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Corporate Organizations and Corporate Social Responsibilities: Does the CSR practice boost the financial performance of Oil and Gas Corporations in the Niger Delta region of Nigeria?

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Abstract: *Corporate social responsibility is a global practice by companies which stipulates a way such companies contribute to the development of host community or forming partnership with constituted authorities for community development. The study investigated the CSR activities of oil and gas multinational companies in Nigeria to find out the extent it positively affects their financial performance. The study is anchored on stakeholder theory. The major source of data collection was through primary source and questionnaire method was the main technique for data collection. However, sample size of 350 staff was purposively drawn from the over 550 populations of five selected oil and gas multinationals in the Niger Delta region of Nigeria. Copies of open ended structured questionnaire were distributed to the members of staff of the selected oil and gas multinationals in the Delta region of Nigeria. Descriptive statistics using cross tabulation and chi-square distribution were deployed for data analysis. The study revealed that corporate social responsibility activities of oil and gas multinational companies do not directly robustly positively affect their financial performance because the activity usually involves spending money and resources to meet the development needs of the host communities. The study, however, recommends improved CSR activities of the companies to their host communities because it is more likely to result in peaceful atmosphere for effective and efficient operations which in turn could positively affect their finances.*
Keywords: CSR, corporate organization, financial performance, stakeholder, community development.

INTRODUCTION

In the contemporary business milieu, operational dynamism and attendant negative environmental consequences have ushered in the need for organizations to directly or indirectly contribute to the wellbeing of the operational environment. In most cases, these corporate organizations, especially the oil and gas multinationals find it extremely difficult to operate smoothly because of such problems associated with violence, kidnappings, eco-terrorism, and maladministration that tend to challenge them. However, to reduce these incidences itemized above, the most effective strategy to adopt is the corporate social responsibility which if not for corporate interests, may not be considered necessary because it is a call for spending companies' resources (Ekhiator & Iyiola-Omisore, 2021).

Long before now, debates have ensued questioning what would be the gains of corporate organizations spending money or other resources to raise the standard of living of the host communities especially in the face of recurrent debilitating economic/business uncertainties. Many definitions of CSR have been proposed yet no clear one has been achieved thus making theoretical development and measurement difficult (McWilliams, Siegel and Wright, 2006). However, CSR could be defined as when a firm, besides complying to the standard for operation, engages in action that particularly targets to further some social good and not directly in the interest of the firm (McWilliams and Siegel, 2001) Corporate social responsibility is a developmental effort made by corporate organizations to promote high standard of living for the people of their host community. In doing this, the companies usually consider the social and environmental concerns in their operations and interactions with stakeholders on a non-profit basis (European Commission, 2010). Corporate social responsibility represents a set of standards subscribed to by organization to ensure it contributes positively to the development of both the society and business which has the tendency to grow its business (Amaeshi, Adi, Ogbechie and Amao, 2006).

Besides enhancing the standard of living of the host community through corporate social responsibility, such philanthropic venture can serve as investment capable of improving the image of the organization among the numerous castes that make up the public (Solomon 2017). The high reputation and corporate success enjoyed by many corporate organizations across the world is linked to their huge investment in corporate social responsibilities despite its initial capital intensive nature and unfounded business negativity attached it (Poddi, Vergalli and Mattei, 2009). Furthermore, the neoclassical economic approach of corporate social responsibility was a huge setback because the interest was centred on profitability and improvement of corporate finance of the organization as against corporate philanthropic gestures such as environmental protection and developmental projects to enhance standard of living of the people. This economic era could only internalize externalities that improves the finance of the corporation, thus dreading the cost of corporate social responsibilities to the public in the business environment (Ameshi 2010; Orlitzky 2011; Adegbite 2019).

The United Nations Organizations framed a development template daubed "Sustainable Development Goals" with seventeen development goals set and expected to be met on or before the year 2030. One of and the seventeenth goal is "partnerships for the goals" adopted (UNO, 2016). The goal seventeen is capable of giving strength for the achievement of other goals. This is because collaboration, synergy-building, cooperation which is encapsulated in partnership has become the most efficacious and contemporary strategy for addressing increasing needs for service delivery and good governance to the people. Many corporate organizations embark on such partnerships in different ways such as one-time or continuous donations to the needs of the people living in the environment of operation (Weber, 2008). Besides, some companies achieve their corporate social responsibility through sponsorship deals which also help to market their products and services (Ditley-Simonsen 2010; Writ 2014; Scarlet and Kelly 2010; Martinez-Ferrero 2015; The Economist 2008a).

The contemporary business space has been filled with discordant views as to whether embarking on corporate social responsibilities by companies is an asset or liability to them. Though empirical studies have been carried out in different parts of the world/environments by many practitioners and academics, the results remain divergent. For example Tanveer, Muhaad, Tahir, Shamila (2017; Bessong and Tapang (2012); Maqbool and Zameer (2018); Hirigoyen and Poulain-Rehin (2015), differed significantly in the findings of the study. While the finding of the study carried out on whether engaging on corporate social responsibility is an asset or liability to banks in India by Maqbool and Zameer (2018) indicated profitability impact, the result of similar study in Nigeria by Bessong and Tapang (2012) showed it is more of liability-source of loss than asset-source of profitability. In view of these discrepancies in research results on the topic in the banking sector, this effort is aimed at conducting similar study in the oil and gas sector of Nigerian economy. Because of the socioeconomic sensitivity of corporate social responsibility to both the corporate organizations and the public, this study will continue to generate high intensity academic debate. CSR is a direct way in which companies, whether production or service based ones take part in the development of the environment they operate in. As statutory as this may seem, many companies whose aim of operation naturally is profit maximization are usually much more conscious of what could be the effect of such corporate activity on the financial performance of the company. As the divergent research findings of many academics continue to trail the trajectory of the discourse, this study has the broad objective of examining same topic but this time focusing on the oil and gas sector in Nigeria. This is expected to fill the gap of intractable inconsistency presented by many research findings on whether corporate social responsibility efforts of companies are sources of profit or loss to the corporations in Nigeria.

However, while the broad objective of the study is to identify the benefits oil and gas companies derive from engaging in corporate social responsibility, specific objectives include the following; One, to find out the community development cost impact of corporate social responsibility ventures on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria; two, to find out the effect of donation cost on the financial performance of oil and gas companies in the Niger Delta region of Nigeria and finally, to investigate the effect of sponsorship activities on the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.

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Hypothesis one:

Ho: Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria

Hypothesis two:

Ho: Donation cost does not negatively affect the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.

Hypothesis three:

Ho: Sponsorship cost does not impact negatively on the financial performance of oil and gas multinational companies in the Niger Delta of Nigeria.

METHODOLOGY

The study intends to find out whether corporate organizations derive financial profit from engaging in corporate social responsibilities or not. This is necessitated by divergent research findings of which some opine that there are negative relationships between corporate social responsibility and profitability in companies while some findings produce counter results. This study focuses on the corporate social responsibility efforts of oil and gas companies and impact of such engagements on the financial performance of the companies. It is commonplace that since oil and gas companies are mentioned, attention will be focused on the Niger Delta region of Nigeria. For instance, we have the following oil companies in Nigeria; Amni; Andova PLC; Chevron Nigeria; Conoil; ExxonMobil; Oando; Saipem Nigeria; Shell Nigeria; Seplat Petroleum Development Company; South Atlantic Petroleum; Taleveras (Wikipedia, 2024). The instance cited above means that the researcher knows the population of study. From the list, the study randomly selected five (5) leading oil and gas companies in Nigeria. Questionnaire method of data collection is preferred, thus designed in line with Likert frame of response. Besides, sample size of 350 was purposively drawn from the five (5) oil and gas multinationals in Nigeria, meaning that each company is allocated 70 copies of the questionnaire. Distributed copies of questionnaire received expected attention and made a 100% successful return perhaps, because the companies see the study as an avenue to publish their commitment to enhancing the standard of living of host communities. Methods of data analysis are descriptive statistics using Cross tabulation and Chi-square distribution.

Fig i. Questionnaire distribution to selected oil and gas multinationals in Nigeria

S/N	COMPANY	ALLOCATION OF QUESTIONNAIRE
1	Chevron Nigeria	70
2	EXXONMOBIL	70
3	Shell Nigeria	70
4	Saipem Nigeria	70
5	Seplat Petroleum Development Company	70
		350

Source: Research data, 2024

The reason for selecting the above-mentioned oil and gas multinational companies is because they have a proven pedigree for corporate social responsibility in Nigeria.

Theoretical Framework

The imperative of theoretical framework for academic papers cannot be over-emphasized. However, since every corporation is traditionally set up to serve the people who are otherwise known as the stakeholders, it is therefore apposite to anchor the paper on Stakeholder theory. Stakeholder theory was the brainchild of Robert Edward Freeman, propounded in 1984. The proponent of stakeholder theory lays tremendous emphasis on the need for organizations to always consider the welfare of various stakeholders instead of shareholders. It was further opined that there is greater possibility that such consideration of stakeholders will impact positively on the performance of the organization. Expounding on Freeman's stakeholder theory, Fassin (2009) classified stakeholders into two; the internal stakeholders and external stakeholders. The internal stakeholders are those who are directly or indirectly involved in activities that lead to the growth of the organizations such as customers; communities; employees; suppliers and financiers while the external stakeholders are those who task the organizations on the need to fulfill their statutory or social responsibilities to the people. Examples of external stakeholders are Non-Governmental Organization (NGOs); Environmentalists; Critics; the Media, etc.

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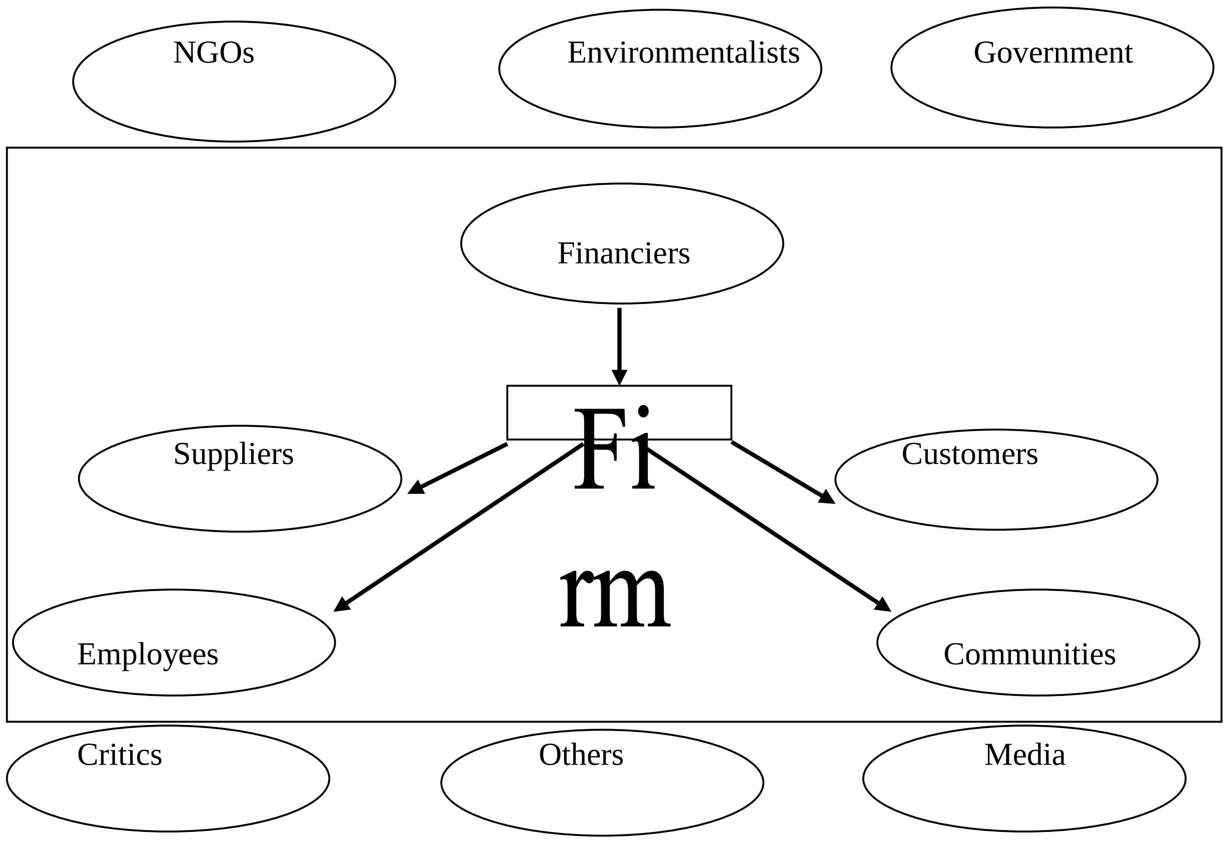
Fig ii: Fassin's Stakeholder Model.



Source: Fassin, 2009.

The figure above represents the division of stakeholders into internal and external stakeholder as modeled by Fassin in 2009. Factor such as the growing impact organizations have in the society has added currency to the validity of stakeholder theory, thus adding more pressure to organizations to ensure establishment of long term mutual relationship with stakeholders (Andriof, Waddock, Husted and Rahman, 2002). According to Carroll (1991), Corporate Social Responsibility has a pyramid with four cardinal responsibilities; they include the philanthropic responsibility which basically stipulates that corporate organizations should be willing to ensure the promotion of charitable and altruistic ventures to enhance the standard of living of the people in their areas of operation. Besides there is the ethical responsibility; this suggests firms must ensure fairness; decency, morality etc are given priority attention in the course of their operation. The danger of flouting the ethics of area of operation is that the affected might, in a bid to fight off the ethical neglect by the firms, raise new values, ethos and standards that might negatively impact on the operations and success of the firms. Furthermore, there is legal responsibility; this highlights on the fact that the firms must see themselves as legal entities, meaning that they have the obligation to comply with existing or extant law of the land; that they can sue and be sued if need arises. It further states that the firms must pursue their legitimate business interests within the legal framework of the society. Finally, it has the economic responsibility; commenting on this, Werther and Chandler (2010) and Carroll (1991) maintain that the ability of firms to ensure the realization of other responsibilities depends on the success of its economic responsibility. Therefore, firms must ensure maintenance of profitability responsibility to ensure its expansion and CSRs to the environment.

Empirical Review

Lin (2009) carried out a study to investigate the effects of corporate social responsibility on performance of firms in Taiwan. The result of the study indicated that CSR does not positively impact on the short-run financial performance; however, it can yield impactful long-term fiscal advantage. In the same vein, Ngwakwe (2009) examined the relationship between corporate social responsibility practices of firms and their performance in Nigeria. The result, however, noted that there is a strong correlation between the firms' CSR and organizational performance. In 2009, Choi carried out a study to understand the extent CSR activities affect the profitability of companies under study. The study concluded that CSR represents intangible investment which if properly executed can be a source of reputation to the firm. Karagiorgos (2010) studied a topic on the financial performance linkage with the corporate social responsibility of companies in Greece. The study posted a positive relationship among stock returns and CSR performance. Similarly, Olayinka and Temitope (2011) opted to investigate the relationship between corporate social responsibility and financial performance of companies in Nigeria. The result showed that CSR impacted positively on the financial performance measures of the companies. Aupperle et al (2005), adopting regression analysis technique studied an overall firm-level index of Corporate Social Responsibility. The result showed a neutral relation between CSR and profitability. In a similar vein, Russo and Fouts (2007) did a study on the environmental performance of firms with the regression analysis and the result revealed that there is a positive relation between environmental performance and financial performance of the firm. Furthermore, Uadiale and Fagbemi (2011) investigated the impact of CSR on financial performance of the economies of developing countries. The result of the study was that CRS has positive and significant relationship with the financial performance of firms in the developing countries. Besides, Aile and Buasys (2013) conducted a study to examine the relationship between CSR activities and financial performance of firm between 2009 and 2011 in the Baltic States of Latvia, Lithuania and Estonia. Result showed that CSR activities do not affect financial performance of firms in the Baltic. In furtherance of the empirical relevance of the study, Mohamed and Kabir (2019) examined the impact of CSR on financial performance of listed non-financial services companies in Nigeria. The study revealed that investment on CSR can increase the financial performance of the companies. In 2019, Sang, Chune and Jason carried out a study to ascertain if there is systematic between corporate social responsibility performance and corporate finance performance. The result revealed that CSR performance has a partial positive correlation with profitability. Samira, Noor and Masudul (2018) examined the effect of CSR on the financial performance of

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Agribusiness industrial in Bangladesh. The result indicated that CSR is an essential growth element and finance performance boosting tool for Agribusiness industries in Bangladesh. Similarly, Jingwen, Shaoyan, Xiaohui and Wanwan (2018) assessed the relationship between CSR and financial performance of Chanese listed companies. The result posted a significant positive correlation between CSR and financial performance. In India, Maqbool and Zameem (2018), conducted a study on the effect of CSR and financial performance in the country. Result showed that CSR has positive impact on profitability and stock returns. Though there are divergent research results on the effect of Corporate Social Responsibility activities on the financial performance of firms, the curve is slightly in favour of positive correlation between CSR and financial performance of firms.

Data Presentation

Fig iii .Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.

Companies	A	SA	D	SD	Total
Shevron Nigeria	20	35	9	6	70
ExxonMobil	28	30	10	2	70
Shell Nigeria	38	25	-	7	70
Saipem Nigeria	26	40	4	-	70
Seplat Petroleum Development Company	19	46	-	5	70

Source: Researcher’s data, 2024. 350

Fig iv. Donation cost does not negatively affect the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.

Companies	A	SA	D	SD	Total
Shevron Nigeria	36	29	4	1	70
ExxonMobil	31	38	1	-	70
Shell Nigeria	18	46	1	5	70
Saipem Nigeria	38	29	3	-	70
Seplat Petroleum Development Company	20	42	3	5	70

Source: Researcher’s data, 2024 350

Fig vi. Sponsorship cost does not impact negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria.

Companies	A	SA	D	SD	Total
Shevron Nigeria	21	33	6	10	70
ExxonMobil	27	41	-	2	70
Shell Nigeria	31	36	3	-	70
Saipem Nigeria	20	48	2	-	70
Seplat Petroleum Development Company	41	22	6	1	70

Source: Researcher's data, 2024 350

DATA ANALYSIS

HYPOTHESIS ONE

Table 1

Company * Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. Cross tabulation

			Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.				
			Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Company	Shevron Nigeria	Count	35	20	9	6	70
		Expected Count	31.9	28.7	5.0	4.4	70.0
		% within Company	50.0%	28.6%	12.9%	8.6%	100.0%
	Exxon Mobil	Count	0	28	10	2	40
		Expected Count	18.3	16.4	2.9	2.5	40.0
		% within Company	0.0%	70.0%	25.0%	5.0%	100.0%
	Shell Nigeria	Count	25	38	0	7	70
		Expected Count	31.9	28.7	5.0	4.4	70.0
		% within Company	35.7%	54.3%	0.0%	10.0%	100.0%
	Saipem Nigeria	Count	40	26	4	0	70
		Expected Count	31.9	28.7	5.0	4.4	70.0
		% within Company	57.1%	37.1%	5.7%	0.0%	100.0%
		Count	46	19	0	5	70

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	Seplat Petroleum Development Company	Expected Count	31.9	28.7	5.0	4.4	70.0
		% within Company	65.7%	27.1%	0.0%	7.1%	100.0%
Total		Count	146	131	23	20	320
		Expected Count	146.0	131.0	23.0	20.0	320.0
		% within Company	45.6%	40.9%	7.2%	6.3%	100.0%

Table 1 shows the response of the respondents when asked if Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. From the table, 35 respondents, representing 50.0% of total sample respondents strongly agreed to this statement. 20 respondents which connote 28.6% of aggregate sample size agreed to this statement. 9 respondents showing 12.9% of total sample size disagreed about this, while 6 respondents being 8.6% of total sample strongly disagreed to this statement. This showed that majority of the respondents strongly agreed to the statement that Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. This trend is easily observable in Figure 1.

Figure 1

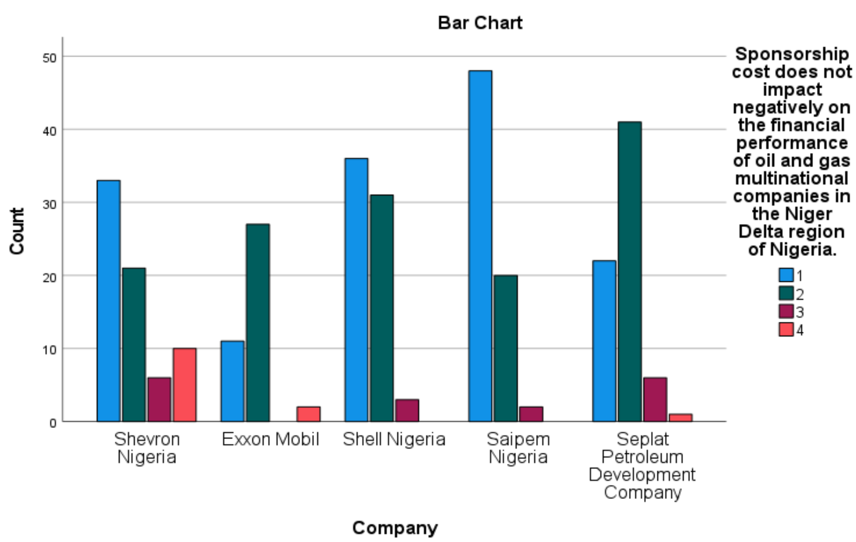

Table 2

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	83.497[a]	12	.000
Likelihood Ratio	106.546	12	.000
Linear-by-Linear Association	15.625	1	.000
N of Valid Cases	320		
a. 6 cells (30.0%) have expected count less than 5. The minimum expected count is 2.50.			

From Table 2, the value of the Pearson Chi-Square test and Likelihood ratio test are 83.497 and 106.546 respectively. Their P-values are both 0.00 less than 0.05 (5%) significance level. Hence, the null hypothesis is rejected, which suggests statistically with a significant evidence that community development activities enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.

HYPOTHESIS TWO

Table 3:

Company * Donation cost does not negatively affect the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. Cross tabulation method

			Donation cost does not negatively affect the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.				
			Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Company	Shevron Nigeria	Count	29	36	4	1	70
		Expected Count	33.7	31.3	2.6	2.4	70.0
		% within Company	41.4%	51.4%	5.7%	1.4%	100.0%
	Exxon Mobil	Count	8	31	1	0	40
		Expected Count	19.3	17.9	1.5	1.4	40.0
		% within Company	20.0%	77.5%	2.5%	0.0%	100.0%
	Shell Nigeria	Count	46	18	1	5	70
		Expected Count	33.7	31.3	2.6	2.4	70.0
		% within Company	65.7%	25.7%	1.4%	7.1%	100.0%

	Saipem Nigeria	Count	29	38	3	0	70
		Expected Count	33.7	31.3	2.6	2.4	70.0
		% within Company	41.4%	54.3%	4.3%	0.0%	100.0%
	Seplat Petroleum Development Company	Count	42	20	3	5	70
		Expected Count	33.7	31.3	2.6	2.4	70.0
		% within Company	60.0%	28.6%	100.0%	7.1%	100.0%
Total		Count	154	143	12	11	320
		Expected Count	154.0	143.0	12.0	11.0	320.0
		% within Company	48.1%	44.7%	3.8%	3.4%	

Table 3 shows the response of the respondents when asked if donation cost does not negatively affect the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. From the table, 29 respondents, representing 41.4% of total sample respondents strongly agreed to this statement. 36 respondents which connote 51.4% of aggregate sample size agreed to this statement. 4 respondents showing 5.7% of total sample size disagreed about this, while 1 respondent being 1.4% of total sample strongly disagreed to this statement. This showed that majority of the respondents agreed to the statement that Community development activities do not enhance the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. This trend is easily observable in Figure 2.

Fig. 2

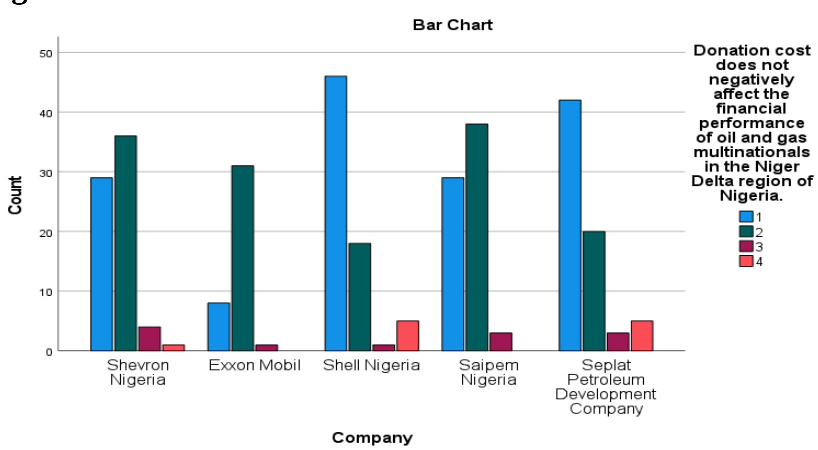

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Table 4:
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	48.125[a]	12	.000
Likelihood Ratio	52.110	12	.000
Linear-by-Linear Association	1.130	1	.288
N of Valid Cases	320		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is 1.38.

From Table 4, the value of the Pearson Chi-Square test and Likelihood ratio test are 48.125 and 52.110 respectively. Their P-values are both 0.00. This result therefore, shows a significant value as the P-values are less than 0.05(5%) significance level. This therefore suggests statistically that significant evidence shows that Donation cost negatively affects the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria.

HYPOTHESIS THREE

Table 5

Company * Sponsorship cost does not impact negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria. Cross tabulation

			Sponsorship cost does not impact negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria.				
			1	2	3	4	Total
Company	Shevron Nigeria	Count	33	21	6	10	70
		Expected Count	32.8	30.6	3.7	2.8	70.0
		% within Company	47.1%	30.0%	8.6%	14.3%	100.0%
	Exxon Mobil	Count	11	27	0	2	40
		Expected Count	18.8	17.5	2.1	1.6	40.0
		% within Company	27.5%	67.5%	0.0%	5.0%	100.0%
	Shell Nigeria	Count	36	31	3	0	70
		Expected Count	32.8	30.6	3.7	2.8	70.0
		% within Company	51.4%	44.3%	4.3%	0.0%	100.0%
	Saipem Nigeria	Count	48	20	2	0	70
		Expected Count	32.8	30.6	3.7	2.8	70.0
		% within Company	68.6%	28.6%	2.9%	0.0%	100.0%
		Count	22	41	6	1	70

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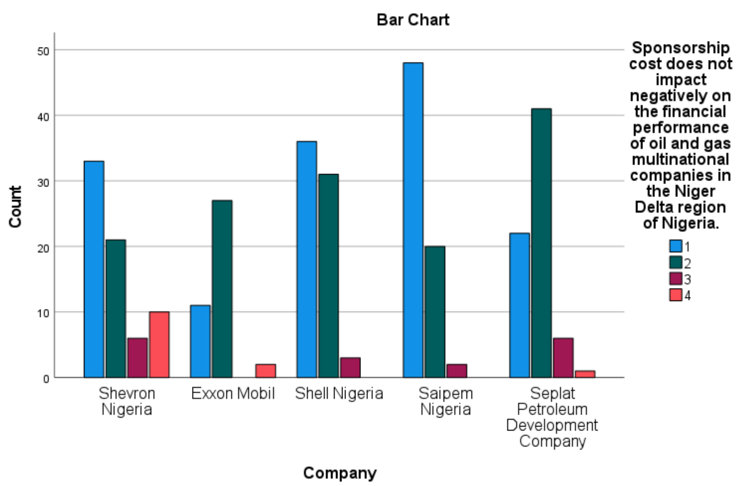
	Seplat Petroleum Development Company	Expected Count	32.8	30.6	3.7	2.8	70.0
		% within Company	31.4%	58.6%	8.6%	1.4%	100.0%
Total		Count	150	140	17	13	320
		Expected Count	150.0	140.0	17.0	13.0	320.0
		% within Company	46.9%	43.8%	5.3%	4.1%	100.0%

Table 5 shows the response of the respondents when asked if Sponsorship cost impacts negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria. From the table, 33 respondents, representing 47.1% of total sample respondents strongly agreed to this statement. 21 respondents which connote 30.0% of aggregate sample size agreed to this statement. 6 respondents showing 8.6% of total sample size disagreed about this, while 10 respondent being 14.3% of total sample strongly disagreed to this statement. This showed that majority of the respondents Strongly agreed to the statement that Sponsorship cost impact negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria.. Pictorial evidence can be shown in Figure 3.

Figure 3



Chi-Square Tests

Table 6

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	60.330[a]	12	.000
Likelihood Ratio	61.052	12	.000
Linear-by-Linear Association	4.818	1	.028
N of Valid Cases	320		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is 1.63.

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From Table 6, the value of the Pearson Chi-Square test and Likelihood ratio test are 60.330 and 61.052 respectively. Their P-values are both 0.00 which are less than 0.05 (5%). This result therefore, rejects the null hypothesis and concludes that statistically, sponsorship cost impacts negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria.

DISCUSSION OF FINDINGS AND RECOMMENDATION FOR POLICY ACTIONS

There are two fundamental reasons companies are set up in the contemporary times. One is to maximize profit through the production and sales of goods and services to the clientele. Two is to ensure the protection of the environment and the inhabitants by taking measure that could mitigate the environmental hazards as a result of industrial activities in a particular locale. This is usually achieved through the instrumentality of CSR (Amaeshi; Adi; Ogbechie and Amao, 2006). The study "Corporate Organizations and Corporate Social Responsibilities: Does The CSR practice boost the financial performance of oil and gas corporations in the Niger Delta region of Nigeria?" is intended to find out whether philanthropic activities of the oil multinationals in the Niger Delta Region contribute significantly to enhancing financial performance of the firms. The study was anchored on Stakeholder theory propounded by Freeman 1984 and Fassin 2009. The result of the three hypotheses tested did not seem to post a robust positive significant relationship between companies' involvement in CSR and positive financial performance. This appears to align with the divergent results of previous studies on the topic in companies other than the oil multinationals. However, the test of the three hypotheses showed that hypothesis one statistically revealed with significant evidence that community development activities enhances the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. But result of test of hypothesis two revealed statistically that donation cost negatively affects the financial performance of oil and gas multinationals in the Niger Delta region of Nigeria. Finally, statistical evidence from the test of hypothesis three robustly revealed that sponsorship cost impacts negatively on the financial performance of oil and gas multinational companies in the Niger Delta region of Nigeria. It is therefore statistically coherent to state that CSR activities do not significantly boost the financial performance of oil and gas multinationals in Nigeria.

In order to operate in a secure work and business environment in the oil rich Niger Delta Region, the oil multinational corporations should consciously and sustainably invest in areas that can visibly enhance the standard of living of the population in their areas of operations under the auspices of CSR, no matter what it could cost to sustain such human capital development. This might generate atmosphere of peace and security that forestall situations that may obstruct exploration activities of the multinationals. Achievement of this may result in effective and efficient operations leading to profitability. These could be provision of infrastructure and social amenities to reduce the effects of oil exploration on the people. For example, the oil rich Imiringi community of Bayelsa state of Nigeria is currently having hard times with Shell Nigeria over Shell's inability to restore full supply of electricity to the community. Besides physical development, qualified locals should be given job opportunities to the technical and management cadres of the oil firms so that they could be in position to contribute to decisions that affect their wellbeing. Furthermore, oil companies in the region should re-invest part of the profit in the region in non-oil businesses to boost the economy of the area in particular and Nigeria in general. This will accelerate socioeconomic integration in the area and is likely to reduce tension between the companies and community. It is equally instructive that re-investing part of the profit from oil business instead of repatriating all will ensure the companies have alternative source of income that will help them attend to their economic responsibilities both to themselves and the communities of presence and also give the communities sense of belonging.

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