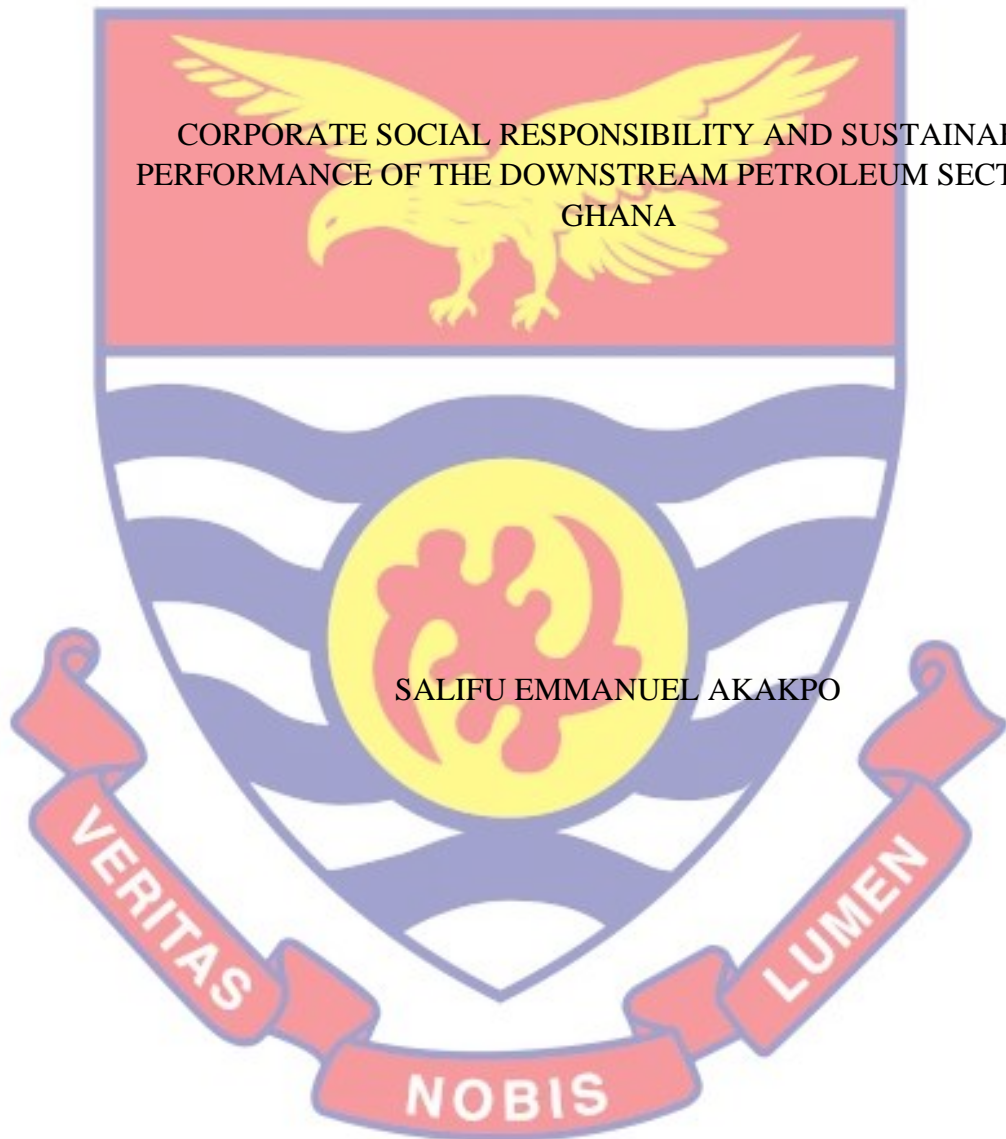


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CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE  
PERFORMANCE OF THE DOWNSTREAM PETROLEUM SECTOR IN  
GHANA

BY

SALIFU EMMANUEL AKAKPO

Dissertation submitted to the Institute of Oil and Gas, Faculty of Social  
Science, College of Humanities and Legal Studies, University of Cape  
Coast, in Partial Fulfilment of the Requirements for the Award of Master of  
Business Administration Degree in Oil and Gas Management Studies.

MARCH 2022

## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature ..... Date .....

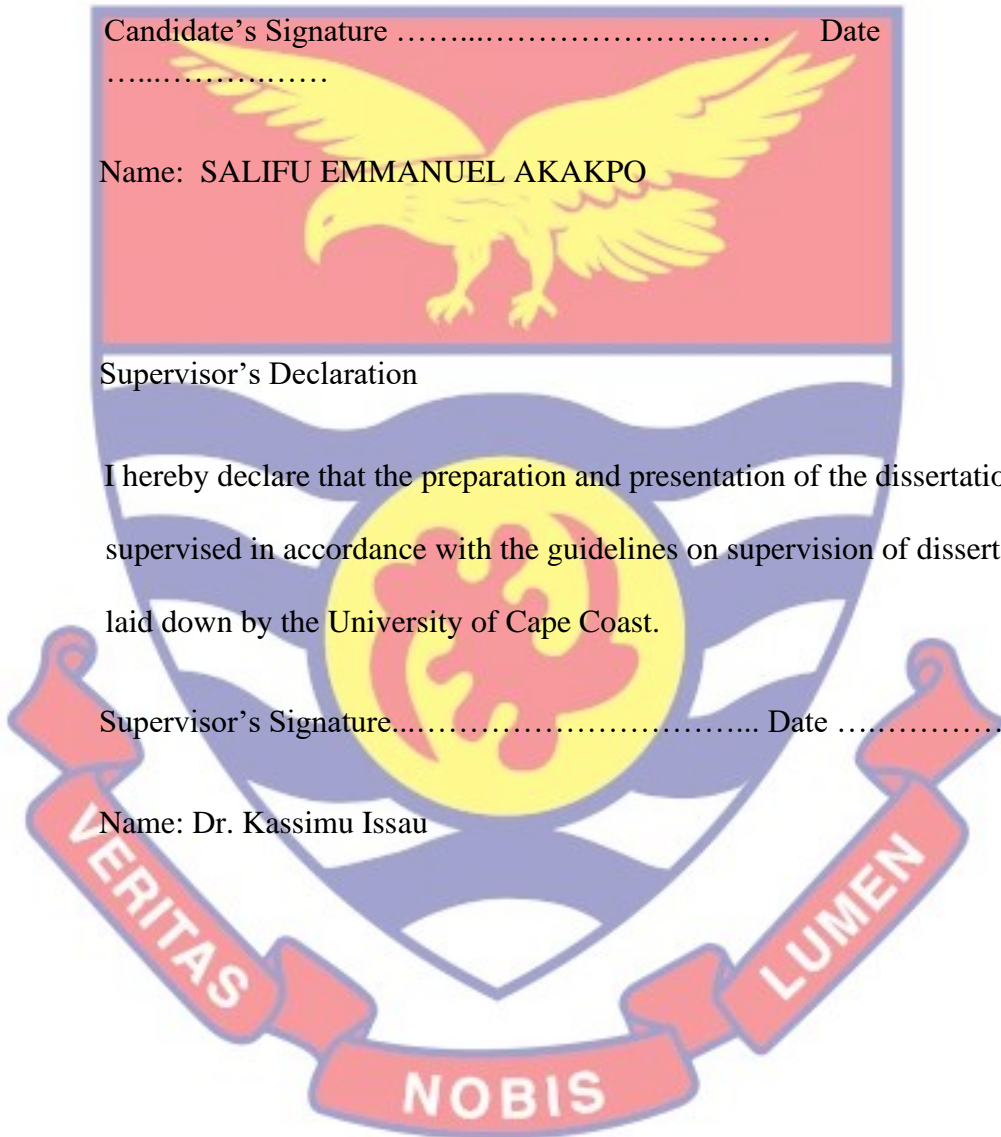
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### Supervisor's Declaration

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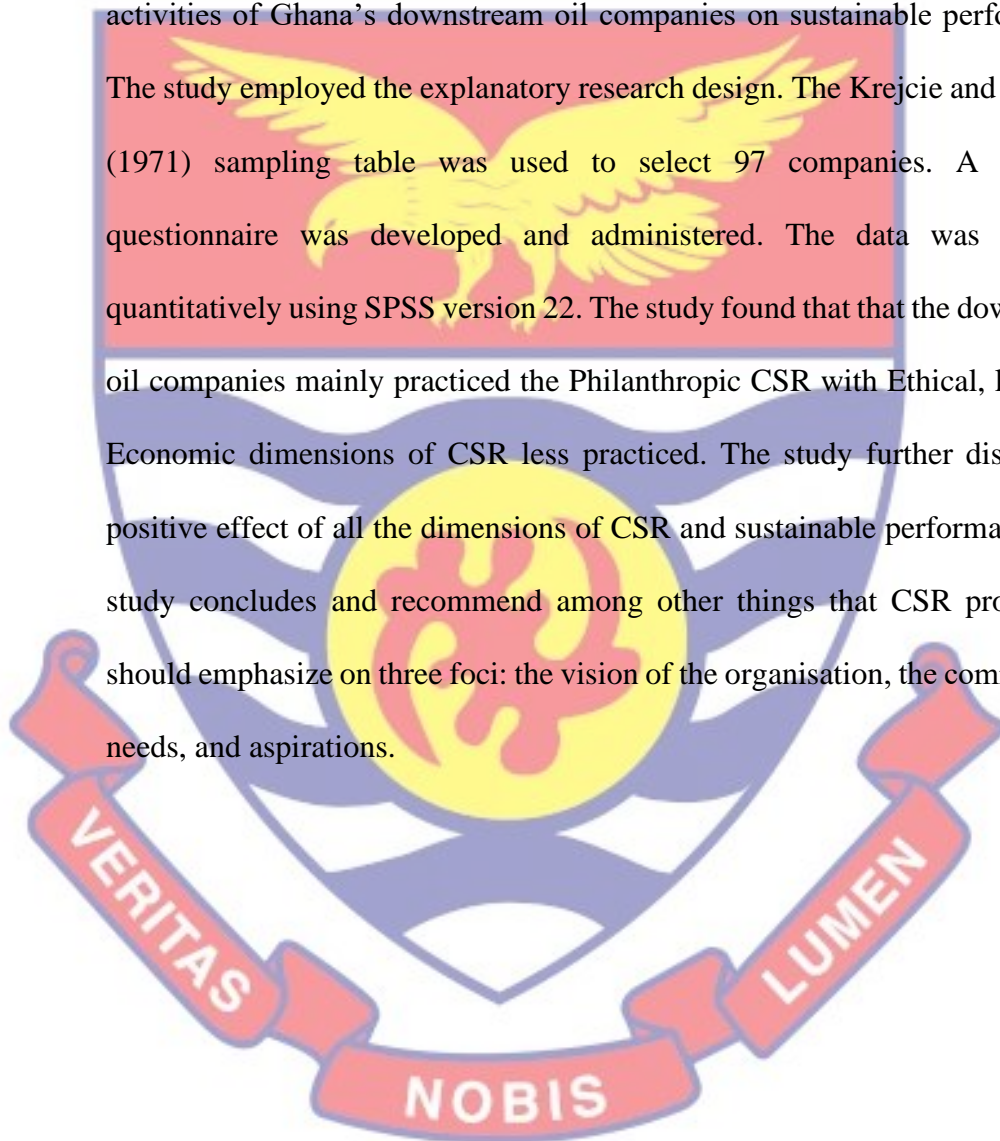
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## ABSTRACT

Once transnational oil companies take over concessions of land or sea for their business, they are usually expected to provide certain socio-economic mechanisms aimed at cushioning the affected people and communities. The purpose of the study is to examine the impact of corporate social responsibility activities of Ghana's downstream oil companies on sustainable performance. The study employed the explanatory research design. The Krejcie and Morgan, (1971) sampling table was used to select 97 companies. A structure questionnaire was developed and administered. The data was analysed quantitatively using SPSS version 22. The study found that that the downstream oil companies mainly practiced the Philanthropic CSR with Ethical, legal and Economic dimensions of CSR less practiced. The study further disclosed a positive effect of all the dimensions of CSR and sustainable performance. The study concludes and recommend among other things that CSR programme should emphasize on three foci: the vision of the organisation, the community's needs, and aspirations.



## KEY WORDS

Corporate Social Responsibility

Downstream oil companies

Downstream Process

Sustainable Performance





## ACKNOWLEDGEMENT

I wish to express my appreciation to Dr. Kassimu Issau who has been my supervisor and inspiration since I enrolled on this programme.



**DEDICATION**

To my family



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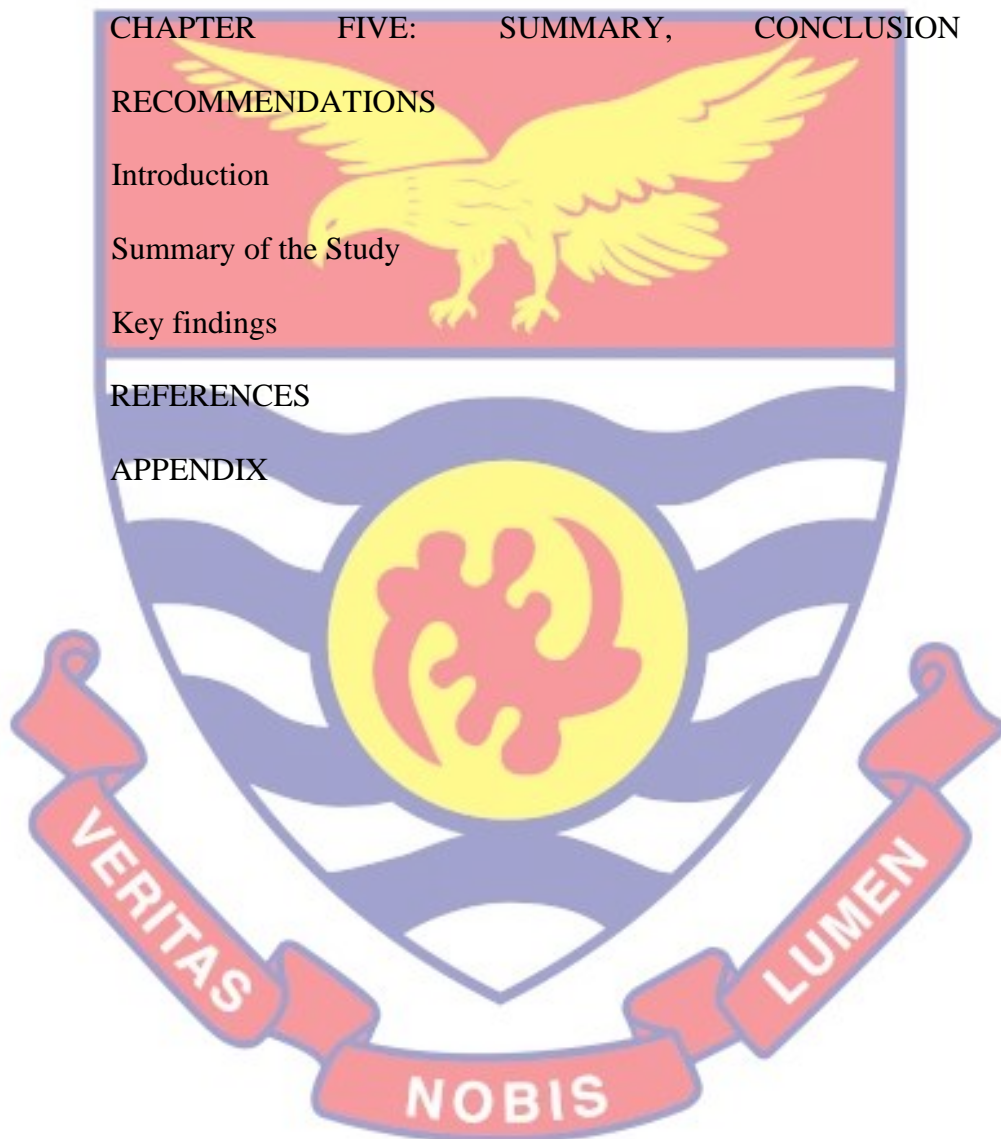
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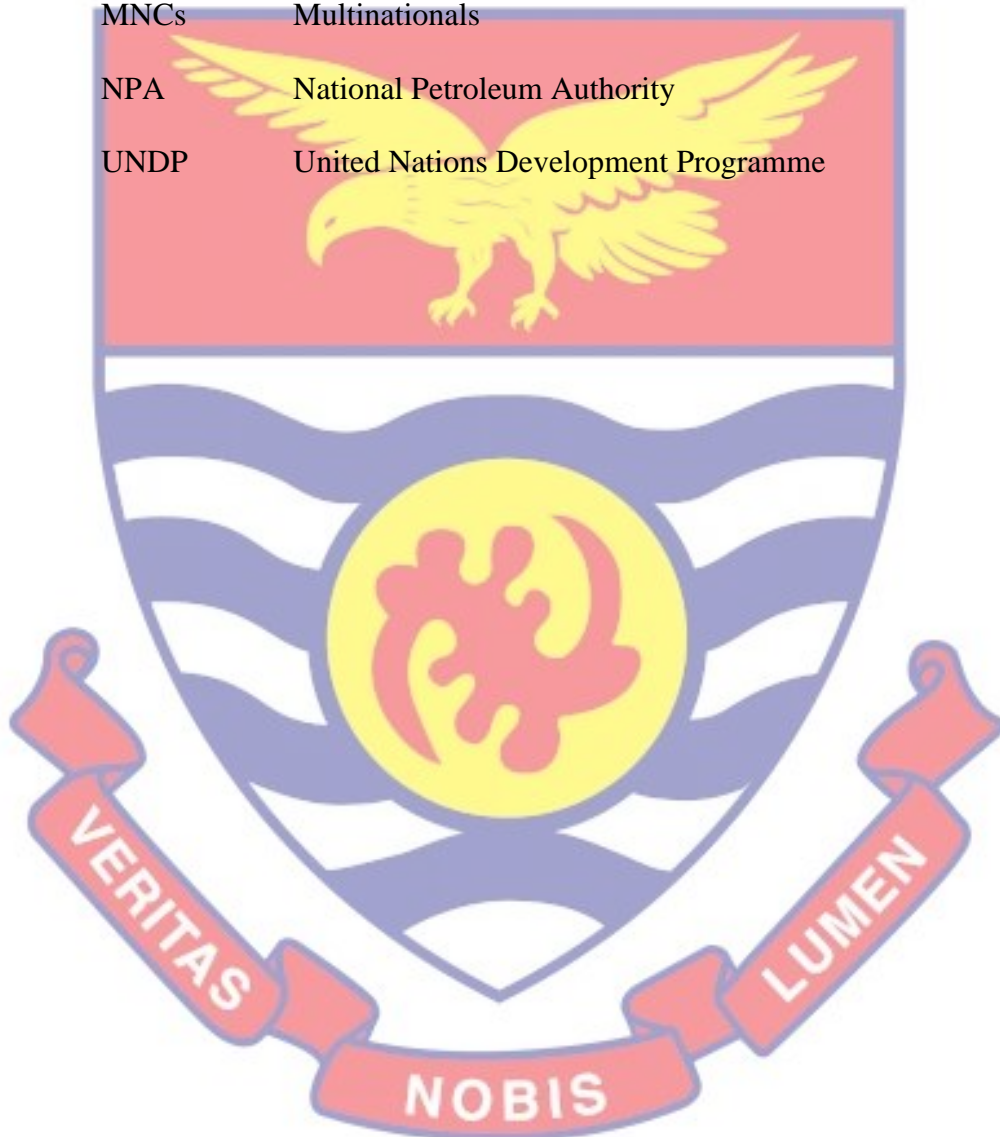
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## LIST OF ACRONYMS

BDCs	Bulk Distribution Companies
CSR	Corporate Social Responsibility
LPG	Liquified Petroleum Gas
LPGMCs	LPG Marketing Companies
MNCs	Multinationals
NPA	National Petroleum Authority
UNDP	United Nations Development Programme





## CHAPTER ONE

### INTRODUCTION

This chapter presents the foundation for this study. It includes the background of the study, problem statement, purpose of the study, objectives, research questions, scope, significance of the study and organization of the study.

#### **Background to the study**

Organisations are being called upon to take responsibility for ways their operations impact societies and the natural environment (D'Amato, Sybil and Sue, 2013). This led them to adopt policies and programs that would enable them establish a balance between meeting the needs of affected societies as well as their basic intent of profit making. These efforts drive at home the concept of Corporate Social Responsibility (CSR). This concept since its first usage has been looked at from different perspectives by states, corporations, companies and individuals. It is significant to note that in the Ghanaian society, the oil industry has been one of the leading areas. CSR is mentioned because of the environmental and human rights concerns. This coupled with calls for ethical, social and environmental responsibility from companies operating in rural areas to be ensured (Dartey-Baah and Amponsah-Tawiah, 2012) has generated further interest.

Once transnational companies take over concessions of land or sea for their business, they are usually expected to provide certain socio-economic mechanisms aimed at cushioning the affected people and communities. This popular expectation or phenomenon is captured as CSR. Although CSR was extensively deliberated in the last forty years of the twentieth century, the

concept that organisation has societal commitments was apparent at least as early as the nineteenth century (Smith, 2003).

Empirical studies on bank performance have however, considered the impact of various economic and bank specific factors such as corporate social responsibility (CSR), competition, deregulation, stock exchange listing, ownership and corporate governance on bank performance. However, CSR literature on the oil sector is very sparse particularly in Africa (Ohene-Asare & Asmild, 2012). Moreover, most studies have rather considered samples from multiple industries rather than considering empirical evidence from a single industry with unique features such as the Ghanaian oil sector. Analysing a single industry like the oil sector with unique characteristics provides additional insights to the corporate performance- CSR literature since oil production in itself have many economics repercussions.

Arguably, the performance of the oil sector partly depends on CSR and vice-versa especially if the firm efficiency can be sustained in a competitive financial landscape (Reverte, 2009; Becchetti & Trovato, 2011). CSR is defined to constitute the set of corporate behaviour which enhances social and environmental regulations in the markets, and which also invariably shift organizational objectives from shareholders' wealth maximization to satisfying general social welfare. The investigation of the relationship between CSR and corporate financial performance (CFP) has generally been inconclusive partly due to the different measures of CSR and CFP as well as the statistical approaches adopted for regression.

Various views have been offered to explain the importance of CSR in business activity and the significance of CSR as a vital tool for the societal

development. This can be seen from the points of view of showing concern for the welfare of the community in order to reap peace, and also maintain competent and cheaper manpower, a platform for a better community, by making the host community worthy in terms of infrastructural development; and by boosting their image, reducing advert cost, gaining an edge over competitors, and making the name of the firm a household name in the society (Olanrewaju, 2012).

### **Statement of the problem**

In Ghana, oil corporations have played an important role in the country's economic and social growth. The contributions of oil activities to economic development are widely acknowledged; however, some argue that the gains from the oil sector to the economy are achieved at a significant environmental, health, and social cost to the communities in which they operate and to the nation at large, and that the oil sector as a whole bear this burden. Research has been carried out to study and measure the effect of corporate social responsibility (CSR) efforts in the areas where these oil firms operate. Asumah (2015) investigated the effects of corporate social responsibility (CSR) activities on community development in Obuasi, and discovered that CSR activities had a beneficial influence on community development.

Ababio and Boon (2013) emphasized the importance of oil companies in the area of development in Ghana, noting that such pressures are intended to encourage oil companies to adopt effective corporate social responsibility policies and to commit more resources to the development of the communities in which they operate. This is also necessary in order to secure the long-term growth of the nation as a whole. Even though there has been a lot of research



on extractive companies and corporate social responsibility (CSR) in Ghana, such as Yankson (2010) work on the Wassa West District of Ghana, Opoku et al. (2014) work on Tarkwa and Seth Opoku, Amoako-Arhen and Okyere (2014) look at Tarkwa Nsuaem municipality, and Adu-Gyamfi et al. (2015) work on Artisanal Mining and it's There has been no investigation into how corporate social responsibility (CSR) activities of oil corporations affect communities in Ghana or how they might utilize CSR as a strategy to achieve sustainable performance in the downstream.

### **Purpose of the Study**

The purpose of the study is to examine the impact of corporate social responsibility activities of Ghana's downstream oil companies on sustainable performance.

### **Objectives of the Study**

The objectives of the study are to:

1. identify the dimensions of CSR practiced in the downstream
2. analyse the effect of Economic CSR on sustainable performance
3. determine the effect of Legal CSR on sustainable performance
4. analyses the effect of Ethical CSR on sustainable performance
5. assess the effect of Philanthropic CSR on sustainable performance

### **Research Questions**

1. What are the dimensions of CSR practiced in the downstream?

### **Research Hypothesis**

- H<sub>1</sub>: Economic CSR positively affects sustainable performance
- H<sub>2</sub>: Legal CSR positively affects sustainable performance
- H<sub>3</sub>: Ethical CSR positively affects sustainable performance

H<sub>4</sub>: Philanthropic CSR positively affects sustainable performance

### **Significance of the study**

The study would provide empirical evidence of social and economic effects of oil companies in the country. Also, the findings of the study would serve as a good reference for policy formulation in the direction of oil impacts on socio economic development. The study is intended to assist oil companies in adopting sustainable environmental practices as regards their daily operations the study will provide empirical evidence to support current knowledge on the impacts of CSR in Ghana. The study will further strengthen existing policies aimed at ensuring sustainable development in Ghana, which all stakeholders deem fair.

### **Definition of Key Terms**

**Corporate social responsibility:** This business model, which is self-regulating, aids a firm in being socially responsible to itself, its stakeholders, and the general public. Companies that practice corporate social responsibility, also known as corporate citizenship, may become more aware of the influence they have on all parts of society, including the economic, social, and environmental aspects of the world in which they operate.

**Sustainable performance:** Sustainable performance refers to policy initiatives aimed at the provision of the basic needs of the current population without the neglect of generations yet unborn.

**Downstream oil companies:** Companies in the downstream sector are those that provide the closest link to everyday users. After crude oil is discovered and extracted the upstream process, it's shipped and transported by the midstream



process. Thereafter, the oil is refined, marketed, distributed, and sold, which is the downstream process.

*Downstream process*: refers to the recovery and the purification of crude oil from its natural sources which involves recycling of salvageable components and the proper treatment and disposal of waste.

### **Delimitation of the Study**

The study sought to include all the oil companies within the oil sector over the period of study. Lack of secondary data availability for all the oil companies result in exclusion of some companies. However, the sample used was adequate to represent the total oil companies in the country. Since, the oil companies are profit oriented, it would have been more insightful to investigate the impact of CSR on the profitability of the oil companies. This is because resources used for these CSR are huge and can add up to the company's profit. This was ignored since it did not form the main purpose of this study.

### **Limitation of the Study**

Despite the significant contributions made towards academia, policy and practice, a few challenges were encountered. The study though focusing solely on the Ghanaian oil companies, it could have been extended to capture other issues like profitability of the oil company. Despite this drawback, the Ghanaian oil companies constitute a significant and dominant sector in the oil industry and therefore can present to a greater extent, a fair view of the entire oil industry in Ghana.

### **Organisation of the Study**

The study is organized into five chapters. Chapter one comprises of the introduction, background of study, statement of problem, objectives of the study,

the significance of the study, scope of the study and the organisation of the chapters. Chapter two looks at the review of the study that is literature which is the summary of specific findings established in studies similar to the topic under investigation. Chapter three focused on the research methodology, while analysis of data and graphical representation of data are imputed in Chapter four. Chapter five of the study looks at the findings, conclusions and recommendation.



## CHAPTER TWO

### LITERATURE REVIEW

#### Introduction

The literature review provides critical points of knowledge on CSR activities of oil companies in the downstream and how it affects sustainable performance in Ghana. It includes concepts of CSR, definitions, characteristics, and theories, a conceptual framework, which is relevant and appropriate to explain relationships between key factors, constructs or variables adopted to guide the study.

#### Theoretical review

##### The Stakeholder Theory

After considering stakeholders, Michael Hopkins (2013) argued that corporate social responsibility (CSR) was concerned with treating both internal and external stakeholders of a company in a socially responsible way. In other words, the overarching goal of corporate social responsibility (CSR) was to raise living standards steadily higher while maintaining the profitability of the firm for the benefit of its stakeholders. Carroll (2009) developed a four-part definition of CSR that is embedded in a conceptual model of CSP after delving into the fundamental components of CSR. They were economic, legal, ethical, and discretionary expectations of organizations, as well as voluntarism and philanthropy expectations that society has of organizations, according to the study.

In general, corporate social responsibility (CSR) is a broad concept that is expressed differently depending on the point of view of the authors. The problem is not with how corporate social responsibility is defined, but with how corporate social responsibility is socially produced in a certain setting.

Essentially, in contemporary society, it is essential to remember that the ultimate purpose of corporate social responsibility is simply to contribute to the development of a dynamic, competitive, and coherent economy based on information (Persefoni, 2013). In order to reach this aim, businesses should constantly keep in mind that they must strike a balance between all of the individuals who are involved, including workers, shareholders, suppliers, consumers, and the broader public.

While corporate social responsibility (CSR) seems to help certain businesses, most proponents of CSR are more concerned with the advantages that CSR delivers to society and the environment. These advantages, which are discussed in further detail below, are also of interest to development theorists and practitioners alike. Stakeholder theory, which has emerged alongside corporate social responsibility (CSR) and "triple-bottom-line" theory, stands in opposition to the neo-classical idea of management duties, which holds that the social duty of company is to maximize profits. Known as one of the pioneers of stakeholder theory, Freeman (2001) defined stakeholders as "groups and persons who have the ability to influence, or are impacted by, an organization's ability to execute its objective." Each of the stakeholder groups has the right not to be viewed as a means to a goal, and as a result, they should and must participate in determining the future direction of the organization in which they have a financial interest (Freeman, 2001). Stockholders, consumers, suppliers, employees, the local community in which the business operates, and/or non-profit organizations are all examples of stakeholders.

Despite the fact that participatory decision making is still in its early stages in the environmental sector, academic literature has begun to identify



emerging tensions and challenges to the effective implementation of participatory processes, despite the fact that it is still a relatively new field (Gardner, 2005). A key argument advanced by Rahbek and Pedersen (2006) is that the interaction between a corporation and its stakeholders is the essence of stakeholder theory, and that as a result, terms such as “participation,” “inclusion,” “voice,” “involvement,” and “partnership” are frequently encountered in stakeholder literature. In order to express the engagement of stakeholders in decision-making processes that affect both social and environmental concerns, these words have been grouped together and labeled “stakeholder dialogue.”

### **The Managerial Theory**

The logic of managerial theory that places an emphasis on corporate management, in which CSR is tackled by the organization internally (Secchi, 2007). This implies that everything outside of the firm is taken into consideration when making organizational decisions. Several managerial theories assert, for example, that the social responsibilities of businesses are derived from the amount of social power held by a company, and that the corporation is thought of as being similar to an individual citizen who has a certain level of involvement in the local community. Generally speaking, managerial theories may be classified into three sub-groups: There are three types of corporate social performance: 1) corporate social performance (CSP); 2) social accountability, auditing, and reporting (SAAR); and 3) social responsibility for multinational corporations.

The goal of measuring corporate social performance is to determine how much the social variable contributes to economic success. As a result, the challenge is one of managing the company while taking into account both social



and economic aspects. It is predicated on the premise that company development and sustainability are dependent on the well-being of society. After everything is said and done, management theory creates interest in the sense that CSR evaluates socio-economic factors in order to assess organizations' socio-economic performance, as well as in order to relate social responsibility philosophy to business strategy. In addition, Secchi (2005) explains that SAAR are firmly linked to contributions to social performance via accounting, auditing, and reporting systems, among other things. Firms participate in SAAR activities to meet communication requirements, to improve stakeholder participation, and to address the concerns of the discloser. SAAR is an abbreviation for "a business accounts for its actions." Firms are governed and regulated in their activities towards the performance of their primary business while also being held accountable to the relevant community as a result. CSR for multinational corporations (MNCs) is becoming more important as a consequence of global competitiveness and issues that they are facing. This part of management theory emerges as a consequence of the duty that managers must bear in establishing appropriate tools for CSR for multinational corporations (MNCs) in order for them to thrive in foreign nations.

### **Conceptual Review**

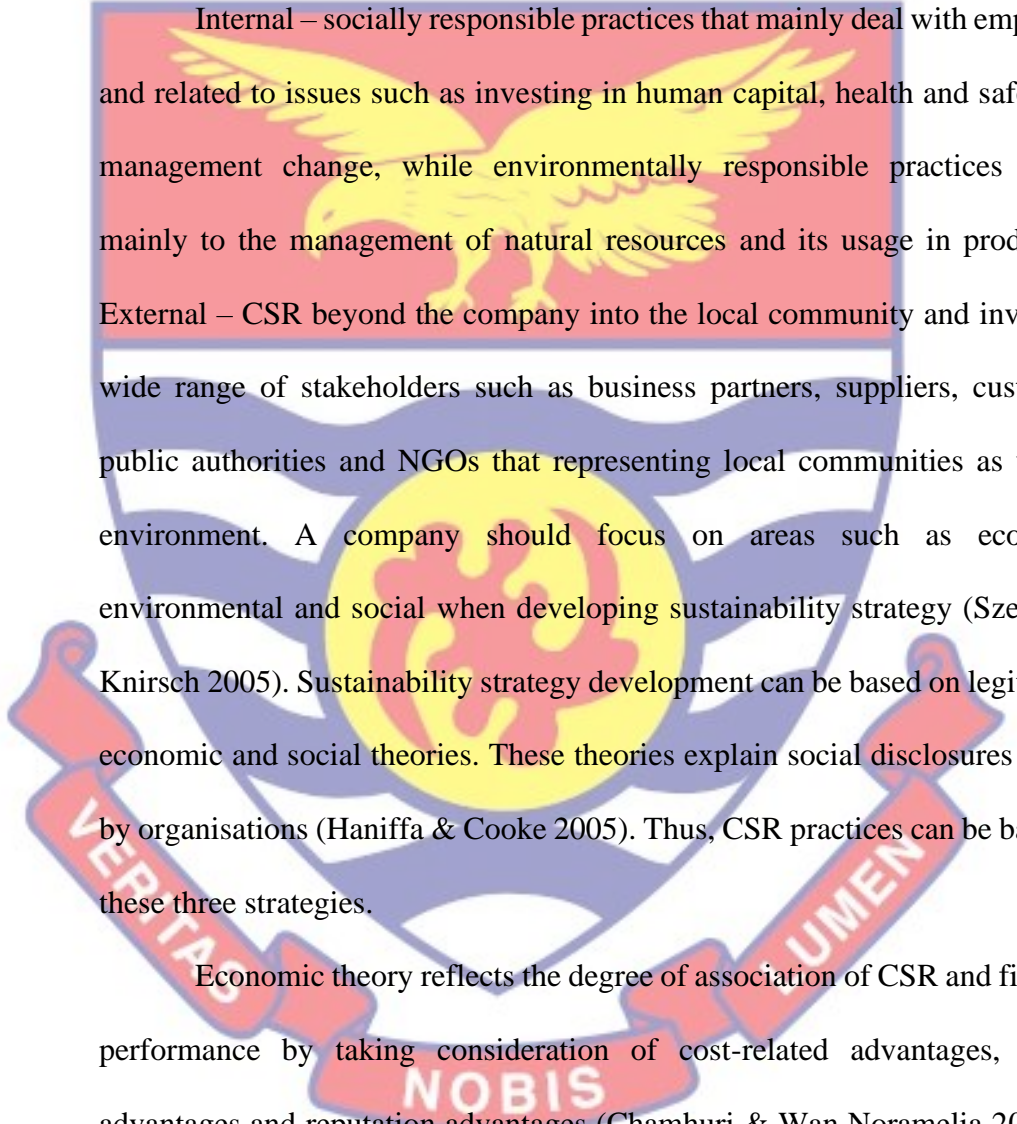
While there remains substantial controversy as to whether oil is destructive to socio-economic and environmental conditions, there is also a growing consensus that oil is a major contributor to economic development and poverty reduction in the areas they are carried out. The link between oil and socio-economic development is therefore not clearly defined (UNDP, 2003). This scenario has generated a wide range of debates among non-governmental

and civil society Organisations worldwide. In Ghana, however, the debate has been raised to an all-time high in current times due to the fact that, the country has a lot of oil zones with mixed socio-economic development indicators and levels. The development of any community as well as the improvement in the welfare of its people is highly dependent on the type of economic activities her people are engaged in. It is important however that these economic activities are rewarding and ensure environmental sustainability (Kennedy, 2005).

While the term CSR may appear to be relatively new to the corporate world, the literature reveals that the evolution of the concept itself has taken place over several decades. The fact that the terminology itself has changed over this time also suggests that the meaning ascribed to concepts such as CSR will continue to evolve in tune with business, political and social developments. The impact of globalization and mass communication also means that while definitions will reflect local situations, they will also be strongly influenced by global trends and changes in international law. The definition provided has multiple characteristics that are consistent with other definitions; however, as it will be expanded upon in subsequent chapters, there are many important departures and distinctions from current definitions. These differences provide new thought leadership and a deeper understanding of CSR for corporations to achieve their objectives.

CSR has gone through evolutions over the decades and has proven to stand the test of time where it is now a well-developed management practice and philosophy. More transitions are likely to occur over the following decades. Today, the business and practice of CSR is at its' pinnacle, mature and robust. The maturity of CSR is further validated by the large number of sustainability

reports produced by businesses, mutual funds available to investors, consultants to Organisations, trade associations and literature, which continue to grow. It is not recommended that all corporations manage CSR the same way; however, consensus on the core concepts is vital so that CSR can be implemented commonly amongst global corporations.

The logo of the University of Cape Coast is a watermark in the background. It features a shield with a yellow eagle with wings spread, perched on a yellow globe. The shield is surrounded by a blue banner with the Latin motto 'VERITAS LIBERABIT VOS' and a red banner with 'NOBIS'.

Internal – socially responsible practices that mainly deal with employees and related to issues such as investing in human capital, health and safety and management change, while environmentally responsible practices related mainly to the management of natural resources and its usage in production. External – CSR beyond the company into the local community and involves a wide range of stakeholders such as business partners, suppliers, customers, public authorities and NGOs that representing local communities as well as environment. A company should focus on areas such as economic, environmental and social when developing sustainability strategy (Szekely & Knirsch 2005). Sustainability strategy development can be based on legitimacy, economic and social theories. These theories explain social disclosures pattern by organisations (Haniffa & Cooke 2005). Thus, CSR practices can be based on these three strategies.

Economic theory reflects the degree of association of CSR and financial performance by taking consideration of cost-related advantages, market advantages and reputation advantages (Chamhuri & Wan Noramelia 2004). In the business, CSR is concerned with employment, lifelong learning, consultation and participation of workers, equal opportunities and integration of people towards restructuring and industrial change. The social issues include the benefits offered in terms of training related to safety, health and environment,



donations, education scheme, medical benefits and others. (Chamhuri & Wan Noramelia 2004). Corporate social disclosure can be used to appease some of the concerns of the relevant publics and also as a proactive legitimation strategy to obtain continued inflows of capital and to please ethical investors (Haniffa & Cooke 2005). Basically, the formation of policies is influenced by the authority employment strategies, the initiative on socially responsible restructuring, the initiatives to promote quality and diversity in the workplace and health and safety strategy.

### **Arguments for Corporate Social Responsibilities**

Several studies have outlined several reasons why CSR and other voluntary contributions are relevant for oil companies. Rae and Rouse (2001), argue that public opinion of the sector as a whole is poor; opinion of natural resource extraction industries is influenced more by concerns over environmental and social performance than by performance in areas such as product pricing, quality and safety. Walker and Howard (2002), posit that pressure groups have consistently targeted the oil sector at local and international levels, challenging the industry's legitimacy. Those who believe that CSR programs can contribute to development generally point out the benefits of such programs both to developing countries and to corporations.

While the primary objective of CSR is ostensibly to benefit society, one of the ways CSR advocates often convince corporations to engage in more socially responsible practices is by making a 'business case' for CSR, arguing that CSR can be mutually beneficial to society and a company's financial bottom line. There are four frequently cited benefits of CSR to companies. Firstly, CSR proponents argue that CSR can help companies manage risk and



improve their reputation and public image by strengthening the ties between companies and the communities in which they operate (Sayer, 2005). According to Goddard (2005), “Corporate activity that benefits the community can increase levels of social participation and generate positive attitudes towards the public and private sectors.

This social cohesion is a key enabling condition for stable politics and profitable business. Frynas (2005), argues that managing external perceptions and maintaining a good reputation – CSR initiatives are used for Public Relations purposes. He further argues that CSR initiatives can often make staff feel more positive about the company, and can increase motivation and efficiency. He concludes that CSR initiatives are occasionally initiated as a means of ‘buying’ the local communities’ agreement to allow a company to operate. The creation of ethical systems presents a challenge due to the fact that the definition of ethics is often viewed as subjective. Due to their relationships and interests, stakeholders form a social structure whereby they have defined roles with the corporation, as well as with each other. Within this system, each group is expected and obligated to behave in a manner consistent with their roles, which creates controls within each group that influences ethical behavior. Although it is possible that each stakeholder group will support decisions for corporations to act in a socially responsible manner, the ethical system creates additional controls and safeguards.

The parts of the CSR system are clearly interrelated. The core part of the definition presented is derived from the many thought leaders within their respective disciplines, as well as new concepts applied to redefine what CSR means. Together, the definition can and must be applied across global

Organisations that desire to behave in a socially responsible manner. The proceeding chapters will provide the justification for specific practices, a clear understanding of the significance of the aforementioned key concepts and necessity for the requirement of a systems thinking model. CSR drivers will continually evolve based on societal shifts. As such, any definition must be flexible enough to adapt over time. The framework proposed is flexible to accommodate the continued shifts in CSR priorities that business and society deem fit.

Companies may also implement CSR programs in an effort to gain the community's approval and support for their activities. This is crucial because although companies may have the legal right to operate, they may not have society's approval. This can be costly for a company, particularly if their operations are interrupted by, for example, mass protest or negative media attention. For this reason, companies often invest in community development projects or support local causes in order to acquire or maintain a 'social license to operate. This 'social license' is something NGOs often refer to when making their case for greater social responsibility on the part of corporations. For example, Amnesty International (2006) claims that: the ability of companies to continue to operate, to provide goods and

### **Arguments against Corporate Social Responsibilities**

The proponents against CSR have maintained that CSR will decrease profit, thus contradicting the real reason for organisations' existence. Any money an organisation gives to support social activities is actually been taken from the pockets of shareholders CSR gives corporations too much power, which is deemed to destroy the check and balances among the government,

business and the general public. Davis (1973 cited in Boachie-Mensah, 2003) argues that Organisations may lack the expertise to be socially responsible. Hence, activities in the area of social responsibility should be left in the hands of people more skilled in social programmes, like social workers, teachers and so forth Organisations may have conflict of interest in how they spend their money. (Boachie Mensah, 2003).

### **Sustainable Performance**

Sustainable performance refers to policy initiatives aimed at the provision of the basic needs of the current population without the neglect of generations yet unborn. The UN Conference on Environment and Development in 1992, followed by the World summit on Sustainable Development in 2002, strongly promoted the need for the sustainable development model to replace the conventional “Economic Development Model” that still prevails. Since 1992, the World Bank Group has contributed significantly to the global discussion and movement toward a sustainable development model in which poverty alleviation is a central focus (UNDP, 2010).

Sustainable performance has as its main objectives; sustainable development of human societies, communities, and environments. No oil company can continue to produce indefinitely. But indigenous societies and undisturbed ecosystems can prevail for long periods of time and can continue to improve over time. From the perspective of this review, extractive industries are important only in the extent to which they contribute to or detract from this objective (UNDP, 2010).

Finally, different people have different understandings of sustainable development. This is especially the case for indigenous peoples, for whom



secure, effective, and collective rights to lands, territories, and resources sustainable development and sustainability are therefore fundamentally related to ensuring indigenous people's ability to maintain, perpetuate, and further develop their cultural integrity, including their various relationships with the human, spiritual, and natural worlds-all of which are inseparably intertwined (UNDP, 2010).

### **Sustainable Performance of Oil Communities**

Sustainable performance according to Brundtland (2001) is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Habirono (2001) observed that social sustainability involves more than just compensation for land use, and that attention needs to be paid to the development of society that existed before or build around a mine site as it evolves. Richards (2002) emphasised that simply doling out cash is not a sustainable solution so modern oil operations should expend considerable resources in social infrastructural investment such as schools, hospitals, roads, secondary industry development and most importantly, business and technical training to ensure that monies paid in compensation are not wasted, and that the investment is made in the future of the society after inevitable mine closure.

Lapalme (2003), also stressed that, sustainable development is an issue that requires dealing with the fact that the mineral wealth of an area will come to an end, but the development generated by the mineral wealth can and should continue so that future generations can continue to meet their needs. The link between CSR and sustainable development according to Lapalme (2003) is that, CSR is an organisational tool used to implement sustainable development.



Countries and settlements are beginning to scrutinize the oil companies before they are permitted to operate. The oil industries are exploring ways of maximising social benefit and minimising their impacts on the environment (Lapalme, 2003).

### **Empirical review**

A study of 107 European corporations, majorly of the chief executive's cadre surveyed agreed that CSR is a good tool in achieving sustainable performance (Mathison, 2003). In another study conducted by Frimpong (2009), she evaluated the CSR programmes of oil companies in their host communities lauded their CSR projects, noting however that, more was expected in the area of job creation. For the staff respondents, all was well with the communities and they revealed that the company plans to set more of the oil proceeds aside for the development of the communities.

In a research paper on CSR in Ghana: Lessons from the oil sector, Ababio & Boon (2009), did a critique on the oil sector and its impact on sustainable development where they questioned whether CSR was a panacea for community development and recommended measures to improve CSR in Ghana's oil sector. In their paper, they argued that oil communities are very vulnerable to fluctuations in the oil industry fortunes as the closure of mines leaves in its wake, environmental damage, the loss of jobs which leads to high unemployment, impact on residential property values among others. According to the two writers, the tendency of communities to rely heavily on oil companies for their socio-economic advancement leads to a wide range of social problems such as high levels of poverty, low levels of education, and poor health as the companies might not be able to meet all these needs.

Esuon (2009), also found out that although extractive companies believed that CSR should be development based, they agree that it should meet or enhance the previous livelihood of the community members. His population consisted of employees of mining companies and two communities within Obuasi, which are Odumase and Nhyiaso where AngloGold Ashanti operates.

Ababio and Boon (2009) therefore advocated for the setting up of a Common Fund to support and develop extractive-bias affected areas. They also called for an inclusive planning and decision-making process particularly at the preliminary stages of a mine to ensure that communities' development needs and interests are catered for right at the beginning of a mine.

This recommendation falls in line with Esuon (2009)'s findings that oil companies should involve communities in deciding on and planning CSR projects so that particular needs are recognized and responded to. This, he believes, would resolve the lack of perceived trust by oil communities in oil companies. This formed part of his findings when he conducted research on the perspective of oil companies and oil communities to CSR.

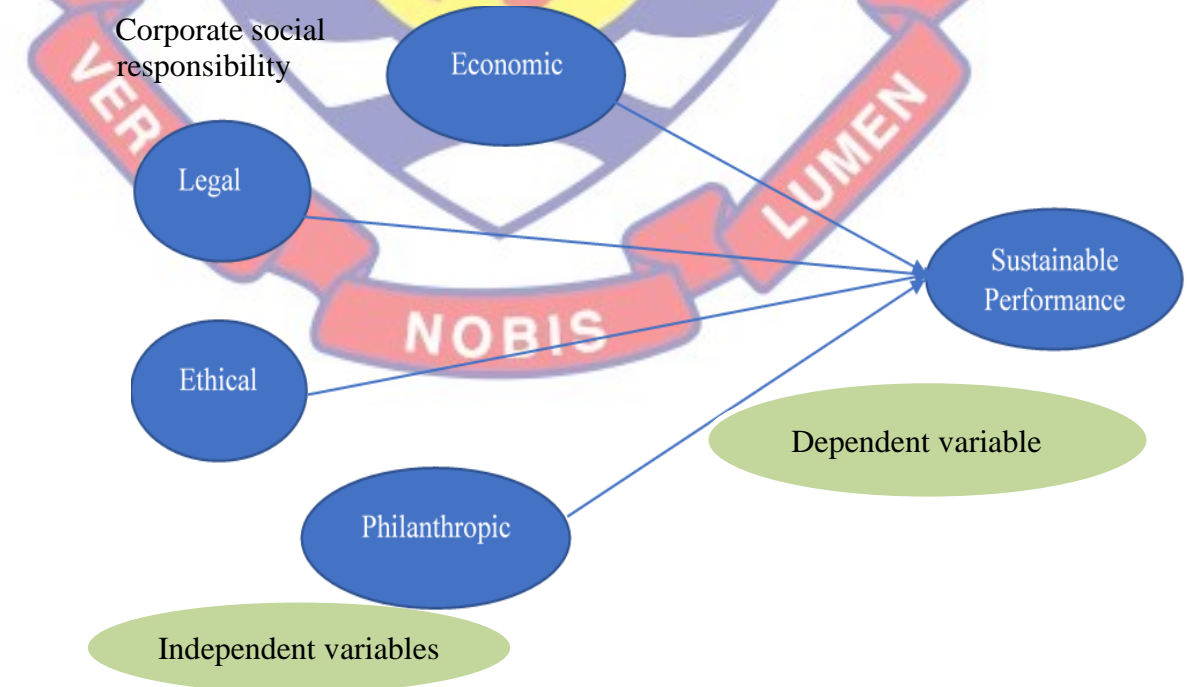
In assessing the responsiveness of extractive companies to CSR, Arku (2010), observed that, oil companies accept that they have a social responsibility towards their host communities. That is, oil companies have laid down structures that require them to invest in and support the socio-economic development of the communities that are affected by their activities. These companies contribute their quota to the communities through the provision of infrastructure, health and sanitation, education, agriculture, among others.

Arku's findings revealed that, oil companies do not embark on CSR projects out of their own initiatives, rather, through consensus building, they

engage their host communities in deciding on and planning the various CSR Programmes, they embark on. They were observations made that, although the communities are involved in the decision making and planning; only the needs of key individuals who are supposed to represent the community are heard. Thus, Arku (2010) argued that, the representatives only present ideas that would benefit them in the long run.

However, despite the effort of these oil companies to ensure the socio-economic development of their host communities, the data collected from the respondents indicated that, the various projects have not impacted on the lives of the residents. This is because; the oil companies have focused on building physical structures rather than building the social capabilities of the communities. Thus, making the residents dissatisfied because they felt more had to be done in the area of job creation because their lands, which have been taken over by the mine, were their only source of livelihood (Arku, 2010).

### Conceptual Framework





## Figure 1: Conceptual framework

Source: Akakpo, (2020)

In this study, four (4) CSR activities of oil industries have been chosen based on the Carrols pyramid developed in 1970. A closer look at the intermediate linkages theorized that CSR activities influence sustainable performance.

### Lessons learnt

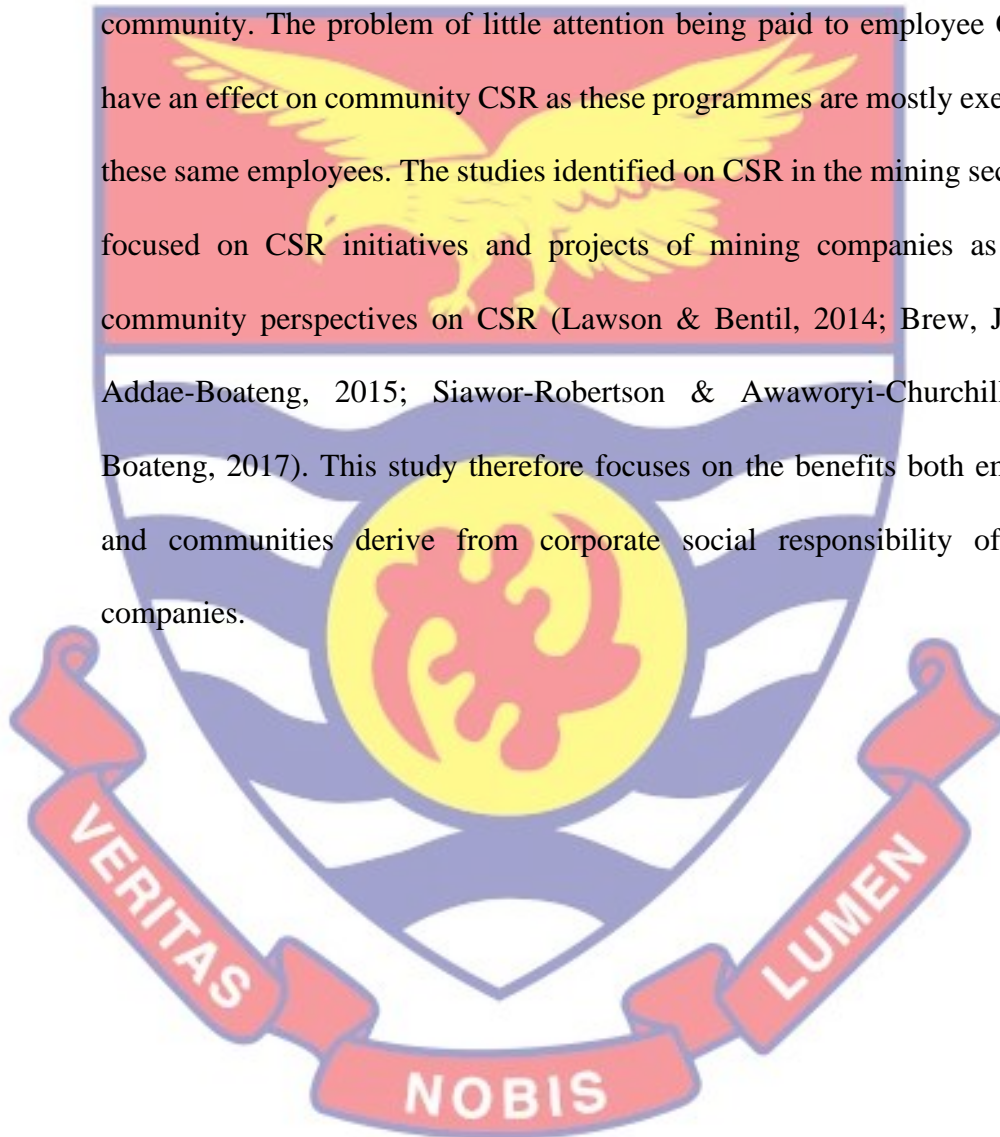
Corporate responsibility in the OMCs of Ghana differs from company to company. It is mostly dependent on the type of mineral mined, company size, length of operation and background of company. However, all the corporations embrace similar approach in following their CSR programme. The community development method is the pivot around which the CSR programme of mining corporations spin. Some of the corporations have well founded organization funds in which they apportion a dollar per every ounce of the produced product and 0.5 percent of their yearly profit before tax. These resources are then used to support various community development activities such as the social investment support schemes, construction and establishing sustainable livelihood programmes (Amponsah-Tawiah & Dartey-Baah, 2011). This, they do to demonstrate their commitment to guaranteeing honesty, transparency, and good environmental practices, which are all characteristics of good corporate citizenship.

Unfortunately, CSR programmes are usually concentrated on community development with little or no attention given to very significant issues such as the quality of life of employees and health and safety of the people who function under dangerous settings to keep the mines in business. This does



not make things any better as the working and living conditions of staff could lead to a decline in granting social license to their companies to function in peace (Siawor-Robertson & Awaworyi-Churchill, 2015).

Based on this, it is important to examine how employees also benefit from corporate social responsibility and not only the benefits gained by the community. The problem of little attention being paid to employee CSR can have an effect on community CSR as these programmes are mostly executed by these same employees. The studies identified on CSR in the mining sector have focused on CSR initiatives and projects of mining companies as well as community perspectives on CSR (Lawson & Bentil, 2014; Brew, Junwu & Addae-Boateng, 2015; Siawor-Robertson & Awaworyi-Churchill, 2015; Boateng, 2017). This study therefore focuses on the benefits both employees and communities derive from corporate social responsibility of mining companies.



## CHAPTER THREE

### RESEARCH METHODS

#### Introduction

This chapter describes the research methodology to be used in the study. The question, research setting, population and sampling to be used will be presented. The instruments to be used for the data collection will be described in detail. Finally, this chapter will highlight on the ethical considerations that need to be taken into account.

#### Research Approach

According to Yates (2003), there are two main approaches to conducting research, namely the quantitative research and qualitative research. He emphasised that the quantitative approach functions by developing testable hypothesis as well as theories which can be generalised. The quantitative approach is based on information that can be measured numerically, hence it is the purpose or objective of the survey that gives direction as to the approach that should be used. These questions are presented as information converted into numbers. The data collection techniques used under the quantitative research approach is usually questionnaires, surveys, personality test and standardized research instruments (Creswell, 2013).

One of the main advantages of the quantitative approach is the relative speed with which research is conducted. Additionally, it is a scientific, fast and easier alternative, which enables statistical analyses of data, generalisation of findings, drawing of logical conclusions based on numerical values and comparability of studies (Crotty, 1998; Amaratunga, Baldry, Sarshar & Newton, 2002). It is also possible to use quantitative method in analysing data with statistical methods since it is easier to generalize the findings. Another

advantage is that the results are based on quantities rather than interpretations, which may simplify potential future development and comparison with the work. The quantitative approach is, however, criticized for its rigidity, artificial nature and ineffectiveness in gauging human behaviour as well as not helpful in generating theories (Crotty, 1998). The quantitative approach is adopted for this research not only because of the nature of the study objective, research questions and hypotheses, but also because of the advantages it offers over the qualitative approach.

### **Research Design**

Specifically, the researcher employed the explanatory research design, because the study sought to identify any relationship between a set of variables (dependent and independent) as well as determine the best predictor(s) of the dependent variable from independent variables of the study (Creswell, 2012). Also, the descriptive-inferential survey design was adopted for this study. Surveys are a type of research design involving the collection and analysis of large amounts of quantitative data from a sizeable population using descriptive and inferential statistics (Tabachnick & Fidell, 2007). According to Saunders, Saunders, Lewis and Thornhill (2011), the survey is a popular as well as an authoritative strategy that gives researchers more control over the research process and is comparatively easy to explain and understand.

It is popular, because it allows the collection of a large amount of data from a suitable population in a highly economical way. Data is often obtained by using a questionnaire administered to a sample. Data obtained through the survey with a questionnaire (when it is used as data collection instrument) are standardised, allowing for easy comparison. It is also simple and flexible and it



makes it possible to evaluate a programme or project that has been implemented. Firstly, the vast expanse of the oil marketing companies necessitated the distribution of instruments to a representative sample drawn from the population. Secondly, there was a need to capture each oil marketing companies in Ghana. This called for the adoption of simple and cost-effective measures to maximize the usage of available resources, an advantage offered by the chosen method (Saunders et.al, 2011).

### **Study Area**

Ghana's Oil downstream sector is characterized by myriad activities that ensure the consistent availability of oil and gas products to all groups of customers. The National Petroleum Authority (NPA) who regulates, monitors and oversees the petroleum downstream sector (NPA, 2017). The Refineries are licensed to refine crude oil into finished products for sale to the Bulk Distribution Companies (BDCs). Also, BDCs are licensed to import finished products or lift refined petroleum products from domestic refineries to wholesale to OMCs. OMCs and LPG Marketing Companies (LPGMCs) are then licensed to retail finished products to consumers. Retail Outlets dispense fuel to the final consumer at filling stations, these outlets are owned by OMCs and LPGMCs (NPA, 2017). The current study is however centered on the activities of OMCs in relation to sustainable innovation. In as much as these players in the petroleum value chain ensure the consistent supply of finished products to Ghana, to aid in meeting life energy needs, it becomes endangering when their actions within the space of the business environment and the wider group of stakeholders are not properly monitored due to deregulation (Eso, 2010; Akinlo, 2008; Kwakwa, 2014).



### **Study Population**

Van der Stede, Young, and Chen (2005) defined a population as the entire set of elements about which the survey researcher wishes to make generalisation, whilst Babbie (2005) defined a target population as “the theoretically specified aggregation of study elements”. The population for this study is made up of all OMCs in Ghana. The study population therefore consists a total of 109 OMCs in Ghana (AOMC, 2019).

### **Sampling and sampling Procedure**

The sample survey is conducted to achieve a representative sample of the target population by contacting individuals and respondents (Bryman, 2012), which can be a “method of primary data collection based on communication with a representative sample of individuals” (Zikmund, 2012). The sampling techniques have various considerations that are: necessity, effectiveness, and time and cost limitations (Saunders, et al., 2011; Sarantakos, 2005).

The study adopted the census sampling. Therefore, all OMCs were used as the respondents for the study. Farooq (2013) describes census survey as a complete enumeration of a universe, where a universe may be a place, a group of people or a specific locality through which data collection could be possible. In census survey, accuracy is one of the major advantages because each unit of the population needed to be studied before drawing any meaningful conclusions. According to Malhotra, Birks and Wills (2013) sampling is the process of selecting a representative few or unit from a larger group or population, which is used as a basis of estimating certain characteristics or elements about the group or population. Arnold and Randall, (2010) also held similar view when it was concluded that sampling deals with the selection of respondents chosen in such a way that represent the total population as good as

possible. In this study, census method was used. Census method obtains data from every member of the population.

So, all OMCs were included in the selection process. According to Shannon and Bradshaw, (2002), using census has several advantages of which the first is that everyone has an opportunity to participate. Obviously, some OMCs may still choose not to participate, but at least the opportunity to do so is presented. Secondly, accuracy concerns are reduced and when conducted properly, it is certainly capable of yielding representative results, although, census surveys tend to enhance feelings of security surrounding the accuracy of the results. Based on the Krejcie and Morgan (1970), 86 respondents is representative of the 109 OMCs. But due to the possibility of non-response rate that may occur, the researcher administered the questionnaires to all the OMCs. This is done with the expectation that even if all of them did not respond to the questionnaires, the number will still be more or equals to the 86. Finally, it is easier to administer, because it includes all target respondents.

#### **Data Collection Procedure**

Basing on primary data for the analysis, the study employed a quantitative research approach, due to the quantifiable nature of the primary data gathered, and the fact that these responses were organised into close-ended forms. The CSR dimensions and sustainable performance were measured keeping in view the study objectives. The researcher personally distributed surveys to the eligible respondents. A follow-up message was sent to all respondents two weeks after the survey was sent, this gave them adequate time to complete and return the surveys in time.

### **Data collection Instrument**

To measure the outcome of the study on the stated objectives, questionnaire as a good primary data collection tool was designed. The questionnaire comprised the demography of the respondents and objective-based sections for each of the study objectives. The demography in Section A comprised issues such as age, gender, rank and years of service. Questions on each of the objectives were then presented in Section B and C. CSR was measured using Carroll's (1970) pyramid and sustainable performance using OECD (2015) recommendations of sustainable performance measure in developing countries. Therefore, the questionnaire consisted of set of questions which contained lists of items describing the specific kind of behaviour, but does not ask respondents to judge whether the behaviour was desirable or undesirable. The questionnaires were also served to ensure consistency of questions respondents need to answer and accuracy of response to the questions to be asked.

### **Data Processing and Analysis**

The data was analyzed quantitatively using Statistical Product for Service Solution (SPSS) version 21. The response that will be received from the respondents will initially be tabulated according to five scales (options) contained in the questionnaire where '1' indicates the lowest form of agreement and '5' being the highest form of agreement. The scale of measurement is unidirectional and hence does not have neutrality. Objective 1 would be analyzed using the mean, objective 2, 3, 4 and 5 using correlation and regression analysis.



### Validity and Reliability

In the view of Shank, reliability and validity are important concepts for research as it is crucial to be able to measure issues accurately, meaning if the received answers are the truth and can they be replicated (Shank, 2006). Reliability and validity are two key components to be considered when evaluating a particular instrument. Reliability, according to Bless and Higson-Smith (2006), is concerned with the consistency of the instrument, and an instrument is said to have high reliability if it can be trusted to give an accurate and consistent measurement of an unchanging value. The validity of an instrument, on the other hand, refers to how well an instrument measures the concept it is supposed to measure (Whitelaw, 2001). Without giving consideration for reliability and validity, the results of any research cannot be taken completely seriously. At the very least, caution needs to be executed when discussing the generalizability of a research (Shank, 2006). The validity of an instrument, on the other hand, refers to how well an instrument measures the concept it is supposed to measure.

**Table 1: Reliability Test (Cronbach Alpha test)**

VARIABLE	Cronbach's Alpha	N of Items
Economic	.903	7
Legal	.901	7
Ethical	.905	8
Philanthropic	.781	6
Sustainable Performance	.938	5

Source: Field data, Akakpo, (2020)

When results from a study are not reliability and valid, the conclusions and recommendations are void. To achieve reliability of the results, the study follows the widely used statistical test known as Cronbcah alpha to assess the



level of reliability. Although studies do not have a specific Cronbach alpha score, a score of closer to 0.7 and above is assumed to be relatively reliable (Pallant, 2007).

The results from the Table 1 indicates that all the constructs are reliable since the Cronbach alpha values are beyond the 0.70 prescribed by Pallant, (2007) as reliable.

### **Ethical consideration**

Researchers may encounter moral dilemmas due to using methods that are seen to have violation against human rights or possibly causing harm (Johnson and Long 2010). Thus, the following issues were emphasized along with our intentions to use several strategies to deal adequately and ethically with the prospective participants prior to engaging in the study. Each participant, whether in the survey or interview, was provided with an information sheet explaining the aims and purposes of the study and what is expected from their participation. Furthermore, all participants were made aware of the fact that they have the right to withdraw from the study at any time. Confidentiality, self-determination and subject anonymity were strictly preserved at every level of the study interview. All efforts were undertaken to avoid any identification or disclosure of individuals, entities, Organisations or systems in order to maintain appropriate anonymity and to safeguard confidentiality.

### **Chapter Summary**

This Chapter describe the methods used in achieving the aim of this study. The purpose was to describe the various topics included: Research design and Setting; Target population with inclusion and exclusion criteria;

Sampling method and Sample size; Data collection tool and technique;  
Validity and reliability of the study; Ethical considerations of the study.



## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### Introduction

The current chapter presents the results and discussion of this study. The main purpose of this study is to contribute to the larger body of knowledge on CSR and Sustainable Performance. In line with this, the specific objectives are: to assess the dimensions of CSR activities adopted by oil companies on sustainable performance. The chapter begins with the demographic data of the respondents and followed by sections that answer the research questions of the study.

#### Response Rate

The survey questionnaire research strategy was selected to study 109 OMCs using the census technique with 97 returned survey questionnaire samples to proceed with the survey questionnaire analysis process, which represented 89.91% of the total number of survey questionnaires sent.

**Table 2: Response Rate**

Categories	Frequency	Percentages
Target Sample	109	100
Total responses	97	88.9
Irretrievable responses	12	11.1
Total usable responses	97	88.9

Source: Field data, Akakpo, (2020)

The response rate fell within the response rate of 50%, 60% and 70% proposed by Babbie (2005) to be adequate, good and very good respectively, and well above the average response rate of 35.7% (+/- 18.8), which was normal for a research study conducted at the organisational level (Baruch & Holtom, 2008).

### Background Characteristics of Respondents

This section presents the background characteristics of the respondents. Some of the issues considered under the section were the sex, age, level of staff, level of education and length of stay of the respondents in the OMCs. From the study, the majority (71.1%) of the respondents were males, whilst the remaining 28.9 per cent were females. The gender dimension of the analysis was important because Liu (2008) argued that differences in the socio-cultural roles assigned to both sexes create differential influences in their attitudes and perceptions of strategic orientation and sustainable innovation in OMCs. **Error! Reference source not found.** presents results on the age characteristics of the respondents. The Table shows that majority (41.2%) of the respondents were within the ages of 41 and 50 years of age, 29.9 per cent were within the ages of 31 and 40 years, 16.5% were above 50 years whilst the remaining 12.4% were within 21 and 30 years of age. The results show that the respondents were not properly spread across different active working age cohorts.

Another issue considered under the section was the position of the organisation in the OMCS. The results as presented in Table 3 indicated that majority of the staff (41%) were serving as strategic managers in the OMCs with 32 per cent at the operational level management benchmark whilst the remaining 25.8 per cent were tactical level managers. The distribution indicated that the respondents had the capacity to appropriately respond to the questionnaires since they have the requisite knowledge required.

Subsequently the study considered the number of years worked by each respondent as presented in Table 3. The results showed that majority (61.9%) of the respondents worked with their respective OMCs for less than 3 years. This was followed by 22.7 and 7.2 per cent of respondents working within the



range of 3 to 6 years and 11 to 14 years respectively. However, 2 percent representing the minority of respondents had worked in their respective OMCs more than 14years. The data suggests that majority of the managers worked in the organisation for less than 10 years (90.8%). This is coinciding with assertions from industry scholars (Aghion, 2009; EC, 2010; Montalvo, 2017) in the oil and gas sector that most managerial positions were competitive and hence companies poached a lot of their managerial staff from their competitors. This has led to many managers serving for smaller years in an oil company only to leave for other companies within the oil and gas industry in the short-term.

**Table 3: Demographic Characteristics of Respondents**

Characteristics of Respondents		Frequency	Percent
Sex	Male	69	71.1
	Female	28	28.9
Age of respondents	21-30	12	12.4
	31-40	29	29.9
	41-50	40	41.2
	Above 50	16	16.5
Educational Qualification	O'level	5	5.2
	Diploma	5	5.2
	Degree	22	22.7
	Professional	48	49.5
	Others	17	17.5
Position in Organisation	Strategic	41	42.3
	Tactical	25	25.8
	Operational	31	32.0
Length of work	Below 3 years	60	61.9
	3-6 years	22	22.7
	7-10 years	6	6.2
	11-14 years	7	7.2
	Above 14 years	2	2.1
Total		97	100

Source: Field data, Akakpo, (2020)

That notwithstanding, the study further gathered information regarding the academic qualification of the respondents. As indicated in Table 5, majority

of respondents had Professional certificates, representing 49.5 per cent of respondents. This was followed by workers with the Degrees and Postgraduate certificates each representing 22.7 and 17.5 per cent respectively. However, respondents with HND/Diploma and O'level/A level certificates were in the minority at 5.2 per cent each. This suggests that most of the respondents had the educational capacity required to engage in the oil and gas industry in Ghana.

### **Findings of the main objectives**

In line with the research objective one which was the CSR practices employed at the company; the respondents were presented with four main areas of CSR. These were: Philanthropic, Economic, Legal and Ethical they were asked to indicate their level of agreement with the one mostly employed in the company. Thus, this subsection presents the results of the analysis of the company based on the responses obtained from the respondents.

### **Dimensions of corporate social responsibility employed in OMCs**

The respondents of the OMC were requested to indicate the CSR dimension exhibited by their company. The Table 4 helps us to understand the kind of CSRs that company in the OMCs frequently exhibited. The study discovered that majority of the respondents (55.1%) perceived Philanthropic CSR to be type of CSR that exists in OMCs while (23.2%) also believed that the type of CSR exhibited by company is Ethical. Despite this, 15% of the respondents also claimed that the CSR in the company is Economically oriented *while* only 6.7% perceived the CSR to be Legally oriented.

The significance of the differences in perceptions can also be noted from the means values of the various CSR dimensions. From the Table 4 it is known that the mean value of Philanthropic CSR (3.41) is the greatest, which

is followed by the mean value of Ethical CSR (2.54), Economic (2.10) and Legal (1.33). This means that Philanthropic CSR is more perceived to be adopted by Company as compared to the other three dimensions. The implication here is that through the Philanthropic CSR the company members and company are motivated to achieve more rather than what was originally planned. It shows that company can go beyond expectations (Krishnan, 2005). According to Brewer, Selden and Facer, (2000) the Philanthropic CSR is a very open system through which Organisations reach out to various communities. In view of this, Westwood and Chan (1992) assert that this dimension is needed in dynamic and rapidly changing environments where very little can be taken as a constant. In these fast-moving Organisations, every option for improvement must be considered to keep the community's interest at the core of operations.

**Table 4: Corporate social responsibilities employed by OMCs**

CSR in OMCs	Frequency	Percent	Mean	SD
Philanthropic	44.08	55.1	3.41	0.823
Ethical	18.56	23.2	2.54	0.803
Economic	12	15.0	2.10	0.782
Legal	5.36	6.7	1.33	0.788

Source: Field survey, Akakpo, (2020)

**Economic CSR and Sustainable Performance of OMCs**

In order to have an in-depth understanding of the study variables and that to achieve the objectives of the study, a simple linear regression was conducted. As stated in chapter three, the study used SPSS version 22 to code, enter and compute the measurements of the simple linear regression. According to Green & Salkind (2003) regression analysis is a statistics process of



estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable. In this model, coefficient of determination explains the extent to which changes in the dependent variable can be explained by the changes in the independent variable or percentage of

the variation in the dependent variable that is explained by the independent variable. The results are presented in Table 4.

**Table 5: Model Summary for Sustainable performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.660 <sup>a</sup>	.436	.430	5.56186

a. Predictors: (Constant), Economic CSR

b. Dependent Variable: Sustainable performance

Source: Field survey, 2020

From Table 5, R is the correlation coefficient which shows the relationship between the study variables; therefore, the R value shows that there was a moderate positive relationship between the study variables 0.660 at the 5% significance level. The adjusted R<sup>2</sup> is coefficient of determination (R<sup>2</sup>) which explains the extent to which changes in the dependent variable can be explained by the change in the independent variable or the percentage of variation in the dependent variable (Sustainable performance) that is explained by all the independent variable (Economic CSR) at 95% confidence intervals. According to the independent variable studied, it explained only 43.6% of Sustainable performance as represented by adjusted R<sup>2</sup>.



This therefore means that other factors not studied in this research contribute 52.4% of Sustainable performance. Therefore, a further study should be conducted to investigate the other factors that influence Sustainable performance. This implies that these variables are very significant and therefore, need to be considered in any effort to boost Sustainable performance. The study therefore identifies these variables as critical determinants of Sustainable performance.

**Table 6: Analysis of Variance for Sustainable performance**

		<b>Sum of</b>	<b>Mean</b>			
<b>Model</b>		<b>Squares</b>	<b>Df</b>	<b>Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	2270.213	1	2270.213	73.388	.000 <sup>b</sup>
	Residual	2938.756	95	30.934		
Total		5208.969	96			

- a. Dependent Variable: Sustainable performance
- b. Predictors: (Constant), Economic CSR

Source: Field survey, 2020

From Table 6, the ANOVA static established that the regression model had a significance level of 0.000 which indicates that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ( $73.388 > 11.746$ ) which is an indication that the independent variable; perceived organisational support influence Sustainable performance. The significance value was less than 0.05 indicating that the model was significant and good for predicting Sustainable performance.

**Table 7: Coefficient for Sustainable performance**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	13.6936	2.335		5.864	.000
POS	.513	.060	.660	8.567	.000

Dependent Variable: Sustainable performance, Predictors: (Constant), Economic CSR

Source: Field survey (2020)

On assessing the contribution of the independent variable to the prediction of the dependent variable, the unstandardized coefficient Beta value for the independent variable was computed. The findings are provided in Table 7. The findings indicate that the level of Economic CSR has strongest unique but significant contribution to explaining the dependent variable when all the other variables in the model are controlled for, with Beta value of 0.513 and corresponding Sig value of 0.000. This means that to predict sustainable performance of OMCs, Economic CSR support must be critically looked at and implemented efficiently by management.

This coincides with Regan (2013), in his study of CSR within the Irish companies revealed that, Economic CSR leads to the enhancement of Sustainable development in knowledge-based economies. As reviewed in this literature, the premise of the Economic CSR is the belief that in most cases companies target is on meeting their goals which are financially geared towards profitability. This type of CSR tends to focus more on resources needed to achieve profitability and not the broader stakeholders. Every company which is

CSR oriented thrives much more on relationships with the broader stakeholders than just mere shareholder satisfaction (Regan (2013).

### Legal CSR and Sustainable Performance of OMCs

A further study was conducted to assess the effect of Legal CSR on Sustainable performance. In doing this simple linear regression was computed.

The results for the regression analysis were presented in Tables 8, 9 and 10.

**Table 8: Model Summary for Sustainable performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.736 <sup>a</sup>	.542	.537	8.20222

a. Dependent Variable: Sustainable performance

b. Predictors: (Constant), Legal CSR

Source: Field survey, 2020

From Table 8, R is the regression coefficient which shows the relationship between the study variables; therefore, the R value shows that there was a moderate positive relationship between the study variables 0.736 at the 5% significance level. The R<sup>2</sup> is the coefficient of determination which explains the extent to which changes in the dependent variable can be explained by the change in the independent variable or the percentage of variation in the dependent variable (Sustainable performance) that is explained by the independent variable (Legal CSR) at 95% confidence intervals. The independent variable explained only 54.2% of the Sustainable performance as represented by adjusted R<sup>2</sup>. This, therefore, means that other factors not studied in this research contribute 45.8% of the Sustainable performance.

**Table 9: Analysis of Variance for Sustainable performance**

Model	Sum of	Df	Mean	F	Sig.
	Squares		Square		
Regression	7479.350	1	7479.350	111.173	.000 <sup>b</sup>
Residual	6323.984	94	67.276		
Total	13803.333	95			

Dependent Variable: Sustainable performance, Predictors: (Constant), Legal

CSR

Source: Field survey, 2020

The results from Table 9 showed that the regression model was statistically significance at the p-value level of 0.000 which indicates that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. This means that the model can be used to make prediction about Sustainable performance of OMCs

**Table 10: Coefficient for Sustainable performance**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	22.471	3.872		5.803	.000
Legal CSR	1.208	.115	.736	10.44	.000

Source: Field survey, 2020

On assessing the contribution of the independent variable to the prediction of the dependent variable, the unstandardized coefficient Beta value for the independent variable was computed. The findings are provided in Table 10. The findings indicate that the level of Legal CSR has a significant contribution to explaining the dependent variable when all the other variables in the model are controlled for, with Beta value of 1.21 and corresponding Sig value of 0.000. This means that to predict Sustainable performance of OMCs, Legal CSR must



be critically looked at and implemented efficiently by management with direct involvement of all staff.

It can then be concluded from the findings that Legal CSR affects their Sustainable performance. These findings corroborate with the findings of Bakker and Bal (2010) where they concluded that Legal CSR was found to be positively associated with Sustainable performance. Additionally, Legal CSR mediated the link between job resources like autonomy and opportunities for development and sustainable performance. Also, the findings support the conclusion of Goodman and Svyantek (1999) that Legal CSR was positively associated with performance for both groups, but positively associated with contextual performance of companies.

#### **Ethical CSR and Sustainable Performance of OMCs**

A further study was conducted to assess the effect of Ethical CSR on Sustainable Performance. In doing this simple linear regression was computed. The results for the regression analysis were presented in Tables 11, 12 and 13.

**Table 11: Model summary for Sustainable Performance**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.576 <sup>a</sup>	.331	.324	9.91004

Dependent Variable: Sustainable Performance, Predictors: (Constant), Ethical CSR

Source: Field survey, Akakpo, (2020)

From Table 11, R is the regression coefficient which shows the relationship between the study variables; therefore, the R value shows that there was a moderate positive relationship between the study variables (R = 0.576) at

the 5% significance level. The  $R^2$  is the coefficient of determination which explains the extent to which changes in the dependent variable can be explained by the changes in the independent variable or the percentage of variation in the dependent variable (Sustainable Performance) that is explained by the independent variable (Ethical CSR) at 95% confidence intervals. The independent variable explained only 33.1% of the Sustainable Performance as represented by adjusted  $R^2$ . This, therefore, means that other factors not studied in this research contribute 66.9% of Sustainable Performance.

**Table 12: Analysis of Variance for Sustainable Performance**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4571.693	1	4571.693	46.551	.000 <sup>b</sup>
	Residual	9231.640	94	98.209		
	Total	13803.333	95			

a. Dependent Variable: Sustainable Performance

b. Predictors: (Constant), Ethical CSR

Source: Field survey, 2020

The results from Table 12, showed that the simple regression model was significance at the p-value level of 0.000 which indicates that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. This means that the model can be used to make prediction about Sustainable Performance of OMCs.

The results in Table 13 show the contribution of the independent variable for the prediction of the dependent variable. The findings indicate that the level of Ethical CSR has statistically significant contribution in explaining the dependent variable when all the other variables in the model are controlled for, with Beta value of 0.731 and corresponding Sig value of 0.000. This means

determining Sustainable Performance of OMCs, Ethical CSR must be critically looked at and implemented efficiently by management with direct involvement.

**Table 13: Coefficient for Sustainable Performance**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	34.76 0	4.166		8.344	.000
Ethical CSR	.731	.107	.576	6.823	.000

Dependent Variable: Sustainable Performance, Predictors: (Constant), Ethical CSR

Source: Field survey, 2020

The results indicate that there is a positive relationship between the Ethical CSR and Sustainable Performance. As posited by Cohen (1988), the strength of the relationship is small. Ethical refers to a ‘status-quo’ CSR with the combination of authority (Westwood and Chan, 1992). Ethical CSR is a dimension that combines benevolence and moral integrity (Farh and Cheng, 2000). It can be deduced from the findings that Ethical CSR determines OMCs’ Sustainable Performance. Also, Akçin, Erat, Alniaçik and Çiftçioğlu (2017) added that Ethical CSR is found to exert a statistically significant positive effect on performance. Further, the findings are in line with the findings of Nasurdin, Ling, & Khan (2018) where they found that of the three forms of social support, peer support alone has a direct and positive effect on Sustainable Performance.

### **Philanthropic CSR and Sustainable Performance of OMCs**

The third objective of this study was to look at how Philanthropic CSR influences sustainable performance of OMCs. It was analyzed using SPSS by

establishing a linear regression model between Philanthropic CSR which in this case is the independent variable and Sustainable performance which is the dependent variable. The complete analysis of this objective can be seen in Table 14.

**Table 14: Model Summary**

Model	R	R Square	Adjusted R Square	Std Error of the Est.
1	.386 <sup>a</sup>	.149	.140	1.47142

a. Predictors: (Constant), Philanthropic CSR

Source: Field Survey (2020)

Table 14 shows that the correlation coefficient between Philanthropic CSR and Sustainable performance is significant (0.386). This means that OMCs are able to perform very well to ensure that the firm achieve its stated objectives on sustainable performance when they feel that the tasks, they perform in the firm is very important. Even though the correlation coefficient can be interpreted as being a weak positive correlation, there is some degree of impact of Philanthropic CSR on Sustainable performance. The coefficient of determination (R Square) stands at 0.149 which means that 14.9% changes in the level of sustainable performance can be explained by the rate Philanthropic CSR.

**Table 15: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35.560	1	35.560	16.426	.000 <sup>b</sup>
	Residual	203.517	94	2.165		
Total		239.077	95			

a. Dependent Variable: Sustainable Performance

b. Predictors: (Constant), Ethical CSR

Source: Field survey (2020)



In determining if Philanthropic CSR is a very important predictor of Sustainable performance, Table 15 provides information that will help in determining that. In finding that, the model for this particular study was tested to see if it is significant or not and that provided a further answer indicating if indeed Philanthropic CSR was a good predictor of Sustainable performance or otherwise. The significant value of the model is  $p=0.000$ . This is less than  $\alpha=0.05$  ( $F(1,94)=16.425, p=0.00$ ) therefore, the model was seen as significant. This provided a further information that indeed, Philanthropic CSR (independent variable) is a good predictor of Sustainable performance (dependent variable) of OMCs in Ghana.

**Table 16: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coeff.		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.788	.541		6.998	.000
	Philanthropic	.356	.088	.386	4.053	.000

a. Dependent Variable: Sustainable performance

Source: Field Survey (2020).

Table 16 provides information for determining the rate at which Sustainable performance is influenced by Philanthropic CSR. The result was achieved by looking at the intercept and constant of the model which can be seen in Table 16. The linear regression line for this objective is  $y=0.356x+3.788$ . Y is the dependent variable (Sustainable performance) and x is the independent variable (Philanthropic CSR). The intercept or slope means, for every 1 unit increase in Philanthropic CSR (independent variable), Sustainable performance (dependent variable) will increase by 0.356 units. The intercept can also be interpreted that, where the firm in the telecommunication industry does really

value Philanthropic CSR, Sustainable performance will increase by 3.788 units. The intercept and constant are really significant in explaining the variation in Sustainable performance because they both have a significance value of 0.000 which is way lower than  $\alpha=0.05$ . However, the slope and the constant will experience a standard deviation of 0.541 and 0.088 respectively when estimated to the population of the study.

Upon all the variables identified in this study, Philanthropic CSR and Sustainable performance can be seen as more important if the firm should be performing poorly in terms of revenue, there will be few funds that can be used to embark on CSR activities by the firm. This is not to say that CSR is not that relevant but it relies heavily on these two variables which are Sustainable performance and Philanthropic CSR. As identified by Schnell, Hoge and Pollet, (2013) that Philanthropic CSR influences the sustainable performance this study also confirms that their finding is actually valid in a way.

### **Chapter Summary**

This chapter has examined the findings regarding CSR practices in OMCs and the effect these various CSR practices have on Sustainable Performance. The first section centred on the perceptions on the dimension of CSR that the company exhibit. With this it was found that the respondents considered OMCs to be more Philanthropic, Ethical, Economic and Legal with Philanthropic as the most perceived type. The second objective to fifth objective was to determine the effect of the various dimensions of CSR and Sustainable Performance. The results indicated that there was a significant positive effect of all dimensions of CSR on Sustainable Performance.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### Introduction

This chapter presents the summary of the findings, conclusions and recommendation of the study based on major findings. The recommendations based on major finding are provided for stakeholders such as the management of OMCs. Finally, suggestions for future research will also be revealed.

#### Summary of the Study

This study has focused on how CSR of OMCs is perceived by staff, as well as the linkage between the dimensions of CSR and the sustainable performance. Consistent with other studies, this study has is very helpful for the development and advancement of the CSR in companies. This is because the CSR and can affect sustainable performance because the evidence shows a positive relationship between CSR dimensions and sustainable performance. Based on this, the purpose of this study is to contribute to the larger body of knowledge on CSR and Sustainable Performance. In line with this, the specific objectives are: to assess the CSR activities adopted by OMCS; to assess the effect of the dimensions of CSR on sustainable performance of oil companies in Ghana.

To help achieve the objectives, five objectives were formulated and tested accordingly. The study regression statistic as the main statistical technique for testing the hypotheses. From a population of 109 with the emphasis on census technique, 97 OMCs responded. In all, 97 valid responses were obtained, thus an 88.9% response rate. The instrument centered on the demographic characteristics of the staff as well as the dimensions of CSR and sustainable performance.



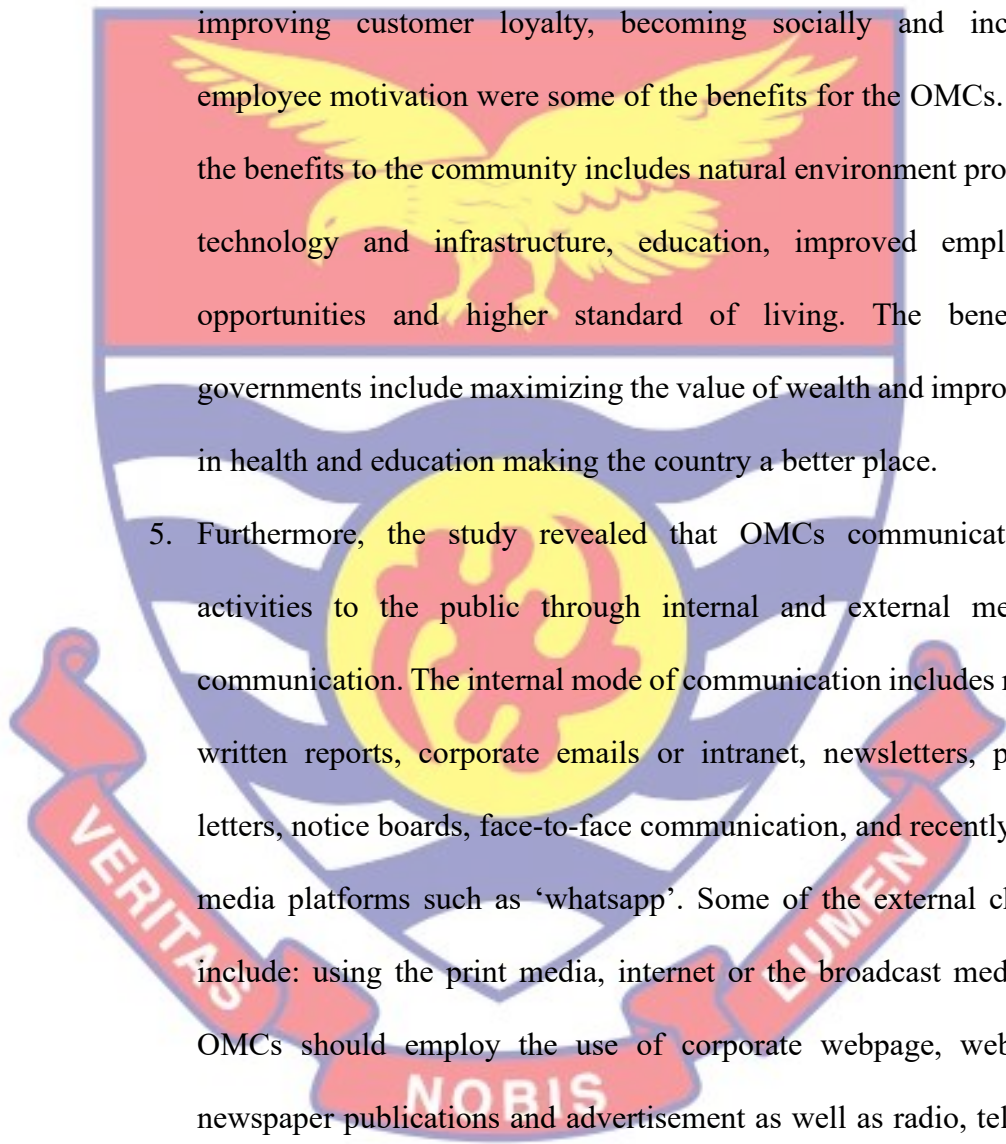
Data on the demographic characteristics were analyzed using descriptive statistics, including frequencies and percentages. Analyses on the effect of the dimensions of CSR on sustainable performance and were done using the IBM SPSS Statistic version 19. A summary of the key findings of the study follows. An Alpha level of 0.05 was used for all tests of significance. The major findings as they related to the specific objectives and hypotheses of the study have been summarized accordingly. The second to the fifth objective assess the effect of the dimensions of CSR on sustainable performance. The coefficients results show that all dimensions of CSR positively predicted Sustainable Performance ( $p < 0.05$ ).

#### **Key findings**

1. Evidence from this study indicated that majority of the respondents perceived Philanthropic CSR to be type of CSR that exists in OMCs while 23.2% also believed that the type of CSR exhibited by company is Ethical. Again, 15% of the respondents also claimed that the CSR in the company is Economically oriented *while* only 6.7% perceived the CSR to be Legally oriented. The implication here is that through the Philanthropic CSR the company members and company are motivated to achieve more rather than what was originally planned. It shows that company can go beyond expectations. In these fast-moving Organisations, every option for improvement must be considered to keep the community's interest at the core of operations.
2. The perception of OMCs towards CSR is a positive one and that the companies located at those community must therefore be socially responsible in giving back to the society what is due them.



3. Furthermore, the study found out that there are no criteria for selecting the type of CSR activity to embark on in a community but the choice depends solely on the management of the OMC as the need arises.
4. The study further revealed that OMCs, society and the government enjoy benefits from CSR activities. Attracting new customers, improving customer loyalty, becoming socially and increasing employee motivation were some of the benefits for the OMCs. Whiles the benefits to the community includes natural environment protection, technology and infrastructure, education, improved employment opportunities and higher standard of living. The benefits to governments include maximizing the value of wealth and improvement in health and education making the country a better place.
5. Furthermore, the study revealed that OMCs communicate CSR activities to the public through internal and external means of communication. The internal mode of communication includes memos, written reports, corporate emails or intranet, newsletters, personal letters, notice boards, face-to-face communication, and recently, social media platforms such as 'whatsapp'. Some of the external channels include: using the print media, internet or the broadcast media. The OMCs should employ the use of corporate webpage, web-blogs, newspaper publications and advertisement as well as radio, television shows and advertisements. The study revealed that there appear to be no clear laid-down guidelines and regulations for its practices and reporting. The firms captured their CSR activities under different headings. The study further revealed that, some of the firms choose to



report on both the CSR activity and the amount involved while others chose to report on only the CSR activity.

## Conclusions

From the findings, several conclusions were drawn.

First, the perception of management concerning CSR is very broad such that management knows their corporate responsibility towards the community. Also, it can be concluded that there are many categories of CSR activities of oil companies towards the society but it depends solely on the type of OMC that implement the CSR activities.

Furthermore, there are many benefits that OMCs can provide to the society and the government enjoy when OMC embark on CSR activities. This includes attracting new customers, increased social and OMCs reputation, increase in motivation of employees, improved education and infrastructure, sports development, better health services as well as economic growth.

Lastly the study discovered the ways through which OMCs communicate and report their CSR activities to the public. There seem to be no guidelines on how CSR should report. Thus, it is important that OMCs continue to engage in CSR activities as it adds up to the overall gains in the sustainable performance of the company and by extension sustainable development within the communities, they operate in.

## Recommendations

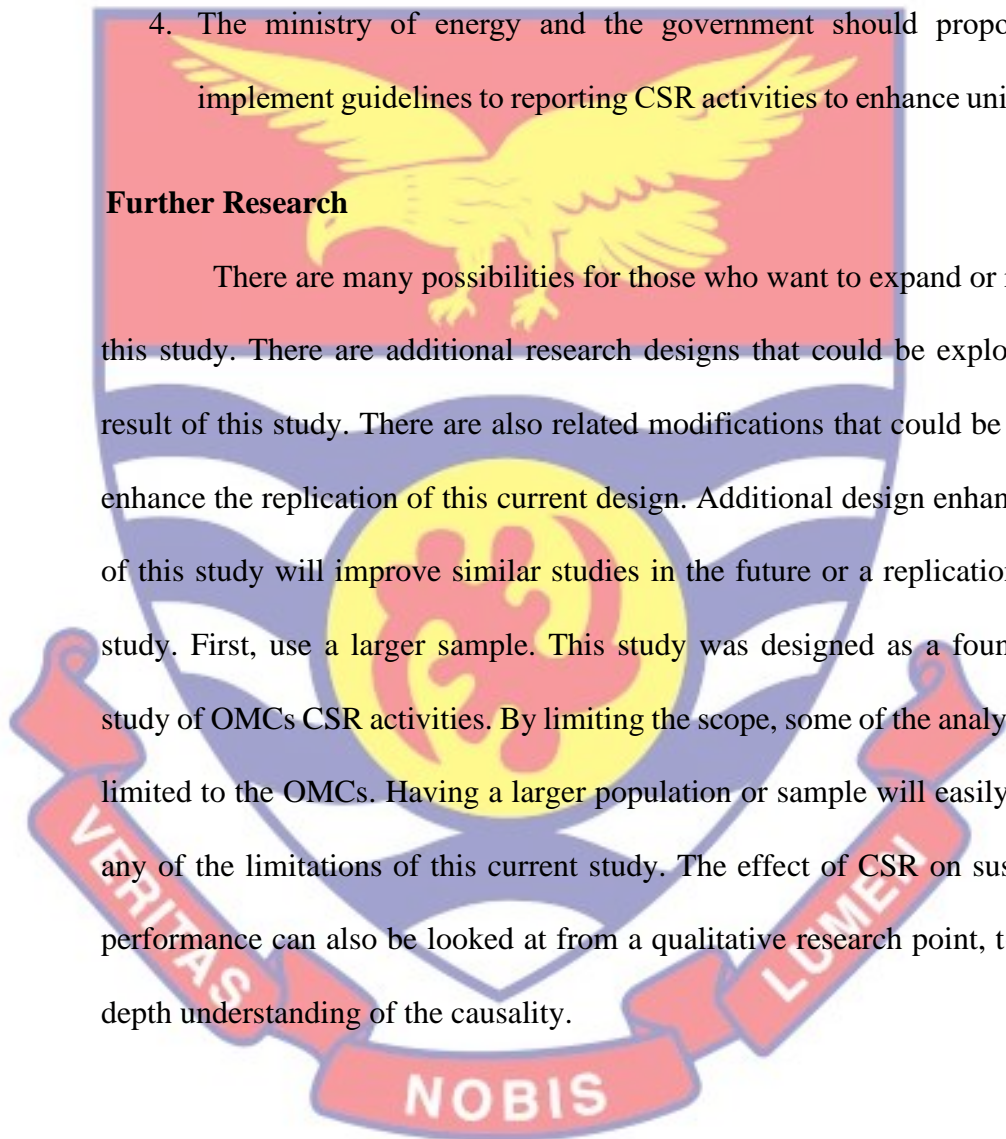
Based on the results, the following recommendations are made:

1. There should be a clear policy that will guide OMCs in selecting the community where they can embark on CSR activities and the category of CSR activity to perform in the community.

2. The government should empower and encourage OMCs to continue engaging in CSR activities by recognizing these OMCs and affirming their support for them in public.
3. It is further recommended that OMCs engage some philanthropists to acquire more funds to continue their CSR activities.
4. The ministry of energy and the government should propose and implement guidelines to reporting CSR activities to enhance uniformity.

### **Further Research**

There are many possibilities for those who want to expand or replicate this study. There are additional research designs that could be explored as a result of this study. There are also related modifications that could be made to enhance the replication of this current design. Additional design enhancements of this study will improve similar studies in the future or a replication of this study. First, use a larger sample. This study was designed as a foundational study of OMCs CSR activities. By limiting the scope, some of the analyses were limited to the OMCs. Having a larger population or sample will easily remedy any of the limitations of this current study. The effect of CSR on sustainable performance can also be looked at from a qualitative research point, to get in-depth understanding of the causality.





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APPENDIX

Appendix A: QUESTIONNAIRE FOR RESPONDENTS

UNIVERSITY OF CAPE COAST  
INSTITUTE OF OIL AND GAS

Dear Sir/Madam,

I am a student of the above-mentioned institution, pursuing a Master’s degree in Oil and Gas Resource Management. The purpose of this questionnaire is to find out the impact of CSR activities of OMCs on sustainable performance in Ghana. The response you give will help the researcher to obtain relevant data for analysis and achieve the research objectives. All information that you provide will be kept confidential.

**SECTION A: Background of respondents**

1. Sex of respondent: [1] Male [2] Female
2. Age (years) of respondent: [1] 21 and 30 [2] 31 – 40 [3] 41 –50  
[4] 51 – 60 [5] Above 60
3. Level of Staff [1] Strategic Manager [2] Operational Manager [3] Operational Manager
4. Level of education: [1] ‘O’ Level [2] Diploma [3] 1st Degree [4] Postgraduate [5] Professional [6] Others
5. Number of years of company existence: [1] Below 3 years [2] 3 – 6 years [3] 7 – 10 years [4] 11 – 14 years [5] Above 14 years

**SECTION B: Corporate Social Responsibilities**

6. Please indicate the extent of your **agreement** with the following statements on a 5-point scale (Please circle your answer). Where 1 = Weak agreement and 5 = Very Strong agreement

Statement	1	2	3	4	5
Over the years my company interacted with the community very well	1	2	3	4	5
My company is concerned with environmental issues in this community	1	2	3	4	5
My company provides the community new schools blocks	1	2	3	4	5
My company engages in employment creation and skills development in the community	1	2	3	4	5



Newmont prevents pollution of water bodies in the community	1	2	3	4	5
My company has built healthcare centres in the community to promote healthcare delivery	1	2	3	4	5
My company provides good medical services to members of this community	1	2	3	4	5
My company provides malaria control programmes to fight malaria in this community	1	2	3	4	5
My company has provided good drinking water to the community	1	2	3	4	5
My company has provided the community with good roads	1	2	3	4	5
My company protects biodiversity and restoration of natural habitats	1	2	3	4	5
Step down transformers have been donated to this community to assist rural electrification projects	1	2	3	4	5
My company sponsors youth development programmes	1	2	3	4	5
My company embarks on cleaning exercises in the community	1	2	3	4	5
My company runs apprenticeship programmes to train local people each year	1	2	3	4	5
Energy conservation	1	2	3	4	5
Supply clear and accurate information and labelling about products and services.	1	2	3	4	5
Resolve customer complains in timely manner	1	2	3	4	5
Committed to providing value to customer	1	2	3	4	5
Quality assurance criteria adhered to in production	1	2	3	4	5
Ensure adequate steps are taken against all forms of discrimination	1	2	3	4	5
Consult employee on important issues	1	2	3	4	5
Committed to the health and safety of employees	1	2	3	4	5
Accountable to shareholders	1	2	3	4	5
Complies with all rules and laws in the country	1	2	3	4	5
Purchasing policies that favour the local communities in which it operates.	1	2	3	4	5
Recruitment policies that favour the local communities in which it operates.	1	2	3	4	5

**SECTION C: Sustainable Performance**

The questions seek to identify issues relating to sustainable performance in



OIL COMPANIES. Please indicate the extent to which you agree with the following statements. Please use this scale to provide your responses. Please tick (✓) which rating is appropriate. Where 1 is the lowest form of agreement and 5 is the highest form of agreement.

Statement	1	2	3	4	5
My company implement resource efficiency measures to reduce the use of energy					
My company implement resource efficiency measures to reduce the use of water					
My company replace non-renewable resources with sustainable ones					
My company invests in eco-friendly technologies					
My company reduces wastage in its operations					

**Thank you for your participation**

**Appendix B: Krejcie and Morgan Deteroil sample size table.**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1,200	291
15	14	230	144	1,300	297
20	19	240	148	1,400	302
25	24	250	152	1,500	306
30	28	260	155	1,600	310
35	32	270	159	1,700	313
40	36	280	162	1,800	317
45	40	290	165	1,900	320
50	44	300	169	2,000	322
55	48	320	175	2,200	327
60	52	340	181	2,400	331
65	56	360	186	2,600	335
70	59	380	191	2,800	338
75	63	400	196	3,000	341
80	66	420	201	3,500	346

85	70	440	205	4,000	351
90	73	460	210	4,500	354
95	76	480	214	5,000	357
100	80	500	217	6,000	361
110	86	550	226	7,000	364
120	92	600	234	8,000	367
130	97	650	242	9,000	368
140	103	700	248	10,000	370
150	108	750	254	15,000	375
160	113	800	260	20,000	377
170	118	850	265	30,000	379
180	123	900	269	40,000	380
190	127	950	274	50,000	381
200	132	1,000	278	75,000	382
210	136	1,100	285	100,000	384

Note:  $N$  is population size;  $S$  is sample size

Source: Krejcie, R.V. & Morgan, D.W. (1970)

