involves interpretive and naturalistic approach. This is to say that qualitative researchers study things in their natural settings, attempting to make sense of, or to interpret phenomena, in terms of the meanings people bring to them.

Qualitative research involves collecting and analyzing non-numerical data (video, text, audio) to understand concepts, opinions, or experiences. It can be used to gather in-depth insights into a problem or generate innovative ideas for research. This research progresses by observations, interviews, focus groups, surveys, etc. (Scribbr.com).

The author had wanted to employ both qualitative and quantitative research methods in this study. However, being that the Niger-Delta region of Nigeria, which is the focus of the study is not easily accessible for interviews, and observations of phenomena in their natural settings, quantitative research is utilized, using a survey.

### **3.2 SAMPLE**

The author set out to employ a mixed methodology research (quantitative and qualitative) for this study, but for his absence from Nigeria, which would have enabled him conduct face to face interviews and observe the body language of the interviewees in their natural environment, hence the resort to quantitative research methodology only. The author sent out a questionnaire to residents of a Shell host community (River State, Nigeria), using mobile friendly version of Microsoft forms.

### **3.3 DATA COLLECTION**

Data collection can be described as information collected in the form of numbers and text (Wikipedia.com). It is also defined as the procedure of collecting, measuring, and analyzing accurate insights for research, using standard validated techniques (questionpro.com).

A total of 54 responses were received from the online questionnaire. Additionally, this study made use of data from website articles, journals, books, as well as news editorials available on the internet.



### **3.4 RELIABILITY AND VALIDITY**

Reliability in quantitative research refers to the consistency, stability, and repeatability of results, in that the result of a researcher is considered reliable, if consistent results have been obtained in identical situations, but different circumstances (Twycross and Shields, 2004).

Reliability refers to a measurement that supplies consistent results with equal values (Blumberg, et al, 2005). It measures consistency, precision, repeatability, and trustworthiness of research (Chakrabatty, 2013).

Validity, on the other hand, is often defined as the extent to which an instrument measures what it asserts to measure (Blumberg, et al, 2005). Validity of a research instrument assesses the extent to which the instrument measures what it is designed to measure (Robson, 2011). It is the extent to which requirements of scientific research method have been followed during the process of generating research findings (Oliver, 2010).

### **3.5 QUESTIONNAIRE**

The author employed the use of a questionnaire for this study. A questionnaire is a research instrument that consists of a set of questions, or other types of prompts, that aims to collect information from a respondent (questionpro.com). A questionnaire is a set of printed questions, with a choice of answers, devised for the purposes of a survey or statistical study (Oxford.com).

Questionnaires can be an effective means of measuring the behaviour, attitudes, preferences, opinions, and intentions of relatively large numbers of subjects, more cheaply and quickly, than other methods (simplypsychology.org).

In designing a questionnaire, a number of factors are considered. These include, integrating the aims of the research with the questions asked, to ensure that the questions answer to the aims of the study. The length of the questionnaire should also be put into consideration, as previous study has shown that respondents are less likely to complete long questionnaires.

The order of questions in the questionnaire should be such that they progress from the least sensitive to the most sensitive, while employing minimal technical jargon. Questions should be simple, pointed, and easy to understand (simplypsychology.org).

In designing the questionnaire for this study, the author considered the research questions, and drew the questions from a review of literature from previous studies conducted in the Oil and Gas environment, and the pertinent issues raised therein.

Furthermore, the author embraced the **TRIPLE BOTTOM THEORY** in the crafting of the questionnaire. As highlighted earlier in the study, the theory deals with the 3P's of Profit, People, and Planet. The questionnaire bordered on the 3 parameters in the quest to understand the nexus between CSR performance of Shell and the perception of its stakeholders, in relation to the impact on the company's business.

## 4 RESULTS OF THE STUDY

The author presents the results of the study in this chapter. A total of 54 respondents answered to the questionnaire designed and sent out for the purpose of this study.

### 1.

Shell takes into consideration the living conditions of the people in its host communities

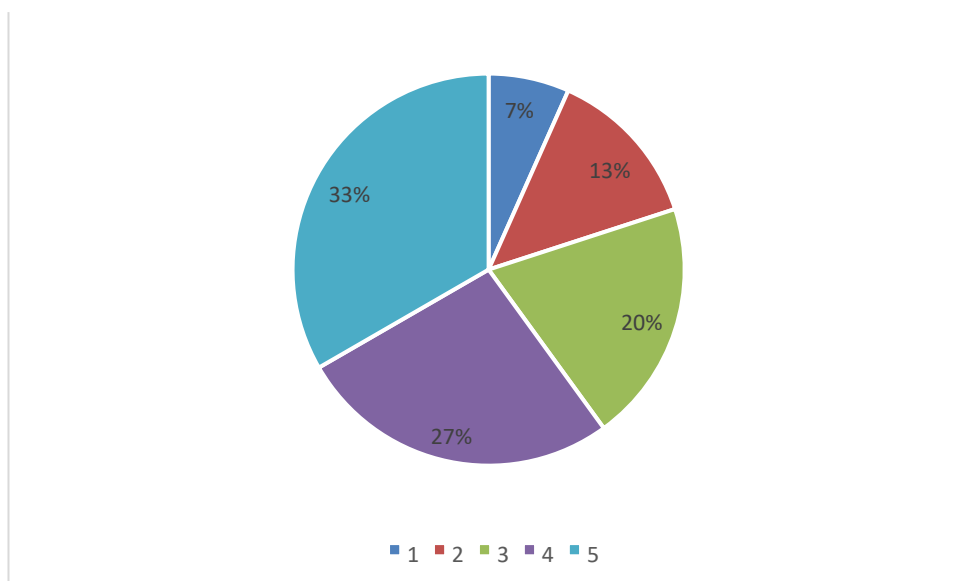
Strongly disagree 16

Disagree 13

Indifferent 9

Agree 11

Strongly agree 5



**Figure 6.** Living conditions of host communities

16 respondents (30%) strongly disagreed with Shell considering the living conditions obtainable in its host communities. 13 respondents (24%) disagreed, while 9 respondents (17%) were indifferent. On the other hand, 11 respondents

(20%) agreed that Shell is mindful of the living conditions of its host communities while 5 (9%) strongly agreed.

**2.**

The environmental clean-up and remediation by Shell have been consistent

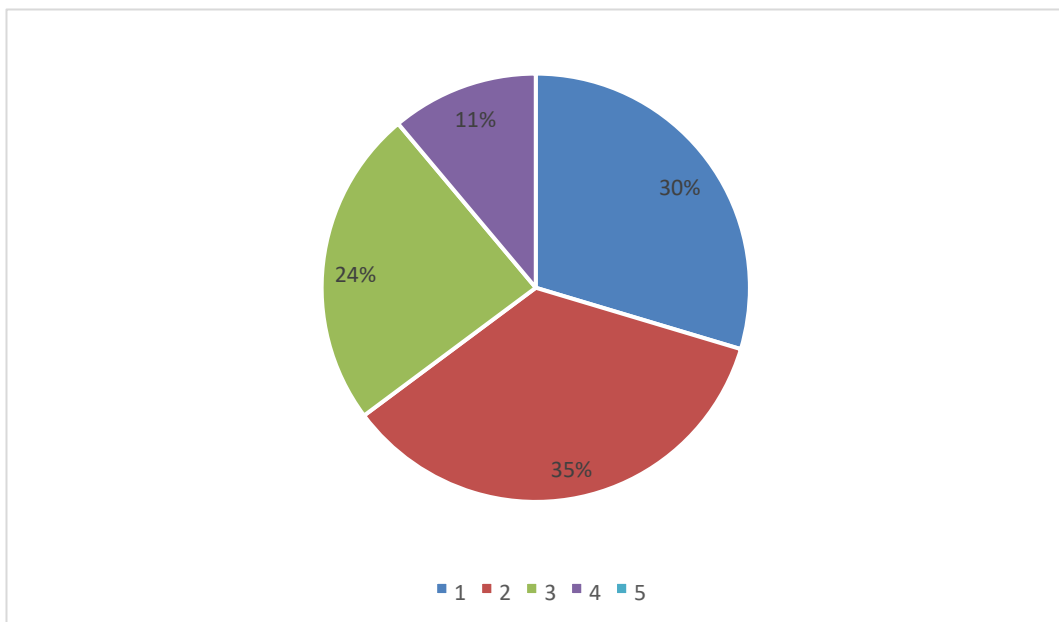
Strongly disagree 16

Disagree 19

Indifferent 13

Agree 6

Strongly agree 0



**Figure 7.** Environmental clean-up and remediation

**3.**

The company conducts tests to ascertain areas vulnerable to degradation

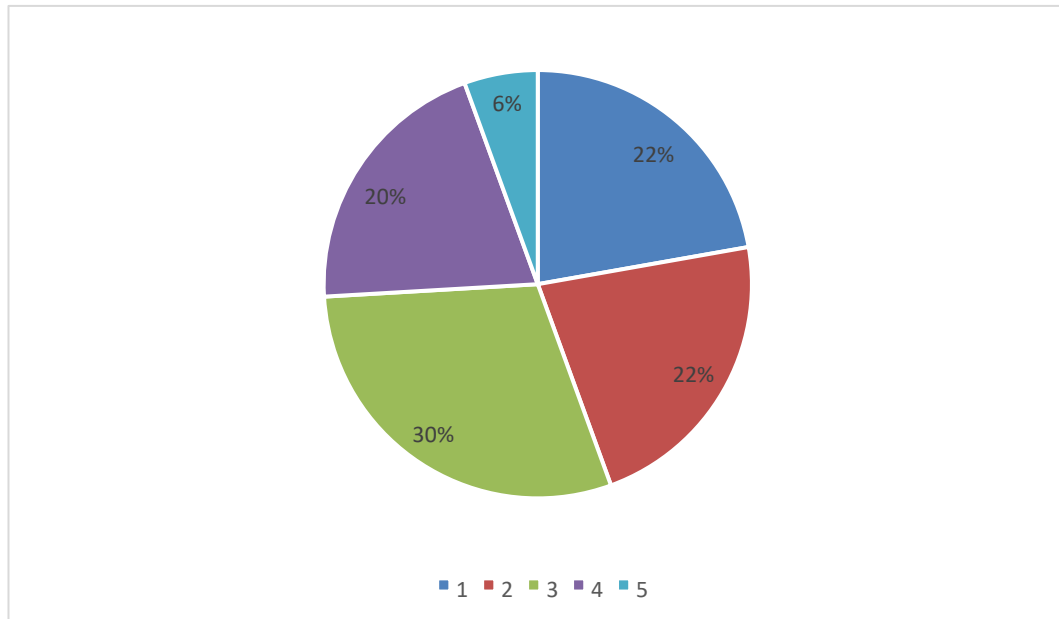
Strongly disagree 12

Disagree 12

Indifferent 16

Agree 11

Strongly agree 3



**Figure 8.** Tests for vulnerable areas

12 respondents (22%) strongly disagreed and another 12 (22%) disagreed that Shell conducts tests to ascertain areas vulnerable to degradation. While 16 respondents (30%) were indifferent, 11(30%) agreed, and 3 (5%) strongly agreed.

#### 4.

Shell conducts environmental appraisal of all communities where it exploits for Oil and gas

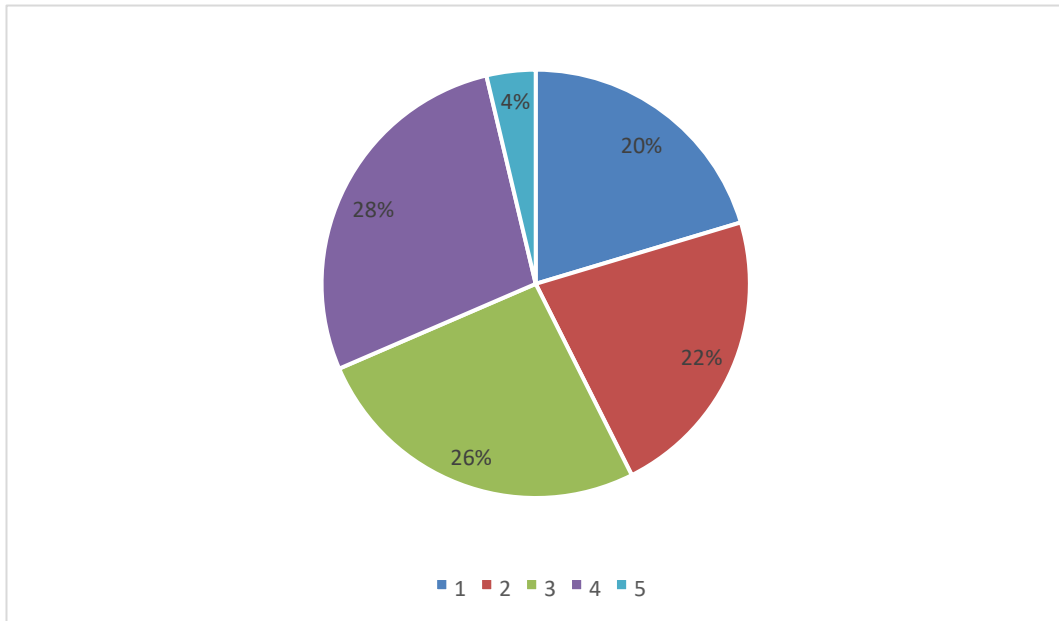
Strongly disagree 11

Disagree 12

Indifferent 14

Agree 15

Strongly agree 2



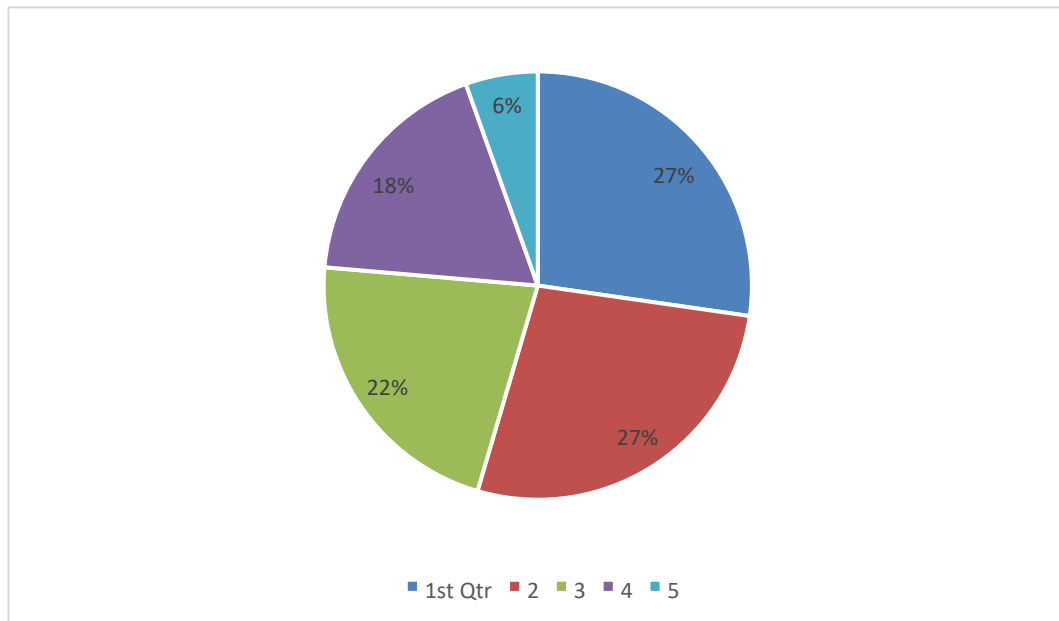
**Figure 9** Environmental appraisal of host communities

11 respondents (20%) strongly disagreed, 12 respondents (22%) disagreed, and 14 respondents (26%) were indifferent. However, 15 respondents (28%) agreed, and 2 respondents (4%) strongly agreed.

**5.**

Shell is known for taking proactive measures to ensure environmental wellbeing and stability of its host communities

Strongly disagree	15
Disagree	15
Indifferent	12
Agree	10
Strongly agree	3



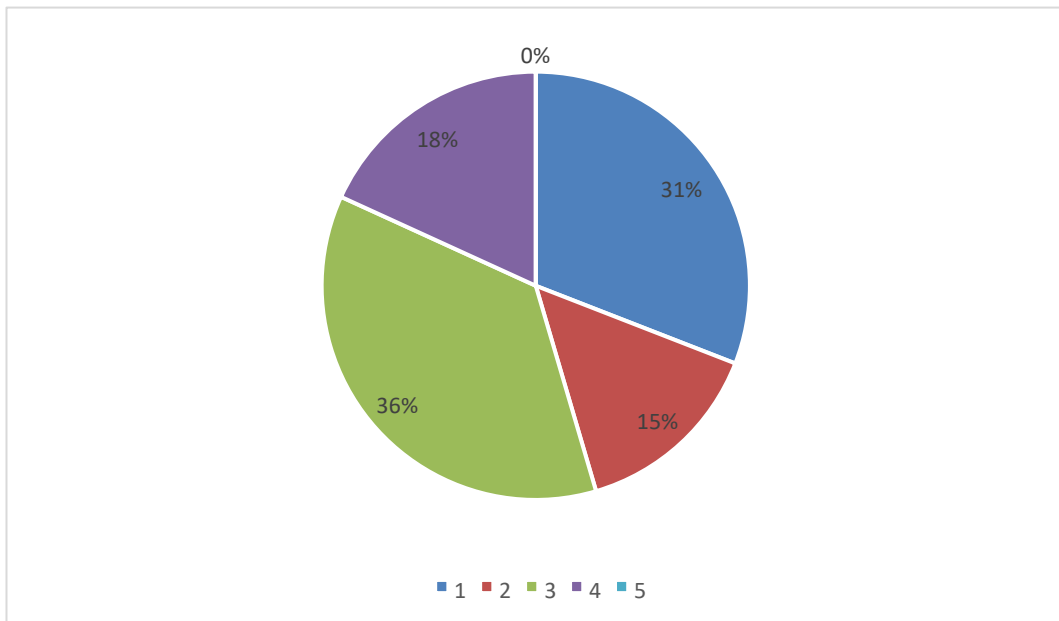
**Figure 10** Environmental well-being and stability

15 respondents each (27%) strongly disagreed and disagreed with this question, while 12 respondents (22%) were indifferent. On the flip side, 10 respondents (18%) agreed, and 3 respondents (5%) strongly agreed.

## 6.

The company's stakeholders are satisfied with its exploration activities

Strongly disagree	17
Disagree	8
Indifferent	20
Agree	10
Strongly agree	0



**Figure 11** Satisfaction of stakeholders

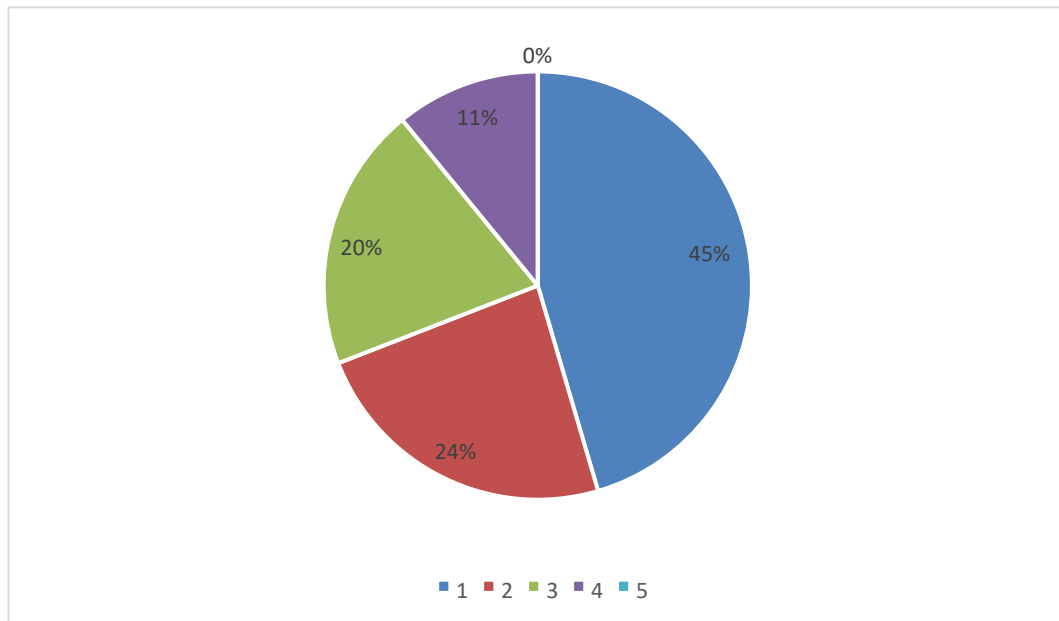
17 respondents (31%) strongly disagreed, 8 respondents (15%) disagreed, and 20 respondents (36%) were indifferent. Conversely, 10 respondents agreed.

**7.**

Shell's host communities are satisfied with its contribution to growth and development

Strongly disagree	25
Disagree	13
Indifferent	11
Agree	6
Strongly agree	0





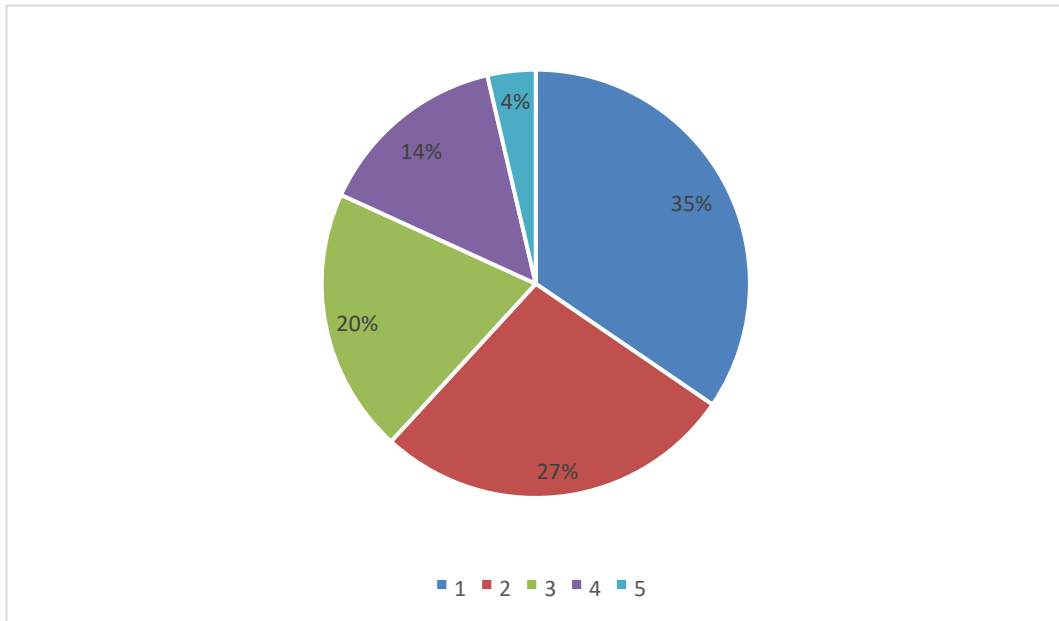
**Figure 12** Perception of Company's contribution to growth and development

25 respondents (45%) strongly disagreed, 13 respondents (24%) disagreed, 11 respondents (20%) were indifferent, while 6 respondents (11%) agreed.

## 8.

Shell is effective in resolving environmental externalities occasioned by oil spillage in its areas of exploration

Strongly disagree	19
Disagree	15
Indifferent	11
Agree	8
Strongly agree	2



**Figure 13** Effective resolution of externalities caused by oil spillage

19 respondents (35%) strongly disagreed, 15 respondents (27%) disagreed, 11 respondents (20%) remained indifferent, 8 respondents (15%) agreed, and 2 respondents (4%) strongly agreed

**9.**

The infrastructural development of Shell's host communities has been improved due to its CSR policies

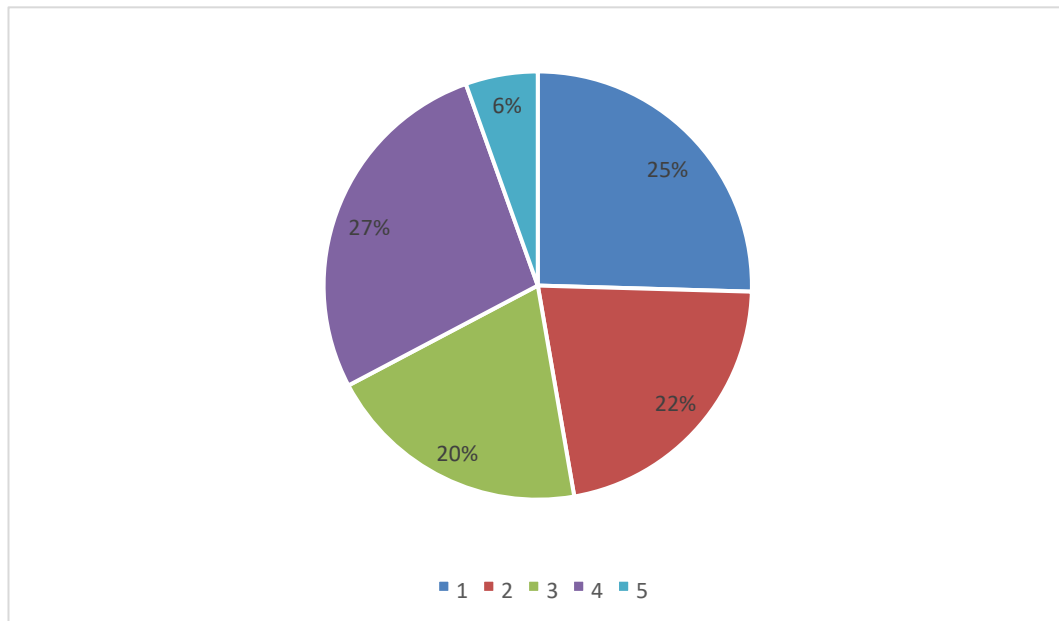
Strongly disagree 14

Agree 12

Indifferent 11

Agree 15

Strongly agree 3



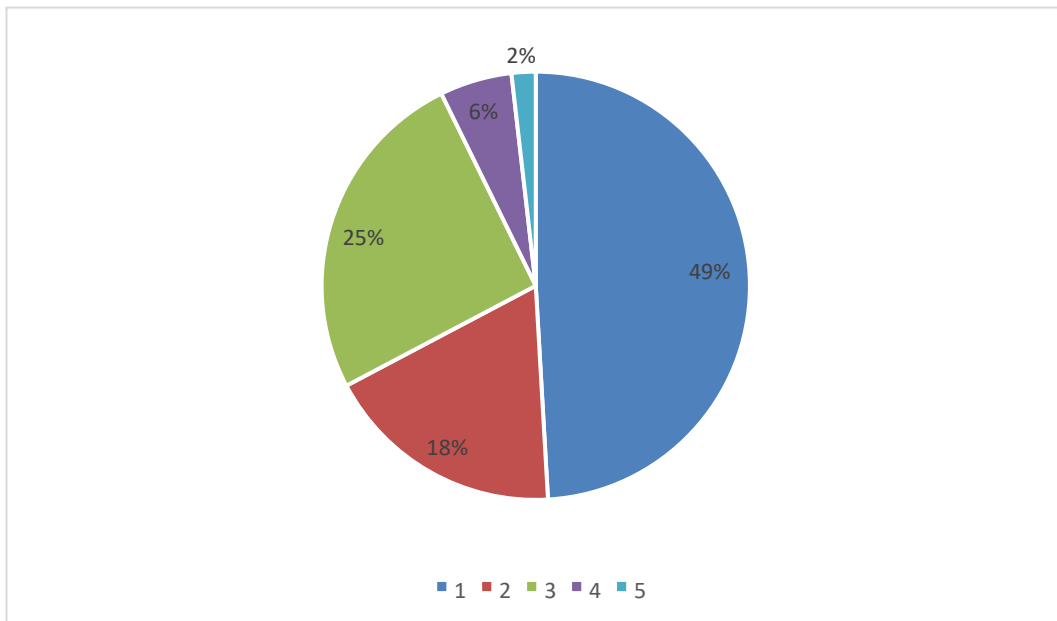
**Figure 14** Improved infrastructure in the communities

14 respondents (25%) strongly disagreed, 12 respondents (22%) disagreed, and 11 respondents (20%) were indifferent. However, 15 respondents (27%) agreed, and 3 respondents (5%) strongly agreed.

10.

The life expectancy of people living in the company's host communities is high

Strongly disagree	27
Disagree	10
Indifferent	14
Agree	3
Strongly agree	1



**Figure 15** Life expectancy

27 respondents (49%) strongly disagreed, 10 respondents (18%) disagreed, 14 respondents (25%) remained indifferent. However, 3 respondents (5%) agreed, and 1 respondent (2%) strongly agreed.

## 5 DISCUSSION AND LIMITATIONS

In this study, author has tried to elucidate the impact/importance for a company to be socially responsible in its operations. This was achieved using materials from the internet, previous research on the topic, journals, and news articles.

From the onset, the author had wanted to understand the perception of the stakeholders of Shell companies in Nigeria's Niger-Delta, particularly, residents of its host communities, on the environmental impact of the company's exploration and exploitation activities on their environment, and its prospects for continued business operation in the region.

Earlier research found against Shell, infractions bordering on environmental irresponsibility, leading to the company being found guilty of environmental neglect, with attendant costs, in many jurisdictions, particularly in the United Kingdom and Netherlands. One of such environmental infractions found against Shell, can be found in a report by WWF UK, the World Conservative Union, and

representatives of the Nigerian Federal government. The 2006 report calculated that up to 1.5 million tons of oil has been spilled in the Niger delta over the past half century.

In view of the foregoing, the author formulated 3 research questions, focusing on how the perception of stakeholders, particularly the host communities, impact on the business operations of Shell, as well as, how Shell's CSR obligations and undertakings remediate the situation, to the benefit of all concerned (public, employees, government, NGO's).

The Triple bottom theory posits that firms should commit to measuring their social and environmental impact, in addition to their financial performance, rather than solely focusing on generating profit, or "standard bottom line". This is further broken into Profit, People and Planet.

The second question in the questionnaire, which centred on the environmental clean-up and remediation efforts of Shell, showed that 65% of the respondents disagreed or strongly disagreed with the efforts made by the company in that regard, while 11% of the respondents are of the opinion that Shell does enough to clean-up the environment.

The fifth question returned a total of 54% (15 strongly disagreed and 15 disagreed) of the respondents not in agreement that Shell takes proactive measures to ensure the environmental wellbeing and stability of its host communities. However, 24% of the respondents (13 respondents) agreed with the efforts of Shell being in tandem with the environmental well-being and stability of the environment.

Hohnen (2007), states that, "CSR should be seen as the way firms—working with those most affected by their decisions, can develop innovative and economically viable products, processes and services within core business process, resulting in improved environmental protection and conditions".

The sixth question showed that 25 respondents (45%) disagreed with the notion that the company's stakeholders are satisfied with its exploration activities. However, 20 respondents (36%) were indifferent, while 10 respondents (18%)

agreed that the stakeholders are satisfied with the company's exploration activities.

For the seventh question, findings from the study reveal that 38 out of 55 respondents (69%) disagreed/strongly disagreed with the level of Shell's contribution to the growth and development of its communities. However, 6 (11%) respondents agreed that the company is doing enough in that regard.

Adetokunboh (2007), "CSR, when proactively undertaken, promotes the public interest by encouraging community growth and development, and by voluntarily eliminating practices that harm the public sphere, regardless of the legality".

The tenth question which is on the life expectancy of the people living in the host communities had 37 respondents (67%) disagree/strongly disagree, and 4 (7%) respondents agree that the life expectancy of the residents is high.

A review of the literature employed in this study, drawn from varied sources, have found that there are infractions, occasioned by the exploration and exploitation activities of Shell in the Niger delta, which has ultimately led to unease and unrest in the region, due to decades of mistrust and unmitigated environmental hazards.

By 2003, an estimated 200,000 barrels of oil was disappearing daily, costing the Nigerian government \$100 million a week (Ghazvinian, 2007 P29). A 2007 WAC Global Services report, commissioned by Shell said that "it is clear that Shell is part of the Niger delta conflict dynamics, and that its social license to operate is fast eroding and must improve" (Ghazvinian, 2007 P78).

From the survey conducted, it is observed that a sizeable number of the respondents were indifferent to majority of the questions posed to them. This did not allow the author to decide either way, if there has been a major shift in perception of Shell, and its activities in the Niger delta, by the residents. Though a high percentage answered in the negative (disagreed/strongly disagreed) to almost all the parameters tested, there seems to be a positive shift, as the percentage of dissatisfied residents have reduced, compared to previous studies.

The study was limited by the author not being able to conduct face to face interviews with the respondents, in their natural habitat, as he would have been able to read the body language of the indifferent respondents and draw inferences therefrom.

Reliability in research speaks to the degree of consistency and repeatability of results in identical situations. However, this has not been the case here. The author postulates that there could be diverse reasons for this. The respondents who were indifferent to majority of the questions in the questionnaire, may not be directly affected by the environmental externalities in the host communities. They are most likely to be city dwellers, who may not have even visited the riverine and coastal communities, where oil exploitation takes place.

Another likely reason could be the lull in activities, onshore Niger Delta. This is because the company has not exploited oil inland Niger Delta upwards of 10 years now, due to clashes with the inhabitants of their host communities, incessant kidnapping, and maiming of its staff, as well as constant sabotage of its pipelines and other infrastructure.

Additionally, the author also believes that the ongoing, though slow remediation of the despoiled environment might also have created a sense of restoration in the people, hence, the questions posed in the questionnaire, might be neither here nor there.

Furthermore, as with all questionnaires, the author does not rule out respondent bias. Considering the publicity of the environmental externalities in the Niger delta, caused by oil exploitation, there is a tendency that the respondents may have been influenced to participate based on the subject of the questionnaire. These proclivities can lead to data generated from an imbalance of respondents, who see the topic in an overly positive or negative perspective.

## **6 CONCLUSION**

In conclusion, though Shell has a CSR policy in their corporate structure, it seems to be more of an afterthought, than an embedded policy. How well this approach has served them in the Niger delta is a subject for further research.

The protracted face-off between the company and its host communities have degenerated to the extent that the company has shut in most of its oil blocs and acreages in the Niger delta, putting them up for sale, and citing insecurity and unfavorable business environment as the root causes for their action. The company is, however, concentrating in the deep waters, off the coast of Nigeria for its exploration and exploitation activities.

The author is of the opinion, that had the company set out its CSR policies from the onset, rather than embarking on remedial approach, probably, it would still be profitably running its operations in the Niger delta today, to the benefit of all stakeholders.



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## APPENDIX

In the options, 1= strongly disagree, 2= disagree, 3=indifferent, 4= agree, 5= strongly agree

### Survey on Shell Nigeria CSR policies on Environmental Sustainability

1.Shell takes into consideration the living conditions of the people in its host communities Option

1

Option 2

Option 3

Option 4

Option 5

2.The environmental clean-up and remediation by Shell has been consistent

Option 1

Option 2

Option 3

Option 4

Option 5

3.The company conducts tests to ascertain areas vulnerable to degradation

Option 1



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Option 2



Option 3



Option 4



Option 5

4.Shell conducts environmental appraisal of all communities where it exploits for Oil and gas



Option 1



Option 2



Option 3



Option 4



Option 5

5.Shell is known for taking proactive measures to ensure environmental wellbeing and stability of its host communities



Option 1



Option 2



Option 3



Option 4

Option 5

6.The company's stakeholders are satisfied with its exploration activities

Option 1

Option 2

Option 3

Option 4

Option 5

7.Shell's host communities are satisfied with its contribution to growth and development Option

1

Option 2

Option 3

Option 4

Option 5

8.Shell is effective in resolving environmental externalities occasioned by oil spillage in its areas of exploration

Option 1

Option 2



Option 3



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Option 4



Option 5

9.The infrastructural development of Shell's host communities have been improved due to its CSR policies



Option 1



Option 2



Option 3



Option 4



Option 5

10.The life expectancy of people living in the company's host communities is high Option



1



Option 2



Option 3



Option 4



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