UNIVERSITY OF CAPE COAST

INVESTMENTS IN CORPORATE SOCIAL RESPONSIBILITIES, DISCLOSURE PRACTICES AND FINANCIAL PERFORMANCE OF INTERNATIONAL OIL COMPANIES WITH INVESTMENTS IN AFRICA

AMA TWUMWAA GYANE

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BY

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A Dissertation submitted to the Institute for Oil and Gas Studies of Faculty of Social Sciences, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Business Administration in Oil and Gas Management.

September, 2019

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: ....

Name: ……………………………………………………………………………………..

Supervisors' Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:……………………………..Date……………………..

Name : ……………………………………………………………………………….

ABSTRACT

The objective of this research is to provide empirical evidence, from the perspective of the developing world, Corporate Social Responsibility (CSR) activities and practices of Oil Companies with investments in Africa and how investment in CSR and disclosure of CSR influences the financial performance of Oil Companies with investments in Africa using accounting based measures. The study employed a mixed quantitative and qualitative research approach and descriptive research design. Panel data set on CSR investments, financial performance represented by return on assets (ROA), disclosures of CSR activities and company size (total assets) from the year 2007 to 2017 was analysed using random effects panel data analysis to test the research hypotheses. Content analysis is performed on the annual reports and other publications of the oil companies to determine their CSR activities and practices. The findings showed that multinational oil firms with interest in Africa take all aspects of CSR serious and are at the forefront of CSR as they adhere and comply with international standards and best practices in the area of CSR practices, activities and reporting. This study has also shown that there is a significant positive relationship between investment in CSR and financial performance of multinational oil companies with interests in Africa, but no significant relationship between CSR disclosure and financial performance. The positive influence of CSR on financial performance of multinational oil companies with interests in Africa is the result of the diligence and consistency that they have attached to CSR over the period of the study which is yielding dividends in terms of financial performance.

KEYWORDS

Corporate Social Responsibility

CSR Disclosure

Financial performance

Multi-National Oil Companies with investments in Africa

Panel Data Analysis

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DEDICATION

To my late Fathers Nana Yaw Atakora Gyane I and Lawyer Kwadwo Owusu Afriyie (Sir John).

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LIST OF ACRONYMS

FDI	Foreign Direct Investment
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
GRI	Global Reporting Initiative
GDP	Gross Domestic Product
FP	Financial Performance
MN	Multinational
MNCs	Multinational Companies
NGOs	Non-Governmental Organisations
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
ROI	Return on Investment
JSE	Johannesburg Stock Exchange
STEM	Science, Technology, Engineering and Math Education
PERFFIN	Financial Performance of Oil Company
CSRINV	Oil Company Investment in CSR Activities
DICSR	Oil Company Disclosure of CSR activities
CSIZE	Oil Company Size

CHAPTER ONE

INTRODUCTION

Background

The oil and gas sector is one of the segments of business that asserts itself towards business ethics and / or corporate social responsibility employee rights, human rights, stakeholder rights, environmental protection, transparency, principles, and codes of practice, community relations, product stewardship and corruption, (Frynas, 2005). Multinational Corporations in the oil and gas sector having been actively playing leadership roles in developing good corporate practices and codes of conduct in the work environment and engagement with different parts of society. The participation of ChevronTexaco, ExxonMobil, Shell, BP-Amoco, ENI, Occidental, TotalFinaElf (all companies with investments in Africa) and others, in the Global Reporting Initiative (GRI), the United Nations' Global Compact, the Voluntary Principles on Security and Human Rights, the Sullivan Principle, the Millennium Development Goals, the World Summits on Sustainable Development in Rio de Janeiro and Johannesburg and Dow Jones Sustainability Index, are some evidence.

Their trails can be seen in developing countries as major employers of labour, in the transfer of foreign direct investment (FDI), skills, and technology; and accounting for a large share of state revenue. Their contribution to development in many countries via programmes in education, health, commerce, agriculture, transport, construction, and the like, cannot be ignored.

Though it is assumed that it is for the sake of benefits to society, that drive companies to act socially responsible, theories of CSR such as stakeholder theory of CSR, affirm that firms engage in profit-maximizing, CSR being their lead motivation (Amin-Chaudhry, 2016). Consequently, the proponents of CSR are convinced that it pays off for the firm as well as for the firm's stakeholders and the society. It is their conviction that investing in CSR boosts a firm's public image, and gives the firm exceptional comparative marketing merits, mostly among increasing socially conscious consumers, thereby increases the firm's long-term revenue (Gras-Gil, Manzano, & Fernandez, 2016).

In an international survey by PricewaterhouseCoopers, about 70% of the global chief executives believed that CSR was vital to their firms' profitability (Simms, 2002). Largely, a number of emerging evidences have suggested that firms could benefit both financial and non-financial from CSR activities (Famiyeh, 2017; Hategan & Curea-Pitorac, 2017). This position is generally described as the enlightened shareholder approach. It suggests that corporate decision-makers must consider a range of social and environmental matters if they are to maximize long-term financial returns (Harpreet, 2009). However, the business case for CSR agenda has been subjected to much debate and criticism. Promoters of CSR have argued that firms would benefit in multiple ways by operating with a CSR perspective that is broader and longer than their own immediate ,short-term profits, while critics of CSR argued contrarily that CSR distracts from the fundamental economic role of businesses, which is just nothing more than superficial window-dressing (Harpreet, 2009).

Statement of the Problem

The contributions of Trans National Oil companies with investments in Africa to the development of their host countries through programmes in health, education, agriculture, commerce, construction and transport cannot be disregarded. A lot of evidence abound including: Ghana, Uganda- Tullow Oil has made significant investments in education, and local content development to empower local businesses in the sector. Angola: Chevron Texaco and BP-Amoco have committed significant resources in the development of education and combating of AIDS. Nigeria: Eni, Shell, Chevron Texaco, TotalFinaElf, Petro China and other multinational oil companies contribute significantly to the country's GDP and also run a lot of community development programmes in education, health, agriculture and transportation.

Others include; South Africa: BP-Amoco and Shell contributes to this economy through capital and technology transfer, market provision for the country's exports and supply of imports. Chad, Gabon, Sudan and South Sudan, Gabon, Algeria and Libya: PETRONAS, ExxonMobil and Eni are the main sources of revenue and contributes significantly to their state expenditures. Congo and Equatorial Guinea: Elf and ExxonMobil are the major players in employment, GDP and growth of the economies of these countries.

The question is that what is in it for them, what motivates them to put so much resources in CSR and interested in disclosing it to the public. Others also argue that CSR is just a mere drain of a firm's profit, (Hockerts, 2007; Famiyeh, 2017; Galant & Cadez, 2017). However the proponents of CSR are convinced that it pays off for the firm as well as for the firm's stakeholders and the society. They believe that investment in CSR enhances a firm's public image, and gives the firm unique comparative marketing advantages, mostly among increasingly socially conscious consumers, which in turn, increases the firm's long-term revenue (Gras-Gil, Manzano, & Fernandez, 2016). In an international survey by PricewaterhouseCoopers, about 70% of the global chief executives believed that CSR was vital to their firms' profitability (Simms, 2002).

Generally, while it is assumed that firms act socially responsible because they anticipate some benefits, theories of CSR assert that firms engage in profit-maximizing CSR, being their lead motivation (McWilliams & Siegel, 2001; Bagnoli & Watts, 2003; Amin-Chaudhry, 2016).Studies concerning the relationship between CSR and FP have produced varied results over the last few decades (Orlitzky, Schmidt & Rynes 2003; Brammer & Millington 2008; Ramchander et al. 2012).

By and large, even as there are plenty studies on CSR in the developed countries, evidence from a developing country's perspective appears to be limited (Wahba & Elsayed, 2015). According to Wahba and Elsayed (2015), much CSR studies reflect the context of developed countries, thus, adding evidence from less developed countries could possibly assist in developing existing theories of corporate finance as well as corporate social responsibility. Also those focusing on CSR in the oil and gas sector have been country specific, company specific with a few company specific comparative analysis. This study therefore is designed to provide further empirical evidence on the effects of CSR investments and disclosure practices on corporate financial performance from the perspective of developing world.

Research Aim and Objectives

The objective of this research is to provide empirical evidence, from a developing world perspective, on how investment in CSR influences the financial performance of Oil Companies with investments in Africa using accounting based measures. Specific objectives are:

1. Examine the CSR practices and activities of multinational oil companies with investments in Africa
2. To examine the relationship between CSR disclosure practices and financial performance of multinational oil companies with investments in Africa.
3. To investigate the relationship between investments in CSR and financial performance of multinational oil companies with investments in Africa.

Research Questions

Based on the research objectives enumerated above, the following research questions are posed:

1. What are the CSR practices and activities of multinational oil companies with investments in Africa?
2. How does CSR disclosure practices influence financial performance of multinational oil companies with investments in Africa?
3. In what way does investments in CSR affect financial performance of multinational oil companies with investments in Africa?

Significance of Study

This study will offer experiential proof on the effects of CSR investment and disclosure on corporate financial performance from the standpoint of a developing world. According to Wahba and Elsayed (2015), much CSR studies reflect the context of developed countries hence, it will add to existing theories on corporate finance as well as corporate social responsibility of developing countries. Moreover, not only will this research add to the limited literature on CSR in Africa but it will enhance our understanding of the interactions between CSR investment and disclosure, and the financial performance of oil companies. Furthermore, the present study is useful for managers to develop future social performance policies that may lead to better financial performance in the long-term.

Scope and Limitations of the Study

The study is limited to multi- national oil companies with investments in Africa and will not focus on national oil companies. It does not delve into whether the host country environment of civil society and other stakeholder relationship with the multinational oil companies also has an effect on its CSR activities and also on its profitability. The study also relies solely on accounting based method to analyse the association between CSR, disclosure practices and financial performance of MN-oil companies. The study will also not delve business wide performance in such areas like marketing, community and employee relations, and the environment together with financial performance which may give a greater understanding of the effect of adopting CSR activities in their business model.

Organisation of Study

The remaining part of this study will be is structured as follows: The second chapter presents a review of literature related to the theoretical foundations of CSR and empirical review of CSR and corporate financial performance. The third chapter presents the research method and design for the study. In the fourth chapter, the results and discussions of the findings are presented. The fifth chapter concludes and presents the significance of the study as well as recommendations for industry and further research.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focuses on the theoretical framework of the study, specifically an overview of the concept of CSR, theories that explain the motivation for CSR, the theoretical underpinnings of the relationship between CSR and financial performance of companies as well as the relationship between CSR disclosure and financial performance. Theoretical review section ends with measures of the relationship between CSR and corporate financial performance. The next section is an empirical review of previous studies on CSR and financial performance and CSR disclosure and financial performance.

Theoretical Review

Concept of CSR

In general there is no general consensus on the concept of CSR as well as its constitution (Wehba and Elsayed, 2015). All the attempt to define the concept have concentrated on one aspect or another. Recently CSR is interpreted as the triple bottom-line- people, planet and profit. This view captures a wide range of values and criteria for measuring the success of a business. (Abiodun, 2012; Harpreet, 2009). The European Commission (2001) defines CSR as "a concept where companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis".

According to Matten and Moon (2004), the main idea of CSR is that "it reflects both the social imperatives and the social consequences of business success and that responsibility accordingly fall upon the firm, however the implementation and direction of responsibility is at the discretion of the business". This view introduces the aspect of CSR being mandatory and that businesses have direct responsibility towards helping society solve its problems. What is similar in all definitions is that beyond the firm's objective to maximise profits, organisations play a critical role in helping society solve its problems.

CSR Theories

The theoretical framework of this study comprises of various theoretical approaches that explains CSR and how it relates to financial performance firms. There is a great deal of differences in the approaches and theories that seek to explain CSR. This study will focus discussion on the analysis done by (Secchi, 2007 and Gariga & Mele, 2004). Overview of these theories are presented in Tables 1 and 2 below.

Table 1: Managerial, Utilitarian and Relational Theories of CSR

Managerial Theory	**Utilitarian Theory**	**Relational Theory**
• Corporate social performance • Social Accountability, Auditing and reporting (SAAR) • Social responsibility for multinationals	• Theories on functionalism and social costs	• Business and society stakeholder approach • Corporate global citizenship • Social contract theory

Source: Secchi (2007)

Table 2: CSR Theories and its Related Approaches

Theory Types	Types of approaches	Description
Instrumental theories: these are theories that focus on achieving economic objectives via social activities	Maximising shareholder value. Competitive advantage strategies. Cause related marketing.	Maximisation of value in the long term. Social investment in the context of competition. The view of firms on natural resources and their dynamic capabilities. The altruistic which is recognized as a marketing tool.
Political Theories- these type of theories focus on the responsible use of business power in the arena of politics	Integrative social contract. Corporate citizenship. Corporate constitutionalism.	Assumption that a social contract exist between society and businesses. Businesses are understood as a citizen with social responsibility and involvement in the community. The social responsibility of firms is derived from the social power that the firms have.
Integrative theories	Public responsibility. Management issues. Management of stakeholders. Corporate social performance.	How businesses respond to political and social issues. Existing policy process and law is reference point for social performance. Creating a balance between the interest of a business's stakeholders. Searching for social legitimacy and ways to give the right response to social issues.
Ethical theories- these types of theories focus on businesses doing the right thing for the good of society	Universal rights. Sustainable development. The common good Stakeholder. normative theory.	Consideration of fiduciary duties to stakeholders of the business. This include moral theories with basis on labour rights, human rights, and respect for the environment. The objective is the achievement of human development with consideration of present and

		future generation. It is oriented to the common good of the society

Source: Gariga and Mele (2004)

The Instrumental theories explains the second and third objectives of this study and how investments in CSR and disclosure of these investments is expected to improve the financial performance of companies.

The Political theories explains the first objective of this study, why companies undertake CSR activities- it is their responsibility to be good corporate citizens by demonstrating their involvement in the communities in which they operate.

The Integrative theories explains the first objective of this study why companies undertake CSR activities and the types of activities that they engage in and also what is considered as social responsibility.

The Ethical theories explains the first objective of this study, why companies undertake CSR activities and the types of activities that they engage in. what is considered as social responsibility- respect for environment , human and labour rights.

The theory that underpins this study has its basis in instrumental theories that focus on achieving economic objectives via social activities. Its approach is Maximising shareholder value, Competitive advantage strategies, Cause related marketing. It also involves Maximisation of value in the long term, making social investment in the context of competition and the view of firms on natural resources and their dynamic capabilities and being altruistic which is recognised as a marketing tool. Stakeholder theory supports this positive association between a firms CSR activities and its financial performance

(Freeman, 1984). This is because CSR allows various stakeholders to be satisfied, which in turn leads to an improvement in the external reputation of the firm, and, thus, in its performance. Conducting CSR practices is also seen as occurring in the context of a differentiation strategy on the part of the firm, leading to a positive effect on value creation for the firm and benefits for its clients, and, in due course, to an improvement in its own performance (Baron, 2008; Maignan and Ralston, 2002).

CSR and Financial Performance

Several empirical studies carried out in the past have led to emerging evidence that suggest that firms could benefit both financial and non-financial from CSR activities (Famiyeh, 2017; Hategan and Curea-Pitorac, 2017). This position is generally described as the enlightened shareholder approach. It suggests that corporate decision-makers must consider a range of social and environmental matters if they are to maximize long-term financial returns (Harpreet, 2009). However, the business case for CSR agenda has been subjected to a lot of debate and criticism.

Those who promote CSR have argued that firms would benefit in multiple ways by operating with a CSR perspective that is broader and longer than their own immediate, short-term profits, while critics of CSR argued contrarily that CSR distracts from the fundamental economic role of businesses, which is just nothing more than superficial window-dressing (Harpreet, 2009).

Financial theories on the connection between corporate social performance and firm financial profitability are based on equilibrium asset pricing models as well as on the efficient market hypothesis (Guenster et al 2006). It predicts three possible relations:

The first direction of reasoning postulates a neutral relation. It assumes that the risk associated with compliance with Corporate Social Responsibility is not priced, therefore all companies, corporate social responsibility complying as well as non- corporate social responsibility complying, have the same rate of expected return and face the same cost of equity capital (Hamilton et al. 1993). This reasoning is in line with standard financial theory (risk-return paradigm) where only risk factors are priced in the market.

On the other hand, if the risk associated to Corporate Social Responsibility compliance is (correctly) priced by the market, the same risk-return paradigm would imply a negative relation between corporate social performance and financial performance.

As put forward by Shane and Spicer (1983), firms which actively account for the corporate social responsibility risk factor are seen as less risky investments (relative to the firms that ignore it). Consequently, on a risk-adjusted basis, their expected returns are predicted to be lower.

Finally, the third view postulates that the compliance with Corporate Social Responsibility principles is not efficiently priced by market participants. A positive (negative) relation follows depending on the sign of the inefficiency. For example, Hamilton et al. (1993) argue that, if a sufficiently large number of investors underestimate (overestimate) the probability that adverse events related to Corporate Social Responsibility issues might affect companies not complying with the corporate social responsibility principles, then their stocks will provide lower (higher) risk-adjusted return than socially responsible companies stocks.

Since the answer to the question whether the risk associated to Corporate Social Responsibility issues is (correctly) priced by the market cannot be given on theoretical grounds only, it is investors' perception of the relevance of the Corporate Social Responsibility principles that counts in the end. If investors believed that companies implementing the Corporate Social Responsibility principles are resource wasteful, they would determine a negative return premium on these companies stocks. To the contrary, if corporate social responsibility behaviour of companies is in line with investors' beliefs, they would determine a positive return premium for these companies stocks (Ullman, 1985).

Disclosure of CSR activities and financial performance

According to Uwuigbe and Uadiale (2016), legitimacy theory of CSR is the foundation of firms disclosing their CSR activities. The theory stipulates that firms operate in a society with the implied notion of a social contract upon which their survival is derived. As result they seek to fill any legitimacy gap through engaging and disclosing CSR activities. So firms signal their legitimacy by making significant disclosure of their CSR activities. Lee et al., (2017) also noted that CSR disclosure serve as a channel for businesses to advertise themselves, ensure competitive sustainability and maintain a good public image.

The relationship between CSR disclosure and financial performance is explained by Perrini et al.,(2011) as CSR disclosure practices is a signal to the society and market which allows firms to avoid adverse selection risks, exposure to future costs, lower perceived risks, easier access to capital markets and gain support of community and customers through awareness of products and services.

Measures of CSR and Financial Performance

There are two main strands on measuring the relationship between CSR and corporate financial performance. This is accounting and market based measures. Both accounting and market based measures have their particular advantages and disadvantages. McGuire, Sundgren and Schneewies (1988) suggest that accounting measures are widely employed due to their ease of calculation and understanding. There are certain disadvantages relating to accounting measures as they are based on historical figures of performance, and they are also subject to bias through managerial influence and certain differences in accounting procedures. Market based measures have the advantage of being less susceptible to managerial influences and differing accounting procedures. Another advantage of market based measures is their use in the evaluation of the perceptions of a company's future performance as opposed to historical events. This is done by analysing investor evaluations and actions. This particular advantage could also be considered a disadvantage as too much emphasis is placed on investor attitudes and not on a complete evaluation of a company's financial performance.

Accounting Measures of Financial Performance

Most of the literature focuses on the accounting measures and there continues to be an attempt to identify good accounting measures for measuring corporate financial performance (Margolis & Walsh, 2003). One common accounting measure that has been used in the past is an analysis based on the

Return on Assets (ROA), Tang, Hull and Rothenberg (2012: Van der Laan, Van Ees and Van Witteloostuijn, 2008) chose to employ this financial ratio as the means of measurement for their study.

The literature also provides other accounting measures of performance that have been employed. These measures include (Wu, 2006): return on equity (ROE), Return on sales (ROS), Return on investment (ROI) and Profit margin (PM).These ratios were used to measure the profitability of different companies in the study of the relationship between CSR, financial performance (FP) and firm size. These measures help to provide a reflection of the internal efficiency of a company (Van Beurden &Gossling, 2008).

Market Based Measures of Financial Performance

One common market based measure that has been used to determine the relationship between CSR and Corporate financial performance is based on share performance. Becchetti and Ciciretti (2009) evaluate this relationship through the use of stock market performance. In their study, the authors evaluated the stock market performance of socially responsible firms by considering a combination of aggregate buy-and-hold portfolios and individual stocks. The overall findings indicate no significant advantage is obtained from CSR in relation to corporate financial performance.

Ramchander et al. (2012) also look at comparisons between movements in the share price of socially responsible firms and non-socially responsible firms. The researchers specifically focus on the share price movement based on the impact of announcements on CSR. The results of the study indicate that positive share price movements, in relation to CSR announcements, are associated with companies that employ effective and credible stakeholder management. An analysis of the stock performance is a market based measure that is often used to determine the relationship between CSR and Corporate financial performance. Stock performance is a clear indication of how investors view the operations of a company. Brammer and Millington (2008) adopted a measure of market performance based on share price growth and dividends paid during the exacting year.

Other Measures

Nelling and Webb (2009) adopted the strategy of employing both market and accounting based measures. However in their study, the researchers compute their own form of corporate social responsibility based on a number of factors that they considered relevant. These factors were then weighted to provide a weighted score for corporate social responsibility. Overall the researchers found no significant relationship between CSR and Corporate financial performance. Turker (2009) employed a self-administered questionnaire to determine the corporate financial performance related to good CSR. This method of analysis is a deviation from the conventional measures used to analyse CSR and FP.

Empirical Review

This section discusses the empirical evidence from studies conducted by other researchers according to the objectives of this study. It begins with why companies engage in CSR and the types of CSR activities that they engage in, CSR disclosure and how it affects financial performance and finally CSR investments and how it affects firm financial performance.

Objective 1: Why Companies Undertake CSR activities and the Types Of Activities

Concerning the types of CSR activities undertaken by companies, Simionescu and Dumitrescu (2018) carried out an empirical study towards corporate social responsibility practices and company financial performance using companies listed on the Bucharest Stock Exchange. The study adopted a principal component analysis to analyse the CSR activities undertaken by these companies. The findings of the study showed that companies undertake CSR activities in the areas of employee rights, environmental protection, ethics and ensuring that their products meet international standards and regulations for quality products and services. Jones et al (2005) carried out a preliminary cast study exploration of the CSR activities addressed by UK leading food retailers. The study revealed that, leading UK food retailers focused on CSR issues relating to environmental issues, sourcing, employee, customers and communities in which the retailers operate.

In terms of why companies undertake CSR activities, Osterman (2014) investigated why companies engage in CSR by interviewing representatives from 47 companies from several sectors in the UK. The study revealed that companies engage in CSR activities because of economic reasons, moral reasons, reputational, attract employees, direction from board of directors and top management. Other reasons included satisfying stakeholders including shareholders, pressure from media and public and to attract ethical or green investors.

Objective 2: Disclosure of CSR activities and financial performance

Uwuigbe and Uadiale (2016) in their comparative analysis of CSR disclosure between building material and brewery industries in Nigeria found that disclosure levels is differed according to industries and that disclosure levels of listed firms in Nigeria were generally low. According to a survey by KPMG, reporting of CSR by G250 companies has increased worldwide from 50% in 2005 to 95% in 2011 (KPMG, 2011). Companies that report on CSR are especially found in the oil and gas industry, largely due to the pressure and high expectations of stakeholders (KPMG, 2011). The survey also shows that the larger the company the more they report (KPMG, 2011).

Furthermore the larger and global the company the more focus they have from stakeholders. Despite the popularity of CSR reporting as a source, it is hard to determine empirically whether the CSR performance data by companies are under or over reported. And as only few companies have their CSR reports externally verified, only 46% of the G250, adding to the lack of accountability and transparency (KPMG, 2008).

Objective 3: CSR and Financial Performance

There is a growing number evidence to back the claim that firms benefit both non-financially and financially from their CSR activities. Uadiale and Fagbemi (2012) examined the impact of CSR on the financial performance of quoted firms in Nigeria. The study found positive impacts of CSR on firms' return on equity and return on assets. Famiyeh (2017) examined the relationship between frim performance and CRS initiative in Ghana. He demonstrated that there is positive correlation between CSR initiative and firms' operational performance in the areas of quality, cost, flexibility, deliver performance and overall performance. The study of Baird, Geylani, and Roberts (2012) re-examined the relationship between corporate social performance (CSP) and financial performance from an industry perspective using a linear mixed model analysis. The findings of their study suggest that a significant relationship between corporate social performance and corporate financial performance exists, and that the relationship is conditioned on the firms' industry specific context. This could also be interpreted to mean that the effect of a firm's performance in CSR activities on its financial performance would depend largely on the type of industry.

Asatryan and Březinová (2014) equally examined the relationship between CSR and financial performance of firms in the airline industry in Central and Eastern Europe. From the results of the study, CSR initiatives were found to correlate positively with the financial indicators of the firms examined. While the study of Hategan and Curea-Pitorac (2017) found strong statistical supports that suggest positive correlations between CSR initiatives and the financial performance measures of Romanian listed firms. Jain, Vyas, and Roy (2017) found a weak positive relation between CSR and financial performance.

Studies such as Ramchander et al. (2012) showed that there is a positive relationship between corporate social responsibility and financial performance. In their study they found that firms that engage in effective and credible stakeholder management are rewarded with a positive share price reaction surrounding the CSR announcement. They also found positive results for companies that were added to the DS400 index, whilst companies that were removed from the index showed negative returns. This study is an example of a positive relationship found when using market measures of performance. The DS400 index is an index that in essence, has a list of companies that are viewed as having better CSR performance when compared to their industry and sector peers.

The review undertaken by Van Beurden and Gossling (2008) found that the relationship between corporate financial performance and CSR is primarily a positive relationship. They based their study on a number of factors that influence CSR and corporate financial performance both individually and holistically. The study relied on a combination of both accounting and market measures to identify the relationship between CSR and corporate financial performance.

A positive relationship between CSR and corporate financial performance has also been identified in studies that do not use conventional measures when determining the possible relationship. An example of this is the positive results identified in the study conducted by (Dhaliwal et al., 2014). The researchers in this study found that CSR has the positive effect of lowering a company's cost of equity capital. It is clear that positive returns have been identified regardless of the measures used to determine the link between corporate financial performance and CSR.

Most of the research that shows a relationship between financial performance and social responsibility indicates that the relationship identified is of a positive nature. However a small number of studies have produced a negative relationship. Peng and Yang (2014), studied the effect of CSR on financial performance of Taiwan firms with ownership concentration as moderating variable. He found a negative relationship between corporate social performance and financial performance. Lopez, Garcia, and Rodriguez (2007), sampled over 110 firms from the period of 1998 to 2004 utilising the Dow Jones Sustainability Index as a measure for CRS. They confirmed managers' strategic views of corporate social responsibility in their conclusion and they found that the link between the performance indicator and CSR is negative.

Despite these findings, there is evidence that many previous studies undertaken have found no significant relationship between corporate social responsibility and financial performance. The studies in question found neither a positive nor a negative relationship and suggest CSR has no effect on the corporate financial performance of a company. Sonaa (2011) sampled banks both at the national and international level and investigated the connection between social performance and financial performance of these banks. He found no statistically significant link to support any positive or negative correlation between financial performance and social performance. Becchetti and Ciciretti (2009) initially found that there are some differences between the financial performances of CSR companies as opposed to those not deemed to have good CSR ratings. Taking into account these slight differences, they proceeded to further analyse the data and eventually came to the conclusion that there is no significant difference between the risk adjusted returns from socially responsible stocks as opposed to the stocks of companies not deemed as being socially responsible.

A neutral relationship has been found when both accounting and market based measures of performance have been employed. Nelling and Webb (2009) identified no direct relationship between CSR and corporate financial performance. This study went beyond just looking for a link between CSR and corporate financial performance from a numeric view point. The authors also attempted to identify specific CSR factors that could affect corporate financial performance. The results from the study indicate that there is no evidence of a relationship between aspects of CSR related to the community, diversity, or environment and share performance. The results achieved by the study are further corroborated by the conclusions reached in the study conducted by Eccles et al. (2009). They conducted their study based on companies listed on the JSE and applied a mixture of both accounting and marketing measures. The results from this study proved that, there was no evidence in the data of any significant relationship between company accountability and financial performance as measured by either the holding period return (market-based measure), or return on assets (accounting based measure).

From these studies, it is apparent that three main strands of findings are associated with the relationship between CSR activities and firms' financial performance. These include; the existence of a positive correlation between CSR and financial results; the lack of correlation between CSR and financial results; and the existence of a negative correlation between CSR and financial results

Arguably, the positive correlation between CSR and financial performance reported in the literature maybe interpreted to suggest that a firm's investment in CSR would somewhat lead to increased financial benefits through a wide range of other benefits such as corporate reputation and brand image, customers loyalty, cost reductions, operational flexibility, comparative advantage, and improved service delivery (Galant & Cadez, 2017; Lee, Chang, & Lee, 2017). According to Wahba and Elsayed (2015), a firm's investment in CSR builds up stocks of reputational capital, and creates some organizational capabilities, which would help the firm in achieving some kind of competitive advantages, and financial boost. Hence, it could be concluded that the related benefits of engaging in CSR activities exceed the related costs.

On the other hand, the negative correlation between CSR and financial performance reported in the literature may be interpreted to agree with the conventional view of CSR, which holds that engaging in CSR is costly since being socially responsible incurs additional expenses. Critics have also argued that firms' engagement in CSR is nothing more than a superficial window-dressing, which is just to pre-empt the role of governments as a watchdog over powerful multinational corporations (Harpreet, 2009; Testa & D'Amato, 2017).

Conceptual Framework and Hypothesis Development

The conceptual framework of this study represented in figure 1 below hypothesizes based on reviewed literature that corporate financial performance is explained by CSR investment and CSR disclosure. From the reviewed literature it is evident that there are three trends with results on the relationship between CSR and firm financial performance. These are: positive correlation between CSR and financial performance; no correlation between CSR and financial performance and negative correlation between CSR and financial performance. (Uadiale & Fagbemi, 2012; Galant & Cadez, 2017; Peng &Yang, 2004; Baird et al. 2012). This is indicative of mixed and inconclusive results on CSR and financial performance. Based on this, the first hypothesis of this study is formulated as:

H_1. : Investment in CSR activities has no actual effect on the financial performance of multinational oil firms with interests in Africa.

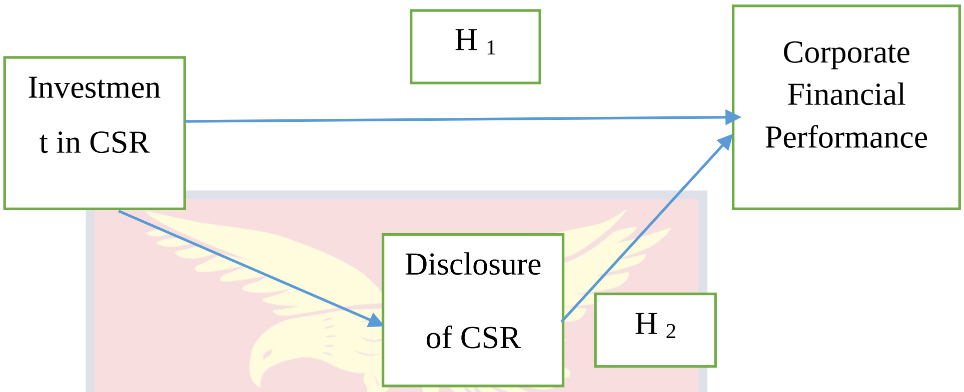

Figure 1: Conceptual Framework

The second hypothesis of this study is based on finding out whether CSR disclosure has any influence on the financial performance of multinational oil firms with interests in Africa.

H_2. : Disclosure of CSR activities has no effect on the financial performance of multinational oil firms with interests in Africa.

Summary of Chapter

It is evident from previous studies that there is no general consensus on whether CSR affects corporate financial performance. The general trend suggests a relationship exists, however there are a number of studies that have identified no significant link. This ambiguity gives premise for the need for further research to be undertaken on the topic. There is also little evidence of the effect of CSR and CSR disclosure on corporate financial performance in sub-Saharan Africa.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the methodological considerations of this study. It comprises of the research philosophy, approach and design, the type of data collected to answer the research questions and hypotheses, data analysis techniques and ethical considerations.

Research Philosophy

This section identifies the philosophical approach and the paradigm on which the research was carried out. Saunders, Lewis and Thornhill (2007) notes that, research philosophy is a belief about the way in which data about a phenomenon should be gathered, analysed and used. Saunders, Lewis and Thornhill (2009) distinguishes between five major philosophies in business and management research: positivism, critical realism, interpretivism, postmodernism and pragmatism. The objective of this study is to provide empirical evidence, from a developing world perspective, on how investment in CSR influences the financial performance of Oil Companies with investments in Africa using accounting based measures. As a result, positivism research philosophy is adopted.

Positivism refers to the philosophical standpoint of the natural scientist and involves working with an observable social reality to yield law-like generalisations. It promises unambiguous and accurate knowledge and this highlights the positivist emphasis on strictly scientific empiricist method designed to yield pure data and facts uninfluenced by human interpretation or bias, (Saunders et al., 2009) Epistemologically, the emphasis on discovering observable and measurable facts and regularities, and only phenomena that can be observed and measured would lead to the production of credible and meaningful data. This research philosophy allows a researcher to look for causal relationships in your data to create law-like generalisations like those produced by scientists (Gill and Johnson 2010).

Positivist philosophy involves use existing theory to develop hypotheses. These hypotheses are then tested and confirmed, in whole or part, or refuted, leading to the further development of theory which then may be tested by further research, (Saunders et al., 2009). Positivism also requires the researcher to remain neutral and detached from the research and data in order to avoid influencing findings. Positivist researchers are likely to use a highly structured methodology in order to facilitate replication (Gill and Johnson 2010). Furthermore, the emphasis will be on quantifiable observations that lend themselves to statistical analysis, (Saunders et al., 2009).

All these characteristics fits the overall objective of this research, which seeks to test the hypothesis that investing in CSR leads to improved financial performance of oil companies with presence in Africa. This is underpinned in the existing Stakeholder theory of CSR. The study also involves investigating causal relationship between CSR investment and financial performance using observations that are quantifiable and can be analysed using statistical methods.

Research Approach

Research approach is a plan and procedure that consists of the steps of broad assumptions to detailed method of data collection, analysis and interpretation. Research approach is essentially divided into two categories:

approach of data collection and approach of data analysis or reasoning. In terms of approach to data collection, there are three main approaches, qualitative, quantitative and mixed method (combination of qualitative and quantitative) (Creswell, 2013).

Quantitative approach usually involves collecting and converting data into numerical form so that statistical calculations can be made and conclusions drawn. Qualitative approach on the other hand is about recording, analysing and attempting to uncover the deeper meaning and significance of human behaviour and experience, including contradictory beliefs, behaviours and emotions. Mixed methods research involves collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone, (Creswell, 2013).

Regarding approach to data analysis, it can be either deductive or inductive. Qualitative data requires an inductive approach of analysis. On the other hand quantitative data uses deductive approach. In mixed type of data, both inductive and deductive approaches of analysis are utilised, (Jebreen, 2012).

Inductive approach primarily uses detailed reading of secondary data to derive concepts, themes, and models. Therefore, it is widely used for analysing qualitative data. Choosing an inductive approach through thematic analysis (a 'data driven' approach) for the study determines that the objective of the study is to obtain an understanding of a phenomenon (Creswell and

Clark, 2011). Deductive approach enables the researcher to reason from general to specific. In addition deduction from general perspectives leads the researcher to develop a theoretical framework (hypothesis) and test it thereby concluding a specific conclusion, (Soiferman, 2010).

The study employed a mixed quantitative and qualitative research approach. Qualitative data on CSR activities of multinational oil companies with presence in Africa is used to understand the CSR behaviour of these companies through inductive analysis. Quantitative data on CSR investments and financial performance of multinational oil companies with presence in Africa is used to test hypothesis that investing in CSR leads to improved financial performance. This approach allowed for a provides a more complete understanding of a research problem of CSR behaviour of multinational oil companies with presence in Africa and how this influences their financial performance.

Research Design

This research study follows descriptive as wells as exploratory and explanatory research design to examine the effects of investments in CSR and disclosure on the financial performance of multinational oil firms with interests in Africa. It is exploratory because, the objective is to seek new insights on the effect of CSR investments and CSR disclosure on corporate financial performance through secondary data. It is descriptive as it describes the CSR activities and practices of multinational oil firms with investments in Africa. It is explanatory as it discusses and tests relationships and correlations between study variables. Lastly the study employs a multiple case in order to utilise multiple sources of evidence (Suanders et al., 2007). It also offers a comparative analysis and contextual setting on how CSR and CSR disclosure influence financial performance of firms in developing countries

Population and Sampling Procedure

Target population comprised of all multinational oil firms with interest in Africa, research on the internet revealed that 21 multinational oil companies have interest in Africa. Details of these companies and where they operate on the continent are presented in Appendix 1. Out of this purposefully sampling method was used to select companies from which data required for this study was readily available. This because the study relied solely on secondary data.

Data Collection Techniques

Study relied solely on secondary data on CSR investments, disclosures and financial performance published by the oil companies in their audited financial statement, websites publications and annual report. This data was used to construct a panel data set from the year 2007 to 2017. It is necessary to collect the data over a suitable time period, in order to provide more consistent results to be analysed. Secondary data on CSR activities and practices of these firms were also sourced from published texts of the oil companies (especially Annual Reports and Sustainability Reports)

Model Specification and Measurement of Variables

Panel data analysis was conducted to estimate the following model:

$PERFFIN_{it} = ß_0 + ß_1 CSRINV + ß_2 DICSR_{it} + ß_3 SIZE_{it} + \varepsilon_{it}$ ---------------1

Financial performance is the dependent variable while corporate social responsibility, CSR Disclosure is used as the explanatory variables in the study.

1. Where $PERFFIN_{it}$ is the financial performance of Oil Company i at period t. It is the dependent variable, measured as return on assets (ROA). That is, the proportion of profit after tax to total assets (see Galant & Cadez, 2017).
2. On the other hand, $CSRINV_{it}$ and $DICSR_{it}$ are the intrinsic explanatory variables for the model. $CSRINV_{it}$ represents Oil Company i investment in CSR activities at period t (that is, preceding year basis). According to Galant and Cadez (2017), measurement of CSR variable in previous empirical studies was found to be the reason for the diverse outcome of relationship between CSR and corporate financial performance. In view of that, for this research, a different measurement was used for CSR investment. Specifically, the natural log of the actual amounts spent in executing CSR activities as disclosed in the prior year's annual reports of these oil companies will be taken out and used to measure this variable. By simple thinking, use of this measurement will be justified by the fact that that the actual effect of CSR investment in a particular year is expected to be observed, not in the year of investment, but in the succeeding years.
3. Likewise, $DICSR_{it}$ represents disclosure of CSR activities by Oil Company i at period t. It is a dummy variable and measured as 1, if company i has a dedicated section in the annual report that discloses CSR activities, and 0, if otherwise (note; prior year's disclosure was used to regress current year's financial performance to reflect the true effect). As discussed above, it is only logical to expect that the disclosure of CSR activities for a particular year would have impact,

not on the same year's financial performance, but on the succeeding years' performance. Moreover, to enable control of the variation in the dependent variable, a control variable will be included in the model. This is $CSIZE_{it}$, measured as the natural log of total assets for Oil Company i at period t. The grounds for including this variable is simply to control the variation in the dependent variable (Wahba & Elsayed, 2015).

4. β_0 is the intercept, and
5. $\beta_1 - \beta_3$, are the coefficients for the explanatory variables,
6. While ε is the error term.

Data Analysis Methods

The data for this study was analysed using the Statistical Package for Social Scientists (SPSS). The research adopted multiple regression analysis model to assess the influence of CSR and CSR disclosure on financial performance.

The information collected was worked on with descriptive statistics, Pearson correlation, and Wallace and Hussain estimator of component variances. The descriptive analysis was performed to give a summary of the variables. Each variable was presented in its mean and standard deviation measures. The Pearson correlation analysis was performed to establish empirical relationship among the variables, and as a support to check for multi collinearity disturbances among the independent variables. Wallace and Hussain estimator of component variances analysis was performed to test the hypotheses of the study.

Panel data analysis was used because of its accorded merits over conventional cross-sectional or time-series data sets. According to Hsiao (2003), using the panel data allows researcher a large number of data points, escalating the degrees of freedom and reducing the collinearity among explanatory variables, thus making the efficiency of econometric estimates much better. Similarly, panel data allow researchers to construct and test more complicated behavioural models than purely cross-sectional or time-series data.

Content analysis was performed on the annual reports and other publications of the oil companies to provide evidence and determine their CSR activities and practices. Content analysis was used to segregate CSR practices and a benchmarking framework was adopted to examine the CSR activities of the MNCs in the areas of Environment, Workplace, Marketplace and Community. The benchmark analysis was based on a subjective 5 point scale of 1: Does not highlight it, 2: To a low extent, 3: To some Extent, 4: To a high extent, 5: To a very high extent. The framework is based on Whooley (2004).

1. Commitment – this measures how MNCs integrate CSR into their business model and the pledges and agendas on CSR.
2. Environment- this measures how MNCs manage environmental issues related to their business in the areas of climate change, energy consumptions and emissions, biodiversity, water quality and depletion, waste, noise, dust , recycling etc.
3. Workplace- this entails commitment of MNCs to their employees in terms of health and safety, human rights, training and development,

equal opportunity, diversity, work-life balance, training and development, remuneration and benefits, child labour issues etc.

4. Marketplace- this looks at the economic and social impacts of the company's products and services, how the business leverages its CSR activities to promote its business (reputation, competitive advantage) as wells as relationship with third party entities like suppliers, (Frankental, 2001).
5. Community- measure CSR activities that are focused on the communities in which the companies operate and stakeholder relations.
6. CSR Reporting- measures the scale to which companies report the CSR activities and through which media.
7. CSR Spending Reporting- financial commitments towards CSR and monies spent on CSR activities by the company.

This methodology has been used in similar studies by Jones et al (2007), Tan (2009) and Anku-Tsede and Deffor (2014). The content analysis was important to provide evidence and determine the CSR activities of the companies which then formed the basis of determining the investments in CSR activities by the respective companies.

Ethical Considerations

Due to the use of secondary data which are published publicly, there are no severe ethical issues. Data for this study was collected from the website, annual reports and other publicly accessible publishing channels of the multinational oil companies with investments in Africa. The only ethical issues have to do with legal access to books and articles quoted and used and this dealt with through citations and referencing (Penders, 2018). It was ensured that all works and studies consulted were properly referenced in the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents findings, presentation and discussions of findings of this study. The chapter is divided into following sections. The first section presents the CSR activities and practices of the oil multinationals with interests in Africa. This is followed by descriptive analysis of data on CSR, CSR disclosure and financial performance of the companies over the period of 2007 to 2017. The next section presents the results of the regression analysis on the influence of CSR and CSR disclosure on financial performance of the oil multinational companies and last section deals with discussion of results.

CSR Activities and Practices

The findings of the CSR activities and practices of the companies are presented in a tables showing how each of the oil MNCs behave against the benchmark areas of commitment, community, environment, workplace, market place, CSR reporting and CSR financing reporting.

Commitment to CSR

This section presents analysis of how oil companies with interest in Africa integrate CSR into their business model, conduct oversight over CSR, and the pledges and agendas on CSR. Results are presented in Table 3 below.

Table 3: Commitment to CSR

Company	Commitment
Total	The vision of Total is become a major in responsible energy in its One Total Company Project anchored on core values of safety, respect for each other, pioneer spirit and performance-minded. Total uses an Independent third party oversight and assessment of sustainability performance of the company. Rated by FTSE4Good index since 2001 and Dow Jones Sustainability World Index since 2004 and won other sustainability awards. Board oversight over sustainability issues.
Shell	Approach is providing more and cleaner energy solutions in a responsible manner. Anchored on core values of honesty, integrity and respect for people. Sustainability integrated into their business through-running safe, efficient, responsible and profitable business, embedding sustainability in their projects, shaping a more sustainable energy future for customers and sharing of benefits in host communities and making a positive contribution. Have a sustainability review panel which is an external review committee that focuses on the credibility, completeness and responsiveness of shell's sustainability reporting and recommendation for future reports. Support international sustainability agreements (Oil and Gas Climate Initiative) Board oversight for sustainability. Focus on safety, ethics, environment and culture and conduct.
Eni	Eni is committed to CSR as it is integrated into its business, through shared values and strategies in the areas of reduction of greenhouse emissions to the respect for the environment; from Human Rights to the people's training; from the promotion of local development to access to energy. They address internal and external stakeholders to describe the current scenario and communicate how the company deals with it, with its challenges and difficulties, the objectives it has set and the commitments. Board level oversight for sustainability.
ExxonMobil	ExxonMobil is committed to CSR and their approach to sustainability focuses on six key areas: Corporate governance; Safety, health and the workplace; Managing the risks of climate change; Environmental performance; Community engagement and human rights; Local development and supply chain management. They have

	external sustainability advisory panel to critique their sustainability practices and assess their performance.
Tullow Oil	Sustainability is integrated into their business as it is one the key pillars of their new business strategy and vision 2030. Sustainability is anchored on shared prosperity, environmental stewardship. Responsible operations and equality and transparency.
BP	Committed to the sustainability issues through materiality assessments of what is of importance and interest to stakeholders on the philosophy of dual challenge (more but cleaner energy for the world) Engage independent assurance of sustainability performance. Have board oversight over sustainability
Chevron	Committed to environmental, social and governance issues important to stakeholders- investors, customers, governments in host countries, local communities and employees. Won several awards and recognition for CSR for example Dow Jones Sustainability North America Index.
PETRONAS	PETRONAS is committed to CSR as it dedicates separate report and focus on Sustainability. CSR is also integrated in its business "Sustainability to us is about fulfilling the quest for advancement by making decisions that count today, for tomorrow's prosperity". Also the company has in place The Corporate Sustainability Council (the Council) which is an advisory body that oversees the integration of sustainability in PETRONAS. The Council's composition is made up of management personnel representing our integrated business value chain. PETRONAS has launched a new foundation to coordinate its CSR activities- a move towards more commitment to CSR. The foundation is called Yayasan Petronas (YP)
Sinopec	Commitment of CSR anchored on stakeholder engagement and sustainability management. The company has a sustainability management system that reviews risk management and determine safety, environment and health management standards and rules for the company. the company has Social Responsibility Committee under its board responsible for CSR issues at the company- strategy, planning and reporting. The company has won several awards on sustainability and social responsibility

Source: Author's Analysis based on annual reports extracts of companies (2019)

Community

This section show results on how oil companies with interest in Africa focus their CSR activities on the communities in which the companies operate and stakeholder relations. Table 4 presents how the companies have performed.

Table 4: CSR Impacts on Community

Company	**Community**
Total	Total contributes to UN Sustainable Development Goals SDGs. Committed to human rights of host communities. Involved in dialogue and involvement of local stakeholders, focus on economic development through employment creation, through supporting start-up businesses. Engage in citizenship initiatives through the Total Foundation and Employee volunteering programme
Shell	Support UN Sustainable Development Goals SDGs, respect human rights by managing impact of operations on people and focus on communities, supply chains and security. Social Investments programmes are the key channel for community impact by shell. Other areas are supporting public services, creating jobs and contributing to economic development through taxes. Key areas are engaging communities-responding to social complaints and feedback, local content and skills development, social investment in areas of access to energy, science, technology, engineering and maths (STEM) education and community skills and enterprise development. Shell Foundation is an independent charity provides business support, grants and marketing connections to social entrepreneurs in low income communities across operating countries. Work with partners such as NGOs, governments and other organizations to respond to needs of communities in which they operate.
Eni	Promotion of local development in Eni's Countries of activities is the third lever of the business model. First of all,

	we supply our gas production to the local market, expanding access to electricity and by promoting a large portfolio of initiatives addressed to local communities: from local economies diversification, to projects for health, education, access to water and hygiene. This "Dual Flag" approach leverages on the collaboration with institutions, cooperation agencies and local stakeholders in order to identify actions to satisfy the needs of communities in accordance with the national development plans and the 2030 UN Agenda. Eni is also committed to create job opportunities and transfer its know-how and expertise to the local partners. Eni is also committed to the Sustainable development Goals
ExxonMobil	Committed to the UN Sustainable Development Goals. Mitigate against negative social impacts via community engagement and human rights in communities where they operate. These are anchored by community relations, respecting human rights, and investing in communities where they operate. The company also encourages local development through local content by employment of local people and sourcing goods and services from local businesses.
Tullow Oil	Key areas are: Local content and capacity development, developing local skills and social investments. Contribute the United nations Sustainable Development Goals
BP	The company contributes to the United nations Sustainable Development Goals. respecting human rights and security of host communities. BP also makes social contributions and engage their host communities through- through growing local businesses through local content, investment education, economic development, environment and community engagement. The company has BP Foundation provide assistance for humanitarian relief activities.
Chevron	The company contributes to the United nations Sustainable Development Goals, respecting human rights and focus on creating prosperity for the communities in which they operate through: local capacity building- supply chain (local contents sourcing for goods and services locally) and local workforce engagement; social investments in the areas of economic development, health and education; respecting the rights of indigenous people, employees, communities, suppliers- Chevron Human Rights Policy. The company encourages volunteering and giving to communities in which they operate.
PETRONAS	This is captured in PETRONAS Social and social

	responsibility material factor. The focus is empowering communities where they operate with knowledge, skills and capabilities to create sustainable socio-economic development. Focus on three pillars: education, community wellbeing and development and environment
Sinopec	The company contributes to the United nations Sustainable Development Goals and respecting human rights. The company contributes to society through public welfare, community engagement, advancing win-win cooperation with customers and value chain management.

Source: Author's Analysis based on annual reports extracts of companies (2019)

Environment

This section presents analysis and discussion of how multi-national oil companies with interest in Africa manage environmental issues related to their business in the areas of climate change, energy consumptions and emissions, biodiversity, water quality and depletion, waste, noise, dust , recycling etc. Table 5 presents the companies CSR practices and its impacts on the environment.

Table 5: CSR Impacts on Environment

Company	**Environment**
Total	Total is committed to reducing emissions, flaring and greenhouse gases, biodiversity preservation and sensitive areas, waste management and water management. Also focus on reducing environmental impacts and incidents, promote better use of natural resources. Regarding climate change related issues, Total is committed to improving energy efficiency, growing in natural gas productions, developing sustainable biofuels, investing in carbon sink businesses and developing low carbon electricity business.
Shell	Approach is to consider potential environmental impacts and focus on biodiversity and sensitive areas, water use, decommissioning and restoration, waste management, flaring and plastics management, spills, energy efficiency and

	reduction in Greenhouse emissions. The company also focuses on climate change and energy transition through reduction in their net carbon footprint (through carbon capture initiatives), energy efficient products and investing in alternative and new energy sources.
Eni	The company focuses on fight against climate change through de-carbonization and aims to become carbon-neutral. Other areas of focus are, technological innovation and reduction of environmental impacts in the areas of water resources, biodiversity and oil spills
ExxonMobil	The focus of the company is on managing the risks of climate change through mitigating of emissions from their operations, developing new technologies that reduce greenhouse gas emissions, providing emission reduction solutions for customers, engaging in climate change policy. Putting board oversight over climate risk. With respect to direct operational environment, the company manages environmental performance in the following areas: biodiversity, water management, spill performance and prevention, cleaner air emissions, seismicity, decommissioning and rehabilitation of surplus infrastructure.
Tullow Oil	Key areas include: environmental stewardship in the areas of climate resilience- operating in a way to reduce emissions, protecting ecosystems through improving of environmental social impact assessments and development of Protected Areas Guidelines.
BP	Key areas include focusing on energy transition, reduction of greenhouse emissions, ensuring energy efficiency of their products, investing in future mobility and electric vehicles, renewable energy, carbon capture, use and storage. Regarding other areas of the environment, BP focuses on reducing pollutants air emissions, biodiversity and sensitive areas, water management, decommissioning management and hydraulic fracturing.
Chevron	Key areas are: protecting the environment- operational excellence and innovating to reducing impacts on environment (Remote sensing, leak imaging, biodiversity monitoring) addressing climate change- managing greenhouse gasses through reduction in emissions and investing in emerging energy sources managing water resources-reducing fresh water use, creating sustainable water use strategies, limiting biodiversity risks.

Petronas	Sustainability focus on climate change and environmental management
Sinopec	Highlights the green enterprise management- green operations (digitization and intelligent systems) and production, greenhouse emissions reduction, promote supply of green products to the marketplace, fostering green culture within Sinopec, investing in new green energy solutions. They also focus on climate change related risks, via improving energy efficiency, use of alternative energy sources that are low carbon, reducing greenhouse gases emissions. Regarding environment the focus is on minimization of air pollution emissions, water management, solid waste management, land resources, oil spills management and biodiversity

Source: Author's Analysis based on annual reports extracts of companies (2019)

Workplace

This section presents results on analysis of commitment of MNCs to their employees in terms of health and safety, human rights, training and development, equal opportunity, diversity, work-life balance, training and development, remuneration and benefits, child labour issues etc. Details are presented in table 6 below

Table 6: CSR Impacts on Workplace

Company	**Workplace**
Total	Code of Conduct sets forth principles for operations, commitments and expectations from employees and other stakeholders. This is achieved through employee development, health and wellbeing, gender equality, security and focus on safety. Committed to human rights- employee rights and supply chain partners rights.
Shell	Committed safety at the workplace with focus on employee and contractor safety, process safety, product stewardship, emergency preparedness. Also focus on workforce diversity and employee engagement.

Eni	Areas of focus by Eni include; diversity and inclusion, health protection of workers, operations safety and asset integrity, worker rights, security and supply chain management.
ExxonMobil	The has in place a health and safety policy and their goal is operational excellence that prevents injury and accident. Their focus is on process safety, product stewardship, product transportation, emergency preparedness and response and workforce engagement.
Tullow Oil	Committed to responsible operations through safety and wellness of employees and contractors (improve Occupational health performance). Other areas of focus are process safety, asset protection and crisis emergency preparedness. Promotes diversity and inclusion, local employment and people development.
BP	Focus on diversity and inclusions, improving the skills and capability of the workforce, process safety, personal safety and cyber and physical security.
Chevron	Focus on diversity of workforce and inclusion, managing health, safety and environmental risks via: Workforce safety and health, process safety, reliability and integrity, managing environmental risks, resources use efficiency, security (both physical and cyber) and stakeholder engagement on operational issues.
Petronas	This is captured in its social sustainability material factor and includes focus on safety,, health, wellness and exposure management, security, human rights and Human Capital
Sinopec	Focus on worker rights, employee protection, occupational health, work safety, logistics safety, contractor safety, cyber and public security.

Source: Author's Analysis based on annual reports extracts of companies (2019)

Market Place

This section shows the economic and social impacts of the company's products and services, business ethics and transparency, how the business leverages its CSR activities to promote its business (reputation, competitive advantage) as wells as relationship with third party entities like suppliers. Details of company practices are presented in table 7 below.

Table 7: CSR Impacts on Marketplace

Company	**Marketplace**
Total	Committed to fighting corruption and tax evasion. Responsible procurement policy and management of suppliers and contractors through extension of group policy to supply chain.
Shell	Key areas include: business ethics and revenue and tax transparency- through Shell General Business Principles together with other external code of business practices and ethics. Collaborates with other to ensure compliance to business ethics and standards in operating countries.
Eni	Key areas include: Transparency and anti-corruption as well as integrity in business management and ethical conduct. Also key for Eni is stakeholder engagement
ExxonMobil	The company is committed to high ethical standards and corporate governance. The achieve this through board leadership, shareholder relations, business conduct- operating responsibly and ethically through their Standards of Business Conduct, anti-corruption training , open door communications policy, transparency (in its transparency initiatives, towards public and private stakeholders through disclosures), part of the Extractive Industries Transparency Initiative (EITI). Also engage with government in policy making in the areas of their business.
Tullow Oil	Committed to responsible production, good governance and transparency. This is done through commitment to Voluntary Principles on Security and Human Rights and compliance to EITI principles.
BP	BP is particular about revenue transparency and business ethics. It also engages in public policy and lobbying to promote sustainability and its business interests.
Chevron	Highlight on: strong corporate governance (having a diverse board) and highest standards of business ethics- anchored on core values of diversity and inclusion, high performance, integrity and trust, partnership and protecting people and the environment.
Petronas	Focus on Business Ethics and governance and compliance, diversity, host country nationals employment
Sinopec	Sinopec has an anti-corruption systems and operates in transparent manner and it enhances anti-corruption awareness

Source: Author's Analysis based on annual reports extracts of companies (2019)

Reporting on CSR Activities

This section shows the scale to which companies report the CSR activities and through which media. Table 8 blow presents the details of reporting practices of the multinational oil companies with investments in Africa.

Table 8: CSR Reporting

Company	**Reporting**
Total	Total does not have a separate report for sustainability, but a section in their annual reports (Registration Document) is dedicated to sustainability reporting (Non-financial performance). The company also has performance metrics for measuring and tracking sustainability performance in the business. Adheres to Global Reporting Initiative and Task Force for Climate Related Financial Disclosures sustainability reporting recommendations.
Shell	Shell has a separate report for CSR-"Sustainable Report". This report is found on their website and they have sections on their website dedicated to sustainability. They also have special reports focus on specific CSR and sustainability issues in key areas of operations. Shell has performance metrics for measuring and tracking performance in key areas of sustainability.
Eni	Have a separate sustainability report (ENI FOR) that highlights the CSR strategy, activities and practices every year. There is also a clear sustainability section on their website. Report has three sections: Sustainability report, Path to de-carbonization and performance
ExxonMobil	Have a separate yearly sustainability report-"Sustainability Report Highlights". This report is found on their website and have sections on their website dedicated to sustainability. Have performance metrics for measuring and tracking performance in key areas of sustainability
Tullow Oil	Tullow Oil does not have a separate report for sustainability, but a section in their annual reports is dedicated to sustainability reporting. The company also has performance

	metrics for measuring and tracking sustainability performance in the business.
BP	The company has a separate report for CSR-"Responding to the Dual Challenge-Sustainability Report". This report is found on their website and have sections on their website dedicated to sustainability. BP has performance metrics for measuring and tracking performance in key areas of sustainability.
Chevron	Have a separate sustainability report "Corporate Responsibility Report Highlights" This report is found on their website and have sections on their website dedicated to sustainability. Have performance metrics for measuring and tracking performance in key areas of sustainability
Petronas	Since 2007, Petronas has been producing separate Sustainability Report that highlights their CSR commitment, practices and activities every year. The main areas are 10 material factors grouped into environment, social, governance (ESG). Disclosure on Management Approach is defined for each material factor, supported by performance data and insights on specific initiatives undertaken in the year. Sustainability also receives a full section in its annual reports. There is a clear sustainability section on their website.
Sinopec	The company has a separate report for CSR-"Communication on Progress for Sustainable Development". This report is found on their website and have sections on their website dedicated to sustainability. Have performance metrics for measuring and tracking performance in key areas of sustainability. Have a feedback form for generating feedback from readers of the report

Source: Author's Analysis based on annual reports extracts of companies (2019)

Reporting on CSR Spending

This section focuses on financial commitments towards CSR and monies spent on CSR activities by the companies. Details for the selected companies are presented in table 9 below.

Table 9: CSR Reporting on Spending

Company	**Reporting on CSR Spending**
Total	Does not report exact amount spent on CSR, amounts estimated from financial sections of their annual reports
Shell	The company reports on spending on CSR activities. Reported spending 175 million dollars in 2018 on community investment and majority of this amount (102million dollars) in countries that a part of the UN Development Programmes Human Development Index.
Eni	Eni reports on spending on Sustainability and CSR initiatives. Report spending 431.5 million euros on development and investments in local development from 2019 to 2022.
ExxonMobil	The company reports extensively in CSR spending. They report on global amount spent CSR- 204miilion dollars was spent worldwide. They also report spending across key operational areas: United States, Africa and Middle East, Asia Pacific, Latin America and Europe and Caspian; and focus areas: civic and community, employee giving, higher education, health and environment, women, lower education, public policy research, workplace giving and arts and culture.
Tullow Oil	Reports on spending on CSR and other sustainability initiatives . the company spent 4.4 million dollars in social projects in 2018.
BP	BP reports spending 0.1 billion dollars on supporting communities to improve their living standards. It also reports spending on communities by regions- US-Canada, Africa, North Africa and Middle East, Europe, Asia Pacific and South and Central America. BP foundation also reports amounts spent of humanitarian and relief activities.
Chevron	Does not report exact amount spent on CSR, amounts estimated from annual reports and focus area specific spending reports. Areas of focus are health, education and community economic development.
Petronas	Does not report exact amount spent on CSR, amount estimated from annual reports
Sinopec	The company reports extensively in CSR spending. They report on180 million spent on CSR worldwide. Areas of focus are in local community culture, education and healthcare

Source: Author's Analysis based on annual reports extracts of companies (2019)

Key Initiatives

This section presents the key CSR community initiatives of the multi-national oil companies with interests in Africa as a way of highlighting their CSR activities in their host communities across Africa and the world. The key initiatives for the selected companies are presented in table 10 below.

Table 10: CSR: Key Initiatives

Company	**Key CSR Initiatives**
Total	1. Since the end of 2018, the Group has launched Action!, the Group's Employee Volunteering Program, through which TOTAL gives its employees the time and means to get involved and contribute to the development of the areas where the Group is present. 2. TOTAL's "Startupper of the Year Challenge" in 55 countries worldwide support and reward young local entrepreneurs
Shell	1. Community skills and Enterprise development- create opportunities for local people and communities operating in 12 countries- Shell LiveWIRE programme. 2. Nxplorers is Shell's global STEM programme. Operates in more than 20 countries
Eni	1. Promotion of Socio-Economic Development in Host Countries in business investments and specific initiatives for local development
ExxonMobil	Response to Disaster: Exxon Mobile acted to ensure safety of employees and supported affected communities when Hurricane Harvey struck Texas in 2017. The company supports initiatives the focus areas of civic and community, employee giving, higher education, health and environment, women, lower education, public policy research, workplace giving and arts and culture
Tullow Oil	1. Investing in Quality Education in Ghana-skills development in STEM, building school infrastructure for Senior High Schools in Ghana. 2. LVTC Scholarships in Kenya- Lodwar Vocational Technical Centre for improving technical and

	vocational and scholarships for students
BP	1. Developing Skills in west Nile Delta- training in vocational skills , skills in defensive driving, welding, scaffolding and working at heights 2. Invest in Africa Initiative in Senegal- improve understanding of international standards and contracting processes for local companies in Senegal. 3. Mauritania –British Business Council- strengthen economic development and trade relations.
Chevron	1. Local content partnerships in Kazakhstan 2. Partnerships with governments and NGOs on social investments- Niger Delta Partnership Initiative- engage in poverty reduction, conflict prevention and peace building. 3. Community Empowerment programme- Global Memorandum of Understanding 4. Chevron and Crescent Care – HIV/Aids 5. Fuel Your School Programmes- supporting public education. Thailand Partnership Initiative- promote improvement in science, technology, engineering and math education (STEM).
Petronas	1. PETRONAS' inaugural Sustainability Exchange, themed Staying Relevant, was a timely forum held in Kuala Lumpur, Malaysia to deepen conversations on social and environmental topics such as climate change and human rights in a fast changing business environment.
Sinopec	1. Lifeline Express Programme- provide surgery to vulnerable cataract patients 2. Sanitations Workers station programme 3. Co-engagement programmes in Columbia for local communities economic development 4. Volunteer Service Programme

Source: Author's Analysis based on annual reports extracts of companies (2019)

Summary Analysis of CSR Activities and Practices

The summary analysis of CSR activities and practices of the oil multinationals with interests in Africa is presented in Table 11 below.

Table 11: Summary of CSR Rankings

Company	Commitment	Community	Environment	Workplace	Market Place	Reporting	Reporting on Spending	Sum	Rank
Total	4	4	5	4	3	3	2	25	**7th**
Shell	4	4	5	4	4	4	4	29	**2nd**
Eni	4	4	5	4	3	4	4	28	**3rd**
ExxonMobil	4	4	5	4	4	4	5	30	**1st**
Tullow Oil	4	3	4	4	3	3	4	25	**8th**
BP	4	4	5	3	4	4	4	28	**4th**
Chevron	4	4	5	4	4	4	3	28	**5th**
Petronas	4	4	4	3	3	4	3	25	**9th**
Sinopec	4	4	4	3	3	5	5	28	**6th**
Sum	**36**	**35**	**42**	**33**	**31**	**35**	**34**		
Average	**4.00**	**3.89**	**4.67**	**3.67**	**3.44**	**3.89**	**3.78**		

1: Does not highlight it, 2: To a low extent, 3: To some Extent, 4: To a high extent 5: To a very high extent

Source: Author’s Analysis, (2019).

The results show that multi-national oil companies with interest in Africa are committed to CSR to a high extent. They place very high emphasis on the environment, and high priority on the other aspects of CSR- community, workplace, market place, reporting and reporting on spending. The least CSR area of emphasis is market place which deals with the economic and social impacts of the company's products and services, business ethics and transparency, how the business leverages its CSR activities to promote its business (reputation, competitive advantage) as wells as relationship with third party entities like suppliers. In terms of company performance, there was not much difference between the companies. The highest ranked company was ExxonMobil followed by Shell and Eni Oil. The lowest ranked company was Petronas- Table 11.

Descriptive Analysis

This section presents the results of descriptive analysis of the dependent and independent variables specified in the model. For each variable the mean score and standard deviation, together with kurtosis and skewness distributions are presented. For skewness distributions a left tail position is indicative of negatively skewed distribution and a right tail distribution is indicative of a positively skewed distribution. On the other hand for kurtosis it can either be flatter peak or substantial peak distribution (Field, 2009). Table 12 presents the analysis results. PERFFIN has a mean score of 15.51 and this suggest a healthy profitability margin across the sample multinational oil companies with interests in Africa. The variable has a right tailed skewness distribution with flattened peak (Skewness= 0.16 and Kurtosis =1.89). the mean score for CSRINV is 3.28. This is indicative of consistent CSR investment over the period by the oil companies in the areas of operations including Africa. The kurtosis for CSRINV indicates a substantial peak (Kurtosis=5.97) and left tailed skewness distribution (Skewness= -1.37). The mean score for DICSR of 1.00 means all the selected multinational oil companies disclose the CSR activities through dedicated sections in the annual reports and through separate sustainability reports and have done so consistently throughout the period improving on the scope and quality of reporting from year to year.

Table 12: Descriptive Analysis

	PERFFIN	**CSRINV**	**DICSR**	**CSIZE**
Mean	15.51	3.28	1.00	6.13
Median	16.40	3.29	1.00	6.17
Maximum	28.10	3.41	1.00	6.40
Minimum	5.40	2.69	1.00	5.69
Std. Dev.	7.51	0.13	0.00	0.22
Skewness	0.16	-1.37	n/a	-0.64
Kurtosis	1.89	5.97	n/a	2.39
Sum	1535.4	324.29	99	606.89
Sum Sq. Dev.	5527.96	1.75	0.00	4.95
Observations	99	99	99	99

For CSIZE the mean value is 6.13, skewness is left tailed and negative (Skewness=0.64) and flattened peak distribution (Kurtosis=2.29)

Correlation and Collinearity Analysis

Correlation matrix was computed to establish correlation among variables in the model and to test for collinearity disturbance. Results are presented in Table13.

Table 13: Covariance Analysis

Correlation Probability	CSIZE	CSRINV	DICSR	PERFFIN
CSIZE	1.00			

CSRINV	0.3929	1.00		
	0.0670	--------		
DICSR	0.1509	0.1988	1.00	
	0.1357	0.0675	---------	
PERFFIN	-0.2788	-0.2967	-0.0889	1.00
	0.0052	0.0029	0.3815	-----------

Covariance Analysis: Ordinary; Sample: 2007 2017; Included observation: 99

*** Correlation is significant at the 0.01 level (2-tailed); Dependent Var. PERFFIN*

The results indicate that CSRINV and CSIZE are correlated significantly with the dependent variable PERFFIN (p-value of 0.0052 and 0.0052 respectively). The relationship between PERFFIN and CSRINV and PERFFIN and CSIZE are both negative (r = - 0.2967 and r= -0.2788 respectively). Among the independent variables, the results show that there is no significant correlation among the variables. This means there is no Multi-Collinearity issues and regression estimates will be accurate (Field, 2009).

Model Estimation Analysis- Influence of CSR and CSR Disclosure on Financial Performance

In order to provide empirical evidence on the effects of CSR investment and disclosure on the financial performance of transnational oil companies operating in Africa, two hypothesis were formulated the first hypothesis tests whether investment in CSR activities has a positive (or negative) effect on the financial performance of multinational oil firms with interests in Africa. The second hypothesis tests whether exposé of CSR activities by multinational oil firms with interests in Africa has significant effect on their financial performance. To test these hypotheses, the Wallace and Hussain estimator of component variances (a two way fixed effects and random effects panel model) is performed at significance level of 0.05.

The are two options available for estimating the effects of explanatory variable and testing the hypothesis. These are fixed effect panel model or random effect panel model. According to Ajibolade and Sankay (2013) the random effects model is utilised when there is likelihood to suspect that some omitted variables may be constant over time change between cases and others may be fixed within cases but change over time. On the contrary, fixed-effects model is utilised when control of omitted variable which change between cases but are constant over time is required. This method allows for the utilisation of variation in the variables over time to estimate the effects of the independent variables on the dependent variable. It is the popular method used in the analysis of panel data.

To justify which model to use, several studies have suggested the use of the Hausman specification test (Gujarati, 2004) which checks for a more efficient model against a less efficient but consistent model. If the p-value > chi square is larger than 0.05, then random effects is recommended, but if the p-value<chi-square is less than 0.05 then the fixed effects model is recommended (Ajibolade and Sankay, 2013; Gujarati, 2004).

Table 14 presents the results of the Hausman Specification Test. The test gives an indication on whether to adopt a random or fixed effects model for estimating a panel data model. From Table 14 the Hausman test did not show any correlation between the unobserved person specific random effects and the independent variables, ($p = 0.81423 > \alpha = 0.05$). With this result the random effects model is accepted for the estimation of the panel data model.

Table 14: Hausman Test- Random and Fixed Effects

Test Summary	**Chi. Sq. statistic**	**Chi. Sq. df**	**Probability**
Cross-Section random	1.434075	3	0.5284
Period Random	0.000012	3	1.00000
Cross-section and Period random	0.876913	3	0.81423

Next the Wallace Hussain panel analysis for the specified model was carried out and test the hypotheses of the study. The results of this analysis are presented in Table 15 below.

Table 15: Wallace and Hussain Estimator of Component Variances

Variable	Coefficient	Std. Error	t- statistic	Probability
CSRINV	0.602168	0.201410	2.989764	0.0035
DICSR	2.613769	3.377568	0.773861	0.4409
CSIZE	-0.003990	0.010036	-0.397501	0.6919
Effects Specification		**SD**		**Rho**
Cross-section Random		0.007345		0.0416
Period Random		0.006709		0.0651
Idiosyncratic Random		0.031925		0.8671
		Weighted Statistics		
R-Squared	0.231583	Mean dependent var.		0.013257
Adjusted R-Squared	0.206448	S.D. dependent Var.		0.035212
S.E. of Regression	0.045621	Durbin-Watson Statistic		1.897571
F-Statistic	6.437681			
Prob(F-statistic)	0.000603			

Dependent Variable PERFFIN: Method: Panel (Two way random effects): Sample: 2007 2017. Period Include: 11; Cross sections included 9. Observations: 99.

The results of the analysis show that CSRINV significantly predicts PERFFIN ($p = 0.0035 < 0.05$) and the relationship is positive (coefficient = 0.602168 and t-statistics = 2.989764). This means that the first hypothesis of the study is accepted and that, investment in CSR activities by Multinational oil companies with interests in Africa has a positive impact on their financial performance. Regarding the second hypothesis, effect of CSR disclosure on financial performance of Multinational oil companies with interests in Africa, the results indicates a non-significant positive relationship.

To assess the strength of the predictions of the specified model, the R^2 and adjusted R^2 were estimated. The values suggest that the specified model significantly explains the variations in the dependent variable PERFFIN. To check for autocorrelation among variables selected in the specified model, the Durbin-Watson Test was carried out. According to Kohler (1994) upper limit for this test is a value of four and the lower limit is zero. A value of two means absence of autocorrelation and values less than or greater than two means the presence positive or negative autocorrelation among independent variables. The results for the Durbin-Watson test was 1.9 which means that the specified model for the analysis did not violate the independent residuals assumptions and there no Collinearity problem among the predictor variables.

Discussion of Results

CSR Activities and Practices

The results show that multi-national oil companies with interest in Africa are committed to CSR. To a high extent they place very high emphasis on the environment, and high priority on the other aspects of CSR-community, workplace, market place, reporting and reporting on spending. The least CSR area of emphasis is market place. This may be due to the history of the industry and sensitivity of their operations to the environment, communities where they operate and their workers. These finding are in line with Frynas, (2005) who concluded that one sector of business that makes strong claims to business ethics and / or corporate social responsibility human rights, employee rights, stakeholder rights, environmental protection, community relations, transparency, corruption, product stewardship, principles and codes of practice – is the oil and gas sector. Tuodolo (2009) also noted that oil and gas Transnational Corporations are active and play leadership roles in developing good corporate practices and codes of conduct in the work place and engagement with different facets of society.

Influence of CSR Investments and CSR Disclosure on Financial Performance

The results of this study have shown that there is a significant positive relationship between investment in CSR and financial performance of multinational oil companies with interests in Africa. This outcome is in agreement with Uadiale and Fagbemi (2012) and Tang et al (2012) who found that CSR has a positive relationship with financial performance of selected firms quoted on the Nigerian Stock Exchange. It however contradicts the results obtained by Peng and Yang (2014), Chipeta and Vokwana (2011), who reported a negative relationship between financial performance and investment in CSR of firms in Taiwan. It also contradicts Becchetti and Ciciretti (2009) who found no significant relationship between CSR and financial performance. This study therefore adds to the debate about the impact of investments in CSR and financial performance of firms.

Those of the legitimacy school argue that CSR is not for immediate financial benefits but for good society image and host community relations. Also critics of CSR argue that CSR is a drain on firm resources and this deplete financial resources therefore a shift of resources from core business and drop in in financial performance. This study however contributes to the school who argue that CSR has positive influence on financial performance. The positive influence of CSR on financial performance of multinational oil companies with interests in Africa is the result of the diligence that they have attached to it over the period of the study which is yielding dividends in terms of financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary

The purpose of this research was to provide empirical evidence, within a developing world perspective, on how investment in CSR influences the financial performance of Oil Companies with investments in Africa using accounting based measures. To achieve this purpose three research questions were asked: What are the CSR practices and activities of multinational oil companies with investments in Africa, how does CSR disclosure practices influence financial performance of multinational oil companies with investments in Africa and in what way does investments in CSR affect financial performance of multinational oil companies with investments in Africa.

The study employed a mixed quantitative and qualitative research approach and descriptive research design. Panel data set on CSR investments, financial performance represented by return on assets (ROA), disclosures of CSR activities and company size (total assets) from the year 2007 to 2017 was analysed using random effects panel data analysis to estimate the model to the test the research hypotheses. Content analysis was performed on the annual reports and other publications of the oil companies to determine their CSR activities and practices.

In answering the first research question, the results show that multi-national oil companies with interest in Africa are committed to CSR. To a high extent they place very high emphasis on the environment, and high priority on the other aspects of CSR- community, workplace, market place, reporting and reporting on spending. The least CSR area of emphasis is market place. Regarding the second research question, effect of CSR disclosure on financial performance of Multinational oil companies with interests in Africa, the results indicates a non-significant positive relationship. Lastly on research question three, the results of this study have shown that there is a significant positive relationship between investment in CSR and financial performance of multinational oil companies with interests in Africa.

Conclusions

The findings showed that multinational oil firms with interest in Africa take all aspects of CSR serious and are at the forefront of CSR as they adhere and comply with international standards and best practices in the area of CSR practices, activities and reporting. Also they continue to strive for improvement in CSR activities every year and this has led to improvements in stakeholder relations and environmental impacts. As international pressure mounts on companies to adhere to more international standards with respect to CSR especially in developing countries it is expected multi-national oil companies with interests in Africa will continue to strive to meet these standards

This study has also shown that there is a significant positive relationship between investment in CSR and financial performance of multinational oil companies with interests in Africa. The positive influence of CSR on financial performance of multinational oil companies with interests in Africa may be the result of the diligence and consistency that they have attached to CSR over the period of the study which is yielding dividends in terms of financial performance. Another explanation can be that investment in

CSR create positive host community and stakeholder relations which allow multinational oil companies with interests in Africa to concentrate on their core business of oil production which in turn increases their output and eventual financial performance. This study adds to the debate about the impact of investments in CSR on financial performance of firms and contributes to the school who argue that CSR has positive influence on financial performance firms by presenting impacts of CSR on financial performance of oil multinationals with investments in a developing world context-Africa.

Recommendations

The following recommendations are suggested for the oil industry.

1. Multinational oil companies with interests in Africa need to improve in the areas of business ethics, leveraging of CSR in the business and managing their supply chains.
2. Since the operations of Multinational oil companies with interests in Africa are very large and sensitive to the environment, climate and host communities of these companies should consider setting up individual or global fund for sustainability which can be utilised in the case of major CSR breaches with respect to the environmental and community impacts.
3. Stakeholders in the CSR space continue to increase and push for high standards in CSR so Oil Companies with investments in Africa must continue to improve upon stakeholder engagements.
4. Lastly the study has revealed that diligent and consistent investments in CSR lead into improved financial performance. Oil Companies with investments in Africa are therefore encouraged to continue to invest in

CSR and especially in Africa where most host communities are least developed and CSR intervention can make significant impacts.

Suggestions for Further Research

The model for investigating CSR influences on the financial performance of Oil Companies with investments in Africa using accounting based measures had two measures for CSR;- investments in CSR and CSR disclosures and reporting. The measures for CSR can be broaden by including other CSR areas such as the environment, the community, market place and workplace aspects of CSR. Also the business performance measure of profitability can be expanded to include market based performance measures. This enhanced model will broaden the understanding of the true effects of adopting good CSR practices by companies.

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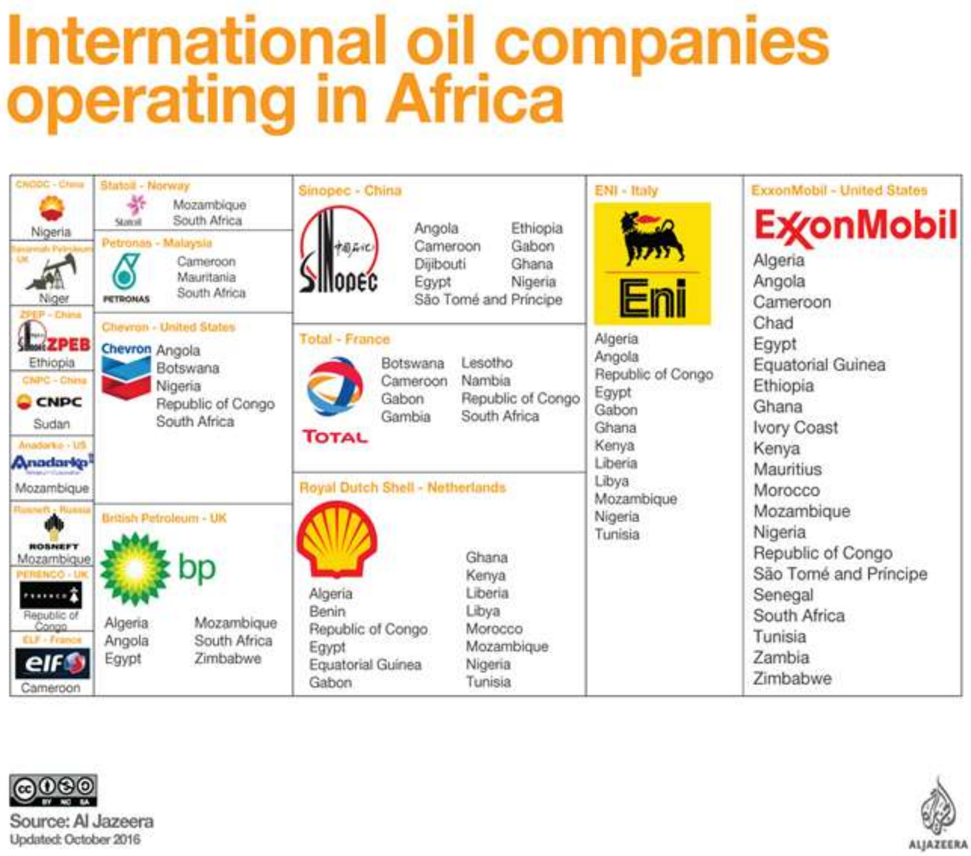
APPENDIX

Appendix 1: Multinational Oil Companies with Operations in Africa



Tullow Oil- Ghana, Ivory Coast, Uganda, Kenya

Appendix 2: Key Web Sources

1. Petronas Sustainability Reporting:

   https://www.petronas.com/media/reports?category=sustainability%20reports

2. Eni Sustainability Reporting:

   https://www.eni.com/en_IT/sustainability.page

3. Sinopec Sustainability Reports:

   http://www.sinopec.com/listco/En/investor_centre/reports/sd_report/

4. BP Sustainability report: https://www.bp.com/content/dam/bp-country/fr_ch/PDF/bp-sustainability-report-2018.pdf
5. Chevron Sustainability Report: https://www.chevron.com/-/media/shared-media/documents/2018-corporate-responsibility-report.pdf
6. Shell Sustainanbility Reports: https://www.shell.com/sustainability/sustainability-reporting-and-performance-data/sustainability-reports.html
7. Total Sustainability Reports: https://www.sustainable-performance.total.com/en/our-csr-reports
8. Tullow Oil Sustainability Reports: https://www.tullowoil.com/Media/docs/default-source/3_investors/2018-annual-report/tullow-oil-plc-2018-annual-report-and-accounts.pdf?sfvrsn=2
9. ExxonMobil Sustainability Reports: https://corporate.exxonmobil.com/community-engagement/sustainability-report