Examining People's Participation in Corporate Social Responsibility Development Process. A Study of Tullow Oil Ghana Limited

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**Abstract**

Local communities living close to production sites of oil drilling activities, all over the world, have in one way or the other suffered adverse impacts which the exploration companies try to appease through activities of Corporate Social Responsibility (CSR). The key is for each party to tap into the resources and expertise of the other, finding creative solutions to critical social and businesses challenges. This study is to find out the patterns of people's participation at different stages of Tullow’s Cooperate Social Responsibility development process, taking into account the participation of members of the community. The researcher engaged various stakeholders through the use of questionnaires and face to face interviews. At the end of the study, it was seen that practical CSR decision and implementation could hardly involve decisions of the local community in the coastal belt. As high as 90% of respondents had not gotten the opportunity by any Oil Company to either recount their losses or threats due to their operations. Also, almost all the respondents never had the opportunity to make input into Tullow’s CSR decisions regarding CSR projects. Tullow CSR is therefore seen as a strategic approach meant to reduce business risk rather than a participatory platform for both Tullow and the intended beneficiary community.

***Keywords:*** Cooperate Social Responsibility; Tullow; Communities; Organisation; Stakeholders.

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1. Introduction

Civil Society over the decade has championed the concept of Corporate Social Responsibility (CSR) with the primary aim of getting multinational companies to contribute to solving pressing social and environmental problems voluntarily in conjunction with other stakeholders [1]. In many organisations, the main focus could get eluded as too often, executives have viewed Corporate Social Responsibility (CSR) as just another source of pressure or passing fad. Many businesses pursue CSR activities that can best be termed pet projects, as they reflect the personal interests of individual senior executives. While these activities may be presented with much noise and fanfare, they usually offer minimal benefits to either business or society [2]. In the middle are efforts that can make both sides feel good but that generate limited and often one-sided benefits. With philanthropy, for example, corporate donations confer the majority of benefits on society (with potential but often questionable reputational benefits to the business). Similarly, in what’s best referred to as propaganda, CSR activities are focused primarily on building a company’s reputation with little real benefit to society [3] Some cynics suggest that this form of CSR is at best a form of advertising – and potentially dangerous if it exposes a gap between the company’s words and actions. None of these approaches realize the opportunities for significant shared value creation. But as customers, employees, and suppliers – and, indeed, society more broadly – place increasing importance on CSR, some leaders have started to look at it as a creative opportunity to fundamentally strengthen their businesses while contributing to society at the same time. They view CSR as central to their overall strategies, helping them to creatively address key business issues [4]. The challenge for executives is how to develop an approach that can truly deliver on these lofty ambitions – and, as of yet, few have found the way. The ideal situation is where the CSR focus of the business moves beyond avoiding risks or enhancing reputation and toward improving its core value creation ability by addressing major strategic social issues or challenges. For society, the focus shifts from maintaining minimum standards or seeking funding to improving employment, the overall quality of life, and living standards. The key is for each party to tap into the resources and expertise of the other, finding creative solutions to critical social and businesses challenges. And this according to Mansuri & Rao (2004) is only achievable when CSR framework of an organisation is built on the principle of local and community participation. Having discovered crude oil, Ghana is one of the latest countries producing oil in commercial quantities. Local communities living close to production sites of oil drilling activities, all over the world, have in one way or the other suffered adverse impacts which the exploration companies try to appease through activities of corporate social responsibility. In Ghana, companies like Tullow Oil often quotes figures in their annual reports trying to show investments to corporate social responsibility. A report by the Ghana News Agency reveals that in 2012 Tullow Oil Ltd invested $669 million as part of its corporate social responsibilities to help the socio-economic development of the country [5]. Also, in Tullow Oil Ghana has announced a commitment of USD $10 million for the next five years to help improve infrastructure to support the Free Senior High School policy. Moreover, in 2018, Tullow gave a commitment of $10 million into the building of school infrastructure for Senior High Schools (SHS) in Ghana over a period of five years, benefitting over 11,000 students. Tullow’s yearly contribution will be $2 million over this period [6]. It remains to see whether these investments are rightly channeled to direct affected beneficiaries and for the right affected need; which also expose the level of interaction between the affected stakeholders and the CSR providing Company. This failure caused many turmoil, mistrust and unresolvable conflicts between Tullow and the communities that benefited from his CSR initiative. Against this background, this research aims to examine on the interaction between Oil Companies and stakeholders in communities acted by their operations, as a way of examining the level and type of participation of the community in their CSR policy framing processes.

* 1. **Aim**

The aim of this study is to find out the patterns of people's participation at different stages of Tullow’s Cooperate Social Responsibility development process, taking into account the participation of members of the community.

1. Literature Review
   1. **Defining Corporate social responsibility (CSR)**

Corporate social responsibility (CSR) emerged in the 1950s but it remains an emerging and elusive idea for academics and a contested issue for corporations and stakeholders mainly due to the divergent definitions [2]. A compilation of definitions by individuals and organizations found over seventeen definitions differ in wording and focus [4]. However, it appears clearly in majority of these definitions that CSR relate to activities businesses execute to ensure sustainable use of the environment as well as ‘caring for people’, as suggested by the author in [7]. According to the author [8] Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

* 1. **The Stakeholder Theory**

The stakeholder theory as it is now known is accredited to Freeman [9] and has its roots in his landmark book “Strategic management: A stakeholder approach”. According to the stakeholder theory, the firm can be viewed as a web of actors who are motivated to participate in organizational activities by various and sometimes incongruent interests. The stakeholder theory according to Maignan and Ferrell [10] describes the firm as an open and flexible system consisting of various actors or agents that is also in a network of relationships with other stakeholders. Contrary to classical economic view of maximizing shareholder value or profits [11], the central theme of the stakeholder theory is that businesses have obligation to a broader group of stakeholders than just shareholders. The theory also holds that managers are agents who owe a fiduciary responsibility to stakeholders, the latter of whom are legal-principals. Hence, stakeholder theory offers a new way to organize thinking about businesses’ responsibility by suggesting that the needs of shareholders cannot be met without satisfying to some degree the needs of other stakeholders [11]. According to Hillenbrand and Money [13], stakeholder theory has made tremendous strive forward with the contribution of Donaldson and Preston [14]. Donaldson and Preston [14] in their work, “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications” asserted that work conducted within the context of stakeholder theory could be viewed as descriptive, instrumental and normative. In summary, Hillenbrand and Money [13] said that descriptive approaches seek to investigate and describe ‘how’ organizations and stakeholders relate to each other. Instrumental approaches are concerned with ‘what happens if’ organizations relate to stakeholders in certain ways. Normative approaches suggest how a firm ‘should’ relate to its stakeholders. They however concluded that most researches in the business and society literature focus on instrumental and normative issues.

* 1. **Organizational Stakeholders**

Freeman’s [9] defined a stakeholder as any group or individual who can affect or is affected by the achievement of the organization’s objectives. According to Carroll [15], the word "social" in CSR has always been vague and lacking in specific direction as to whom organizations are responsible. He asserts that the concept of stakeholder however delineates the specific groups or persons business should consider in its CSR orientation and thus provides "names and faces" of those most urgent to business and to whom it must be responsive. Individuals, neighbourhoods, organizations, and even the natural environment are considered to qualify as actual or potential stakeholders. Diverse classifications exist in literature for businesses’ stakeholders and these seem to be a result of the varying central concepts employed in the classification. Maignan and his colleagues [16] for example explains that a view of stakeholders classifies them as either primary or secondary stakeholders. According to this view, primary stakeholders refer to those whose continued participation is absolutely important to the survival of the business; this group includes employees, customers, investors, suppliers and shareholders. On the other hand, secondary stakeholders refer to stakeholders who are not usually engaged in transactions with the focal organization and include the media, trade associations, non-governmental organizations, along with other interest groups [16]. In marketing however, stakeholders have been classified into internal and external stakeholders. Internal stakeholders include functional departments, employees and interested internal parties. External stakeholders include competitors, advertising agencies, and regulators. On the whole, though there exist conceptual variations in the classification of stakeholders, evidence from the foregoing discussion present common constituents of stakeholder groupings. These constituents include employees, customers, investors, interest groups, the community and environment.

* 1. **Stakeholders’ Perception of CSR**

Research into the stakeholder’s perception of CSR abounds in literature however scholars have varied in relation to their focus. Studies have focused on stakeholders perspective of the nature or dimensions of the CSR construct [16], the role of CSR and importance of various CSR practices [17]. However most of these researches into CSR perceptions have focused on consumers as the unit of analysis. Maignan [16] employed consumer survey to conduct a cross-cultural survey of consumers in France, Germany, and the U.S.A. The study investigated the willingness of consumers in the three focal countries to support socially responsible organizations and consumers’ evaluation of the various dimensions of CSR based on the Carroll [15] typology. The research found that French and German consumers appeared to be more predisposed to supporting responsible firms than their U.S.A. counterparts. On other hand, while the U.S.A. consumers placed high value on corporate economic responsibilities, French and German consumers were most concerned about businesses conforming to legal and ethical standards. The study also concluded that, indeed, consumers from the three countries distinguish between the four types of CSR namely, economic, legal, ethical, and philanthropic. Singh, Garcia de los Salmones and Rodriguez del Bosque [18], in a cross-cultural study involving consumers from Spain and UK found that overall interest or predisposition to CSR was relatively low. However they found that these consumers placed more emphasis on commercial types of CSR e.g. product related CSR than on the environmental, social and ethical CSR activities in that order. They however found that in relation to specific dimensions of CSR, consumers in UK are more interested than their Spanish counterparts on environmental and social issues, with significant differences in the level of interest. Reference [19] investigated consumer perceptions of CSR in the Chinese context. Contrary to the findings of Singh and his colleagues [18], this study found that Chinese consumers unlike consumers in Spain and UK, expressed relatively high predisposition towards CSR. They also found that Carroll’s pyramid of responsibilities could be applied within the Chinese context. In relation to the importance of the various dimensions of – economic, legal, ethical and philanthropic – Reference [19] found that economic responsibilities were most important while to Chinese customers while philanthropic responsibilities were of least importance. Although studies from developed countries seem to point to the fact that stakeholders in developed countries have adopted the broader definition of CSR which incorporates ethical, social and environmentally friendly activities in all operations of firms, evidence from developing countries have restricted the definition and understanding of CSR to philanthropic and development oriented initiatives [20]. Ghanaians for example in their definition of CSR have been said to have stressed local community issues such as ‘building local capacity’ and ‘filling in when government falls short’ (WBCSD, 2000). Reference [20] in their study “Corporate social responsibility (CSR) perspectives of leading firms in Ghana” investigated the extent of recognition, nature and content of socially responsible actions by local and foreign firms located in Ghana. They found that local companies subscribe less to the contemporary notion of CSR and focus less on the ethical dimension of CSR, than did the foreign firms. Reference [21] in an investigation of the expectation of community stakeholders in the Niger Delta region of Nigeria found that these stakeholders view as most important CSR initiatives that are social development projects that have the ability to provide hope of a stable and prosperous future. Reference [22] employed a descriptive approach to analyze the applicability of the Carroll [15] in the African context. He argued that in Africa, philanthropy was the most prioritized form of CSR. This he said was due firstly to the socio-economic needs of the African societies. Secondly to the dependence of African countries on foreign aid and thirdly the fact that CSR was in early stages in Africa and as such was easily equated to philanthropy.

1. Methodology

The setting for this study is Ghana’s Oil and Gas exploration industry and its immediate settlement Communities. This study used a case study methodology and a convenience sampling technique. The researcher engaged various stakeholders through the use of questionnaires and face to face interviews. In all 100 people were interviewed from various quarters. The study population comprised of the following;

* Management staff of the Tullow Oil Ghana,
* Relevant civil society organisations like SEND Ghana and ACEP,
* Senior Staff of the Ahanta West District Assembly,
* Traditional Authorities Within the Ahanta West District Assembly, and
* Relevant Community Groups within the Ahanta West District Assembly.

The study is confined to selected communities along Ghana Coastal belt in the western region. The limited number of people involved in the study therefore has the tendency to influence the generalizability of the results.

1. Analysis and Discussions
   1. **Respondents Predisposition on CSR**

The reasons that contributed to the respondent’s predisposition of CSR are quite enormous. Figure 1 reveals a summary of reasons that were found to contribute to their predispositions. In order of increasing strength of the factors, the respondents predictions on CSR were based on whether the business organization implemented an ethical code of conduct, planned for their long term success, allocated some of their resources to philanthropic activities, refrained from circumventing the law even if this helps to improve performance among others. The strongest factor that informed the CSR predisposition of the respondents regarding organizations is that they must have the ability to refrain from circumventing the law even if such circumventing could help improve their performance. The recorded mean of 6.63 for this measured item produces a smallest confidence gap of just 0.802. At a degree of dispersion indicated by the standard deviation of 0.901, the factor represents the strongest contributor to the CSR predisposition of the respondents. It therefore remains a strong position among the respondents that a CSR organization is one that refrains from circumventing the law even if this would help to improve its performance. Another strong contributor to the predisposition of the respondents regarding CSR organizations is when they have culture and practice of allocating some of their resources to philanthropic activities. The mean recorded for the measured factor was 6.07. At a standard deviation of 0.636, this factor is a strong factor informing the CSR predisposition of the respondents. Then there was the culture of implementing an ethical code of conduct and a plan for long term rather than short term success which had respective means of 5.71 and 5.99 respectively. At respective standard deviations of 1.374 and 1.144, these factors represent quite weak contributors to the CSR predisposition of the respondents. Two other factors appeared irrelevant or very weak contributors to the CSR predisposition of the respondents.

**Figure 1:** Respondents Predisposition on CSR (Source; Field data) NB: 1 – Strongly Disagree, 2 – Disagree, 3 – Somewhat Disagree, 4 – Neutral, 5 – Somewhat Agree, 6 – Agree, 7 – Strongly Agree

First, the respondents did not believe that CSR should be the first obligation of all businesses in today’s society; the mean recorded of 2.92 (≈ 3) represent a somewhat disagreement to this position. Second, the respondents somewhat disagreed that businesses should commit substantial funds to CSR initiatives at the expense of profits; mean recorded was 3.41 (≈ 3). Yet an interesting one was when the respondent showed indifference as whether CSR activities are far more important than profit making. This factor recorded a mean of 4.23 with the smallest standard deviation of 0.559, a strong indifference was shown by the respondents as to which was more important; CSR activities over profit making or vice versa.

* 1. **Respondents Participation CSR Processes and Activities of Oil Companies**

In this section of the chapter, the study examined the level of participation of the respondents in CSR Processes and Activities of Oil Companies whose operations directly or indirectly impact them negatively. The first is whether the respondents had ever been given the opportunity by any of the Oil Companies to recount their losses or threats due to their operations. The responses as summarized in table 1 showed that the majority 95% had never been given such an opportunity by any of the Oil Companies in a manner that is readily accessible. It was further revealed that the least 5% had the opportunity because they work directly with the local governance system. It was also obvious from table 4.3 that the predominant 97% respondents never had the opportunity to suggest an appropriate compensation or appropriate compensatory CSR project in their community. In effect the all the respondents collectively affirmed that the Oil Companies operating the coastal areas – when they want to do CSR – just impose CSR projects on their respective Communities of threat.

**Table 1:** Measurements of Respondents Participation CSR Processes and Activities

|  |  |  |
| --- | --- | --- |
|  | Yes | No |
| Have you ever been given the opportunity by any of the Oil Companies to recount your losses or threats due to their operations? | 5% | 95% |
| Have they given you opportunity to suggest an appropriate compensation or appropriate compensatory CSR project? | 3% | 97% |
| Would you say that the Oil Companies just impose CSR projects on the Community | 0% | 100% |

* 1. **Strength of Community Voice in Deciding on CSR Projects**

In accordance with the foregoing, the study examined the strength of voice of the community in deciding on CSR projects by Oil Companies operating in the Coastal areas. In a rating scale from very weak to very strong, it was found that the majority 59% rated the community voice as weak and another 33% as very weak. The least that rated the community voice as strong in deciding on CSR projects by Oil Companies was only 8%.

**Figure 2:** Strength of Community Voice in Deciding on CSR Projects

* 1. **Involvement of the Local Community**

In the following paragraphs, the decision making processes for the implementation of CSR project will be identified. The discussion of research results is based on the following;

* How does Tullow describe its decision-making processes for CSR?
* How do the local communities perceive their involvement in the Tullow CSR decision-making processes?

According to the interview responses, CSR opportunities and ideas were determined through the Tullow’s Environmental Impact Assessment (EIA) that was carried out in cooperation with the Environmental Protection Agency (EPA) of Ghana. Within an EIA, the environmental impact of development activities is studied in detail by the EPA and contracted auditors. The outcomes of the EIA are then basis for the permission or the rejection of the implementation of the development activity. Concluding, the EPA and the EIA seem to have a detectable influence on Tullow’s business and CSR development in Ghana. In other words, the EPA and the EIA are two independent, influencing variables on CSR variables and business activities in Ghana. It was further added that Tullow’s EIA in 2009 was the basis for collection of information from the community and the involvement of local communities. The interview information noted that, during the EIA, Tullow inquired the community leaders about the communities’ concerns regarding the development plans. Tullow also asked the leaders what the communities’ needs were in terms of its development. Tullow’s EIA report (2009) revealed that the leaders raised specific concerns as well as demands to Tullow for the investment in their communities. Accordingly, the leaders demanded that the company should help, for example, with the construction of schools, maternity/health centers, safe drinking water and roads. Overall, the consultations helped develop the future CSR programs, said the interviewees. In addition, the members of the community communicated with Tullow through the local council leaders, said the interviewees. Although no official record of these meetings was found, this information suggests that Tullow also initiated consultation meetings with the communities apart from the EIA process. Now how do local communities perceive their involvement in the decision-making processes on CSR programs/projects as put to the interviewees? The responses from two key interviewees from Tullow seemed very striking. These two Interviewees described that it never noticed any meetings where the community met with Tullow. They said they only noticed the arrival of white men and the start of construction work. They also said that Tullow identified the needs of the community themselves. All the projects, these two claimed, Tullow decided on them without the communities’ input. These two also mentioned that the community would have demanded other projects, if it was involved in the decision-making. This result is in consonance with information from table 1, where 95% had never been given the opportunity by any of the Oil Companies to recount their losses or threats due to their operations.

1. Conclusion

A heightened attention and support for CSR concept is much needed because it has the potential of supporting developmental issues in Ghana. In the case of the coastal area, essential needs were suddenly in the centre of attention on an apparently much higher level. The possible advantage lies at hand: CSR in practice can contribute to the social and economic development. Tullow stands tall among most companies in Ghana and has the capability to roll out more CSR projects to help in poverty alleviation and support Sustainable Development Goals (SDG) goals.

1. Recommendation

It is therefore recommended that policy and Governance structures behind CSR should be improved and strengthened in Ghana. So far, CSR in practice lacks the desirable support by communities. It is therefore imperative for Tullow to consult local communities along the coastal belt and other stakeholders before enrolling their CSR projects. Knowing and factoring the needs and concerns of indigenous people in CSR projects makes them more meaningful and impactful.

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