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RESEARCH ARTICLE

# Corporate Social Responsibility Practices and Performance of Oil and Gas Firms in Nigeria

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## Abstract

*The study the examined the Corporate social responsibility practices and the performance of oil and gas firms in Niger-Delta region, Nigeria. The specific objectives include to: determine the relationship between observing the provisions of CSR Act and the profitability and examine the relationship between environmental sustainability of operations and the turnover of Oil and Gas firms in Nigeria. The area of the study was Niger-Delta region. The study used the descriptive survey design approach. The primary source of data was the administration of questionnaire. A total population of 1994 staff was used. The adequate sample size of 333, using Freund and William's statistic formula at 5 percent margin of error was used. 264staff returned the questionnaire and accurately filled. Data was presented and analyzed using Likert Scale and the hypotheses using Pearson correlation coefficient (r). The findings indicated observing the provisions of CSR Act had positive significant effect on the profitability (r= .489 < .774, p<.05) and there was positive significant effect of environmental sustainability of operations on the turnover (r= .554 < .756, p<.05). The study concluded that observing the provision of CSR and Environmental sustainability of operation had significant positive effect on the profitability and turnover of oil and gas firms in Nigeria. The study recommended among others that the management of the organizations should endeavour to observe the provision of CSR as this will increased sales and customer loyalty; Operational costs savings, better financial performance and greater ability to attract talent and retain staff.*

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|---|---|
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## Introduction

This contemporary time is witnessing a change from profit maximization to an era of social responsibility, which makes most managers of business concern to go beyond the simple prospect of money making to taking cognizance of the effect of organizational activities on the stakeholders of an organization. This change in business philosophy brought about corporate social responsibility (CSR), which was described by the World Business Council for Sustainable Development (WBCSD) as a contribution to sustainable economic development. Chandler (2016) disclosed that CSR is the translucent business practices that are based on ethical values, compliance with legal requirements and respect for the people - communities and other components of the environment. CSR is an obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society (Folajin, Ibitoye & Dunsin, 2014). Corporate social responsibilities make business organizations to consider the interest of society by taking responsibility for the impact of their activities on stakeholders (customers, suppliers, employees, shareholders, communities) as well as the environment. The result of which strengthens the relationship of business concerns with different stakeholders, ensure minimum conflicts and maximum loyalty from all stakeholders of the corporation (Imran, Kashif, Syed, Jamil & Maria, 2018). The environments today are filled with unequal societies which hinder long-term economic growth. The manufacturing firms are identified with lack of safety or poor working conditions that hurts world's business relationships. In addition, a lack of social development, including poverty, inequality and weak rule of law, hamper business operations and growth, (Eze, Olorunda & Mbah (2022).

The oil and gas industry in Nigeria has continued to be at the center of the debates on how various communities in the Niger Delta are being treated by those operators. The companies have continued to bear the environmental costs involved in their operations in form of corporate social responsibility to the host communities and all the stakeholders affected by their operations whereas the communities seem not to be fully satisfied with the various CSR measures adopted by the oil and gas companies and this has continued to generate problems to the companies and the country as a whole. In a nutshell, the negative effect of such activities always cause cacophony between host community and such organization, so in other to resolve the bone of contention the operational CSR initiatives are often oriented around improving business efficiency and performance in ways that have positive social or environmental impacts in the wider community. A properly implemented CSR idea bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes. Some of the major challenges firms faces includes; economic weakness, cultural adaptation, price competition, terrorism, higher expense, environmental concern, change of government/regulation problems, health problems/hazard, government policies etc. (Sunday & Mbah**,** 2021). It is against this backdrop, that this study seeks to investigate the corporate social responsibility practices and the performance of oil and gas firms in Nigeria.

## Statement of the Problem

Practicing corporate social responsibility, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. It is more of voluntary undertaking by the said corporation, a moral duty and an ethical obligation. It is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

It has been observed with dismay that oil firms neglected their duties to the environment especially in the area of observing the provisions of CSR Act and environmental sustainability of operations on the turnover of Oil. The oil firms have failed to improve the sustainable of economic development. There are poor working conditions of the employees, lack of local community maintenance and society at large, unable to improve quality of life.

These issues if not tackled may lead poor profitability and turnover of Oil and Gas firms in Nigeria. So engaging in corporate social responsibilities will cater for the needs of the people and the environment. Based on this, the need to study corporate social responsibility practices and performance of oil and gas firms in Niger-Delta region, Nigeria.

**Objectives of the Study**

The main objective of the study was to examine the Corporate social responsibility practices and the performance of oil and gas firms in Niger-Delta region, Nigeria. The specific objectives of the study will include to:

1. Determine the relationship between observing the provisions of CSR Act and the profitability of Oil and Gas firms in Nigeria.
2. Examine the relationship between environmental sustainability of operations and the turnover of Oil and Gas firms in Nigeria.

**Research Questions**

The following research questions guided the study;

i. What is the relationship between observing the provisions of CSR Act and the profitability of Oil and Gas firms in Nigeria?

ii. What is the relationship between environmental sustainability of operations and the turnover of Oil and Gas firms in Nigeria?

**Statement of the Hypotheses**

The following hypotheses will guide the study;

i. Observing the provisions of CSR Act has positive significant relationship with the profitability of Oil and Gas firms in Nigeria.

ii. There is positive significant relationship of environmental sustainability of operations with the turnover of Oil and Gas firms in Nigeria.

**Significance of the Study**

The study will benefit the following stakeholders; companies, communities, employee, and researchers;

**Employees:** The study help encourage a higher caliber of job applicant, but it can also encourage employees to become more engaged and invested in their work.

**Researchers:** The study help socially responsible research include underrepresented populations, identifies strategies or treatments that are uniquely effective for specific populations and translates research outcomes more quickly into innovation to improve health.

**Scope of the Study**

The study will examine the effect of corporate social responsibility practices on the performance of Oil and gas Firms in Niger-Delta region. The study was carried out in some selected oil and gas firms in Nigeria. The study focused on observing the provisions of CSR Act and environmental sustainability of host communities (as independent variables); while profitability and turnover. (as dependent variables). The time scope was between 2019 to 2023.

## Review of the Related Literature

### Conceptual Framework

#### Corporate

Corporate means relating to large companies, or to a particular large company. Interest rates are higher for corporate clients than for private clients. Corporate is been referred to as an entity such as a company, an institution, or an association comprising one or more people and having a particular purpose. A corporation is a business entity that is owned by its shareholder(s), who elect a board of directors to oversee the organization's activities. The corporation is liable for the actions and finances of the business – the shareholders are not. Corporations can be for-profit, as businesses are, or not-for-profit, as charitable organizations typically are. There are a variety of legal types of organizations, including corporations, governments, non-governmental organizations, political organizations, international organizations, armed forces, charities, not-for-profit corporations, partnerships, cooperatives, and educational institutions etc. A hybrid organization is a body that operates in both the public sector and the private sector simultaneously, fulfilling public duties and developing commercial market activities (Lui & Ngo, Hang-Y, 2014).

#### Social

The word social comes from the Latin socius meaning "friend." When you are being social, you are everyone's friend. Go to a social, or mixer and you might make a lot of new friends. Stand in the corner pouting, however, and you're being anti-social. Humans are described as social beings ones that tend to move or live in groups together. It is a characteristic of or befitting a friend, denoting or deriving from or distinctive of the ways of living built up by a group of people. *It is also* relating to or involving activities in which people spend time talking to each other or doing enjoyable things with each other. Socially responsible companies leverage their core capabilities. Companies also achieve authenticity when they play to their strengths. The most impactful socially responsible companies take advantage of their strongest assets. CSR represents an interesting evolution and culmination of philanthropy and ethics. Specifically, corporate philanthropy has evolved from the donation of cash and products to charitable organizations because "it is the right thing to do" to more strategic philanthropy where donations are focused on a theme that has some relationship to the company's core business.

#### Responsibility

The state or fact of having a duty to deal with something or of having control over someone. "A true leader takes responsibility for their team and helps them achieve goals." Responsibility refers to an obligation to perform certain functions in order to achieve certain results. Responsibility is also the obligation of an individual or organization to perform the duty or task assigned to him.

#### Social Responsibility Practices

The idea of Corporate Social Responsibility presupposes that there is in existence an entity or what can at best be described as a corporation. Corporate social responsibility (CSR) is defined as the commitment of business to contribute to sustainable economic development, working with employees, the local community and society at large to improve their quality of life. Corporate Social Responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. It is more of voluntary undertaking by the said corporation, a moral duty and an ethical obligation. It is in the light of this that CSR was explained to mean "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Ezega, 2020). While business results, investment, free enterprise, and other traditional economic forces continue to drive industry, organizations' reputations and their ability to compete effectively around the world depend on them integrating social responsibility efforts into decision making and performance improvement (Bernhart and Sonny, 2022).

**Provisions of CSR Act**

The Companies Act, 2013 provides for CSR under section 135. Thus, it is mandatory for the companies covered under section 135 to comply with the CSR provisions in India. Companies are required to spend a minimum of 2% of their net profit over the preceding three years as CSR. Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (Gupta, 2021). CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple- Bottom-Line- Approach), while at the same time addressing the expectations of shareholders and stakeholders. A properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes (Gupta, 2021).

**Environmental Sustainability**

The main environmental issues that affect the oil and gas industry include intensification of the greenhouse effect, acid rain, poorer water quality, groundwater contamination, among others. The oil and gas industry may also contribute to biodiversity loss as well as to the destruction of ecosystems that, in some cases, may be unique. In today's business environment for organization to incorporate sustainability into business strategy is no longer an option, considering values driven approach, when developing business strategies can be vital to long-term success. Sustainability in business refers to the effect companies have on the environment or society. It has become one of the foremost issues on the agenda of nations and businesses earlier in the 1990s and the reasons for this were varied; emanating from both within and outside of the firm and particularly at the global level (Okoye & Ngwakwe, 2013).

**Performance of oil and gas firms in Nigeria**

Organizational performance involves analyzing a company's performance against its objectives and goals. In other words, organizational performance comprises real results or outputs compared with intended outputs. The analysis focuses on three main outcomes, first, shareholder value performance; second, financial performance; and third, market performance. Many types of professionals, including strategic planners, focus on organizational performance. Organisation performance relates to how successfully an organized group of people with a particular purpose perform a function (MBN, 2021). Efficiency no doubt impacts on the performance of firms. One of the most important goals of company management is to maximize its effectiveness current and future financial and business performance as they affect market price per share and shareholder wealth (Gill, Singh, Mathur & Mand, 2014).

**The profitability of Oil and Gas firms in Nigeria**

Oil and gas are the major source of income in Nigeria. There is no doubt that Nigeria has not yet been able to diversify significantly into other sectors. With the dwindling prices of petroleum products in Nigeria and of course all over the world, it has become imperative to identify the factors influencing performance in the oil sector (David, Ighosewe & Temile, 2021). It is widely believed that the primary objective of a business organisation is profitability. Thus, profitability is essential for the survival and growth of a company as it determines a company's ability to produce and supply quality goods and services, cater for employees through payment of wages and other benefits, meet the demands of investors (shareholders) as well as perform social responsibilities. A company is said to be profitable if it generates sufficient revenue to cover its costs and expenses; hence, profit arises where the revenue generated by a company, over a period of time, exceeds its expenses. Profitability serves as a measure of business efficiency, plays a central role in many business decisions and defines a business' capability to spend. Maximization of profit is a very crucial objective for a firm to remain in business and to withstand competition from firms operating in similar industry. It is a major pre-requisite for long-term survival and success of a firm while it is a key pre-condition for the achievement of other financial goals of a business entity (Gitman & Zutter, 2012).

**Turnover of Oil and Gas firms in Nigeria**

In any organization, turnover is the act of replacing an employee with a new employee. Partings between organizations and employees may consist of termination, retirement, death, interagency transfers, and resignations. An organization's turnover is measured as a percentage rate, which is referred to as its turnover rate. Turnover rate is the percentage of employees in a workforce that leave during a certain period of time. Organizations and industries as a whole measure their turnover rate during a fiscal or calendar year. Organizational turnover refers to the process of employees leaving their job or organization of employment within the context of human resources. Attracting, developing, and maintaining an effective workforce remain a challenge for all organizations and appear to be a management goal that remains elusive, especially when organizational turnover is not properly managed, (Singh, 2016). In terms of turnover in oil and gas producing country, Nigerian economy for decades has been largely dependent on oil as its main source of revenue, despite several policies, measures, and efforts that were put in place to rectify the situation by diversifying into other sources of income (Nume, 2023).

**Conceptual Framework of the Study**

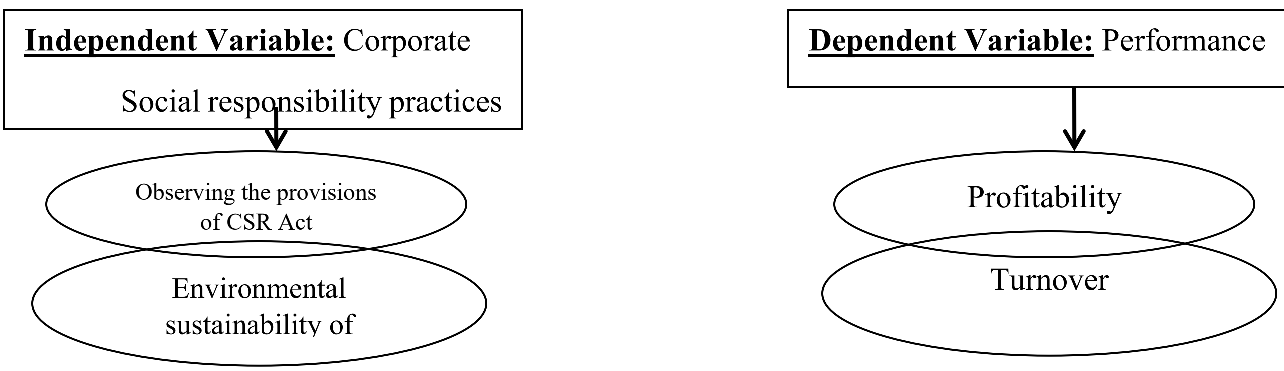


**Fig 1: Conceptual framework of the Study**

**Theoretical Framework**

**Legitimacy Theory**

Legitimacy Theory was propounded by Prabhu (1998). Legitimacy theory focuses more on the interaction of relationships between organizations and society. Legitimacy is a management system that is oriented on taking the side of the company towards the community. Legitimacy theory explains the social contract relationship between the company and the community, where the company must have integrity in implementing ethics in doing business and increase social and environmental responsibility, so that the company can be accepted by its existence in the community. Legitimacy is considered important for the company because the community's legitimacy to the company is a strategic factor for the company's future development. Legitimacy theory in line with the study, it focuses on the company's interactions with society. It means that the organization is also part of the community where an organization should pay attention to the norms that apply in the social community. This theory was also carried out in the hope of gaining legitimacy from the community around the company. Legitimacy is important for organizations, the boundaries set by social norms and values, and reactions to these limits encourage the importance of analyzing organizational behavior by paying attention to environment. The underlying theory of legitimacy is the social contract between the company and the community where the company operates and uses economic resources.

Corporate Social Responsibility itself is the responsibility of the company, the responsibility for its activities that affect humans, communities and the environment where humans and communities are located. Fundamentally, the company is not only responsible to shareholders, but also to all parties concerned in it, that 'consumers, employees, creditors, debtors, etc.' who also make important contributions to the company's success.

**Empirical Review**

**The effect of observing the provisions of CSR Act on the profitability of Oil and Gas firms in Nigeria**

Ibida and Emeka-Nwokeji (2019) conducted a study on the effect of corporate social responsibility (CSR) on financial performance of oil and gas companies in Nigeria. The study sought to examine the effect economic and legal responsibilities on firm performance. The study employed regression method. The data were analysed using correlation and Ordinary Least Squares (OLS) regression analysis. The finding showed that ethical and legal CSR have a negative significant relationship with firm performance while economic CSR has a positive significant relationship with firm performance. The study recommended that economic responsibility should be encouraged as there is a significant positive relationship with firm performance.

Eke, Akpanuko and Umoffong (2019) conducted a study on corporate governance and profitability of quoted oil and gas companies in Nigeria. The study was carried out at Uyo, Nigeria. The study sought to investigate the influence of corporate governance on profitability of quoted oil and gas companies in Nigeria. The ex post facto research design was adopted for the study. The population of the study was twelve (12) oil and gas companies. Data was analyzed using multiple regression and correlation statistics method. The finding showed that, there is a relationship between corporate governance and profitability of quoted oil and gas companies in Nigeria. The study recommended that oil and gas companies in Nigeria should continually appraise their corporate governance system with a view to determine whether the system is functioning as expected so that corrective actions can be taken to address any deficiency in the system and such appraisal should be done annually.

Muhammad, Bishir, Amina and Abdulrahman (2019) conducted a study on the impact of cash management on profitability of the Nigerian oil and gas industry (downstream). The objectives were to evaluate the nature of influence of cash conversion cycle on profitability (ROA); the relationship between debtors' conversion period and profitability (ROE); and creditors payment period and profitability (ROCE) of the Nigerian downstream oil and gas industry. Data were analyzed using SPSS. Ex-post-facto Research design was employed in the study. The finding shows that no relationship between cash management and profitability of oil marketing industries in Nigeria. The study recommends that the management of oil companies in Nigeria should put all necessary efforts to increase the efficiency of their cash management (CCC, DCP, CPP and LR) because it has impact on (ROCE).

Agbi, Popoola & Edem (2020) conducted a study on human capital efficiency and profitability of listed oil and gas firms in Nigeria, the study sought to examine the effect of human capital efficiency, value added intellectual coefficient, and firm size. The study employed ex-post facto research design. The population consists of 129 firms. Data were analyzed using regression method. The finding showed that both human capital efficiency and VAIC had significant positive effect on ROA. The study concludes that human capital is very vital in determining the profitability of listed oil and gas firms in Nigeria. The recommended that management of oil and gas firms should strategically invest more in human capital through continuous manpower development as well as provision of adequate incentives to boost productivity and by extension increase profitability.

Appah, Onowu and Tonye (2021) conducted a study on liquidity and profitability ratios on growth of profits of listed oil and gas firms in Nigeria. The objectives of the study were to examine the relationship between current ratio, acid test ratio, gross profit percentage, net profit percentage, net working capital ratio, return on assets and growth of profit, return on equity, and return on capital employed and growth of profit of listed oil and gas firms in Nigeria. The study employed ex-post facto and correlational. Data were analysed with the aid of descriptive, correlation matrix and multiple regression. The finding shows that current ratio, acid test ratio, gross profit ratio, net profit ratio, net working capital, return on assets, return on equity and return on capital employed do positively and significantly affect the growth of profit of listed oil and gas firms in Nigeria. The study concluded that liquidity and profitability ratios influence the growth of companies. The study recommended that firms should use financial ratios to measure the level of corporate profit growth to comprehend the conditions of firms which may eventually affect the investment decisions.

Owolabi, Odunlade and Amosun (2022) conducted a study on corporate social responsibility and earnings per share of oil and gas companies in Nigeria. The purpose was to examine the impact of corporate social responsibility on the earnings per share of Oil and Gas companies in Nigeria, using ex-post-facto research design descriptive and inferential statistics were used in the study. The findings showed that corporate social responsibility had no bearing on earnings per share (EPS) of oil and gas companies in Nigeria. The study concluded that corporate social responsibility has no significant effect on the earnings per share of Oil and Gas companies in Nigeria. The study recommends that policies should be made for oil and gas companies to report mandatorily about their corporate social responsibilities in their annual reports.

**The Effect of Environmental Sustainability of Operations on the Turnover of Oil and Gas firms in Nigeria**

Etale and Otuya (2018) conducted a study on the environmental responsibility reporting and financial performance of quoted oil and gas companies in Rivers State, Nigeria. The study sought to examine the relationship between environmental responsibility reporting and financial performance of oil and gas companies in Nigeria. The study adopted ordinary least square (OLS) regression method technique. The finding shows that environmental responsibility reporting in Nigeria is still developing and that organizations operating in the oil and gas sector report very little information about the impact of their operations on the environment. The study concludes that environmental responsibility reporting is still at the developing stage in Nigeria because of the voluntary nature of disclosure requirements. The study recommended that firms should formulate and implement economic, social, and environmentally friendly policies to enhance their competitiveness.

Ogala, Falope and Audu (2021) examined the effect of corporate social responsibility reporting on oil and gas businesses' return on assets in Nigeria. It was presumed that much budget in corporate social responsibility by oil and gas firms would negatively affect their returns. A sample of ten (10) oil and gas businesses was chosen, and data were taken from the sampled companies' annual reports and accounts. The *ex-post facto* research design and content analysis were used in the study. The hypothesis was investigated using E-view and linear regression analysis. The findings revealed that corporate social responsibility reporting has a negative impact on return on assets, but this impact was not significant. The study recommended among others that appropriate regulatory agencies should encourage Nigerian enterprises to report on sustainability by lessening total cost and disposing some investments or cease from procuring more assets in the company.

Dordum, Oladele and Gbarako (2022) conducted a study on the sustainability accounting and market-based performance: An empirical analysis of quoted manufacturing companies in Nigeria. The study sought to examine the effect of sustainability accounting practices on the market-based performance of quoted manufacturing companies in Nigeria. Data were analyzed using regression for the panel data. The finding shows that social, environmental and economic accountability has a positive but insignificant effect on the earnings per share. The study concluded that there is the tendency that if the tenets of sustainability accounting are dutifully followed, especially now that there is global concern about the impact of human activities on the environment and the future generation, there will be improvement in the market performance of these firms particularly in the long run. The study recommended that manufacturing companies should contribute to the overall wellbeing of the people, planet, economy and business in a sustainable manner.

Okafor, Egbunike and Amahalu (2022) conducted a study on the determinants of environmental disclosure of quoted oil and gas firms in Nigeria. The study ascertained the relationship between leverage, firm size and audit committee size and effluent disclosure. Ex-post facto research design; pearson correlation coefficient, multicollinearity test, panel least square (PLS) regression analysis and Hausman test method was adopted. The finding shows that there is a significant and positive relationship between leverage and effluent disposal; firm size; audit committee size and effluent disposal of quoted oil and gas firms in Nigeria. The study recommended that oil and gas firms should be encouraged to leverage on debt source of fund in order to build wealth with other people's money so as to enable the firms get more involved in environmental development.

David (2022) carried out a study on achieving sustainable environmental governance in Nigeria: A review for policy consideration. The study sought to examine the impact of institutional, legal, and policy frameworks of environmental governance. The study employed Ex-post facto research design. The finding shows that Nigeria's environmental governance frameworks are completely inadequate to deal with the magnitude of the country's environmental challenges. The study concluded that sustainable management of the environment requires governance systems where the legal, policy, and institutional requirements of environmental management are seen as the joint responsibilities of not only the shareholders but also various stakeholders. The study recommended that comprehensive, comprehensible, enforceable environmental enactment and the strengthening of the institutional framework of environmental governance in Nigeria.

Oyedokun and Erinoso (2022) conducted a study on environmental conservation, sustainability and financial performance of listed oil and gas companies in Nigeria. The study sought to examine the effect of environmental conservation, environmental sustainability, and financial performance of oil and gas companies in Nigeria. The study adopted panel regression. The finding shows that environmental sustainability is significantly related with the returns on equity and profits after tax and environmental conservation has effects on the financial performance of listed oil and gas companies in Nigeria. The study concluded that that environmental conservation has effects on the financial performance of listed oil and gas companies in Nigeria. The study recommended that oil and gas producing companies should prioritize their environment in order to improve future performance and operational profitability of their operation.

**Summary and Gap in Empirical Review**

Nigeria is a critical player in the energy industry; it has concerns over the underperformance of Nigerian oil and gas projects. Nigerian oil and gas companies are major players in the transformation of the Nigerian economy as well as the growth of the global oil and gas products market, with the aim of promoting the rapid expansion of Nigerian oil and gas companies. Nigeria is an exemplar of the challenges of achieving sustainable development in the paradoxical twin realities of resource endowment and acute inequalities originated by difficulties of governance. The empirical demonstrates the role of corporate social responsibility (CSR) in facilitating the resolution of this inconsistency. In its several forms, CSR fill the industry. The industry deploys CSR as a form of social license to gain and retain acceptability by its host communities. The previous studies in CSR in the oil and gas industry in Nigeria have focused solely on multinational operators and their activities, particularly the Nigerian outlet specifically, in the Niger Delta region.

Based on the gap of the study, the theoretical framework was Legitimacy Theory was propounded by Prabhu (1998); The study was anchored on legitimacy theory.

The empirical review was done according to objectives (independent and dependent variables). Most of the previous studies were carried out in Nigeria, and little were done outside Nigeria. None were seen done on the related topic of the present study. Therefore, the study was motivated to bridge the gap in review.

**Methodology**

The area of the study was Niger-Delta Region, Nigeria. The selected logistics providers include (Intels Nigeria Limited, MGM Logistics Limited and Orlean Invest Africa Limited) and logistics consumers (Exxon Mobil, SPDC and Total E&P) in Niger Delta region. The choice of these firms was due to high number of staff. The study used the descriptive survey design approach. The primary source of data was the administration of questionnaire. The population of the study consisted of one thousand nine hundred and ninety four (1994) management and senior staff. The adequate sample size of three hundred and thirty-three (333) using Freund and William's statistic formula at 5 percent margin of error. Two hundred and sixty-four (264) staff returned the questionnaire and accurately filled. That gave 79 percent response rate. The validity of the instrument was tested using content analysis and the result was good. The reliability was tested using the Pearson correlation coefficient (r). It gave a reliability co-efficient of 0.760 which was also good. Data was presented and analyzed by mean score (3.0 and above agreed while below 3.0 disagreed) and standard deviation using Sprint Likert Scale. The hypotheses were analyzed using Pearson correlation coefficient (r) test statistic tool.

**The relationship between observing the provisions of CSR Act and the profitability of Oil and Gas firms in Nigeria.**

**Table 1: Responses on the relationship between observing the provisions of CSR Act and the profitability of Oil and Gas firms in Nigeria**

| | | 5<br>SA | 4<br>A | 3<br>N | 2<br>DA | 1<br>SD | ∑FX | -<br>X | SD | Decision |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Observing the provisions CSR Act increased positive attitudes toward companies | 505<br>101<br>38.3 | 364<br>91<br>34.5 | 48<br>16<br>6.1 | 58<br>29<br>11.0 | 21<br>21<br>10.2 | 996<br>264<br>100% | 3.80 | 1.330 | Agree |
| 2 | There is increase in purchase of products by consumers which enhanced income | 440<br>88<br>33.3 | 364<br>91<br>34.5 | 75<br>25<br>9.5 | 32<br>16<br>6.1 | 44<br>44<br>16.7 | 955<br>264<br>100% | 3.62 | 1.425 | Agree |
| 3 | Enhancing customers loyalty and business performance was keeping to CSR Act by the oil firms | 410<br>82<br>31.1 | 440<br>110<br>41.7 | 78<br>26<br>9.8 | 40<br>20<br>7.6 | 26<br>26<br>9.8 | 994<br>264<br>100% | 3.77 | 1.245 | Agree |
| 4 | A properly implemented CSR promotes operational cost savings | 480<br>96<br>36.4 | 408<br>102<br>38.6 | 21<br>7<br>2.7 | 78<br>39<br>14.8 | 20<br>20<br>7.6 | 1007<br>264<br>100% | 3.81 | 1.279 | Agree |
| 5 | Increased sales and profits are enhanced as a result of maintaining CSR Act | 440<br>88<br>33.3 | 408<br>102<br>38.6 | 54<br>18<br>6.8 | 30<br>15<br>5.7 | 41<br>41<br>15.5 | 973<br>264<br>100% | 3.69 | 1.391 | Agree |
| | **Total Grand mean and standard deviation** | | | | | | | **3.738** | **1.334** | |

***Source: Field Survey, 2023***

Table 1, 88 respondents out of 264 representing 72.8 percent agreed that observing the provisions CSR Act increased positive attitudes toward companies with mean score 3.80 and standard deviation of 1.330. There is increase in purchase of products by consumers which enhanced income 179 respondents representing 67.8 percent agreed with mean score of 3.62 and standard deviation of 1.425. Enhancing customers loyalty and business performance was keeping to CSR Act by the oil firms 192 respondents representing 72.8 percent agreed with mean score of 3.77 and standard deviation of 1.245. A properly implemented CSR promotes operational cost savings 198 respondents representing 75.0 percent agreed with mean score of 3.81 and 1.279. Increased sales and profits are enhanced as a result of maintaining CSR Act 190 respondents representing 71.9 percent agreed with a mean score of 3.69 and standard deviation 1.391.

**The relationship between environmental sustainability of operations and the turnover of Oil and Gas firms in Nigeria.**

**Table 2: Responses on the relationship between environmental sustainability of operations and the turnover of Oil and Gas firms in Nigeria**

| | | 5<br>SA | 4<br>A | 3<br>N | 2<br>DA | 1<br>SD | ∑FX | -<br>X | SD | Decision |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Reduced business costs promote employees over wellness by the amount of work | 425<br>85<br>2.2 | 508<br>127<br>48.1 | 21<br>7<br>2.7 | 70<br>35<br>13.3 | 10<br>10<br>3.8 | 1034<br>264<br>100% | 3.92 | 1.103 | Agree |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 2 | The more innovative strategies of the oil firms have enhanced their public recognition | 355<br>71<br>26.9 | 508<br>127<br>48.1 | 3<br>1<br>.4 | 68<br>34<br>12.9 | 31<br>31<br>11.7 | 965<br>264<br>100% | 3.66 | 1.316 | Agree |
| 3 | An improved reputation of the firms increased relationship with the people | 380<br>76<br>28.8 | 512<br>128<br>48.5 | 18<br>6<br>2.3 | 56<br>28<br>10.6 | 26<br>26<br>9.8 | 992<br>264<br>100% | 3.76 | 1.252 | Agree |
| 4 | The improvement of the operational efficiency was as a result of learning and development opportunities | 450<br>90<br>34.1 | 420<br>105<br>39.8 | 57<br>19<br>7.2 | 12<br>6<br>2.3 | 44<br>44<br>16.7 | 983<br>264<br>100% | 3.72 | 1.391 | Agree |
| 5 | The organizations improvement of the qualities of lives shows their flexibility | 535<br>107<br>40.5 | 352<br>88<br>33.3 | 42<br>14<br>5.3 | 68<br>34<br>12.9 | 21<br>21<br>8.0 | 1018<br>264<br>100% | 3.82 | 1.294 | Agree |
| | **Total Grand mean and standard deviation** | | | | | | | **3.776** | **1.2712** | |

***Source: Field Survey, 2023***

Table 3, 212 respondents out of 264 representing 80.3 percent agreed that reduced business costs promote employees over wellness by the amount of work with mean score 3.92 and standard deviation of 1.103. The more innovative strategies of the oil firms have enhanced their public recognition 198 respondents representing 75.0 percent agreed with mean score of 3.66 and standard deviation of 1.316. An improved reputation of the firms increased relationship with the people 204 respondents representing 77.3 percent agreed with mean score of 3.76 and standard deviation of 1.252. The improvement of the operational efficiency was as a result of learning and development opportunities 195 respondents representing 73.9 percent agreed with mean score of 3.72 and 1.391. The organizations improvement of the qualities of lives shows their flexibility 195 respondents representing 73.8 percent agreed with a mean score of 3.82 and standard deviation 1.362.

**Observing the provisions of CSR Act has positive significant effect on the profitability of Oil and Gas firms in Nigeria**

**Table 4: Pearson correlation of observing the provisions of CSR Act has positive significant effect on the profitability of Oil and Gas firms in Nigeria**

| Correlations | | | | | | |
|---|---|---|---|---|---|---|
| | | Observing the provisions CSR Act increased positive attitudes toward companies | There is increase in purchase of products by consumers which enhanced income | Enhancing customers loyalty and business performance was keeping to CSR Act by the oil firms | A properly implemented CSR promotes operational cost savings | Increased sales and profits are enhanced as a result of maintaining CSR Act |
| Observing the provisions CSR Act increased positive attitudes toward companies | Pearson Correlation | 1 | .757** | .695** | .631** | .631** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| There is increase in purchase of products by consumers which enhanced income | Pearson Correlation | .757** | 1 | .639** | .489** | .534** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | N | 264 | 264 | 264 | 264 | 264 |
| Enhancing customers loyalty and business performance was keeping to CSR Act by the oil firms | Pearson Correlation | .695** | .639** | 1 | .601** | .774** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| A properly implemented CSR promotes operational cost savings | Pearson Correlation | .631** | .489** | .601** | 1 | .735** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| Increased sales and profits are enhanced as a result of maintaining CSR Act | Pearson Correlation | .631** | .534** | .774** | .735** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 264 | 264 | 264 | 264 | 264 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | |

Table 4 showed the Pearson correlation matrix on **observing the provisions of CSR Act had positive significant effect on the profitability of Oil and Gas firms in Nigeria** showing the correlation coefficients, significant values and the number of cases. The correlation coefficient shows .489 < .774. This value indicates that correlation is significant at 0.00 level (2 tailed) and implies that observing the provisions of CSR Act had positive significant effect on the profitability of Oil and Gas firms in Nigeria ($r = .489 < .774$). The computed correlations coefficient is greater than the table value of $r = .000$ with at alpha level for a two-tailed test ($r =.489 < .774$, $p <.05$).

**Decision Rule**

The decision rule is to accept the null hypothesis if the computed r is less than the tabulated r otherwise reject the null hypothesis.

**Decision**

Since the computed ($r = .489 < .774$) is greater than the table value of .000, we reject the null hypothesis. Therefore, we concluded that observing the provisions of CSR Act had positive significant effect on the profitability of Oil and Gas firms in Nigeria as reported in the probability value of ( $r= .489 < .774$, $p<.05$).

**There is positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria**

**Table 5: Pearson correlation of There is positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria**

| Correlations | | | | | | |
|---|---|---|---|---|---|---|
| | | Reduced business costs promotes employees over wellness by the amount of work | The more innovative strategies of the oil firms have enhanced their public recognition | An improved reputation of the firms increased relationship with the people | The improvement of the operational efficiency was as a result of learning and development opportunities | The organizations improvement of the qualities of lives shows their flexibility |
| Reduced business costs promotes employees over wellness by the amount of work | Pearson Correlation | 1 | .739** | .726** | .619** | .615** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| The more innovative strategies of the oil firms have enhanced their public recognition | Pearson Correlation | .739** | 1 | .756** | .610** | .587** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| An improved reputation of the firms increased relationship with the people | Pearson Correlation | .726** | .756** | 1 | .629** | .635** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| The improvement of the operational efficiency was as a result of learning and development opportunities | Pearson Correlation | .619** | .610** | .629** | 1 | .554** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 |
| | N | 264 | 264 | 264 | 264 | 264 |
| The organizations improvement of the qualities of lives shows their flexibility | Pearson Correlation | .615** | .587** | .635** | .554** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 264 | 264 | 264 | 264 | 264 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | |

Table 5 showed the Pearson correlation matrix on there was positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria showing the correlation coefficients, significant values and the number of cases. The correlation coefficient shows .554 < .756. This value indicates that correlation is significant at 0.00 level (2 tailed) and implies that there was positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria (r = .554 < .756). The computed correlations coefficient is greater than the table value of r = .000 with at alpha level for a two-tailed test (r =.554 < .756, p <.05).

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**Decision Rule**

The decision rule is to accept the null hypothesis if the computed r is less than the tabulated r otherwise reject the null hypothesis.

**Decision**

Since the computed ($r = .554 < .756$) is greater than the table value of .000, we reject the null hypothesis. Therefore, we concluded that there was positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria as reported in the probability value of ($r = .554 < .756$, $p < .05$).

**Discussion of Findings**

**Observing the provisions of CSR Act had positive significant effect on the profitability of Oil and Gas firms in Nigeria**

Hypotheses one showed the computed ($r = .489 < .774$) is greater than the table value of .000, Therefore, we concluded that observing the provisions of CSR Act had positive significant effect on the profitability of Oil and Gas firms in Nigeria as reported in the probability value of ($r= .489 < .774$, $p<.05$). In support of these hypotheses, Ogala, Falope and Audu (2021) examined the effect of corporate social responsibility reporting on oil and gas businesses' return on assets in Nigeria. The findings suggest that (i) employees expressed a lack of sense of ownership and attached meaning to commitment based on (self-help) benefit gained from their organization, and (ii) the lack of scrutiny and accountability in the public sector resulted in low employee turnover intention.

**There was positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria**

These findings revealed the computed ($r = .554 < .756$) is greater than the table value of .000, Therefore, we concluded that there was positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria as reported in the probability value of ($r= .554 < .756$, $p<.05$). This was in line with the study of Oyedokun and Erinoso (2022) who conducted a study on environmental conservation, sustainability and financial performance of listed oil and gas companies in Nigeria. The finding shows that environmental sustainability is significantly related with the returns on equity and profits after tax and environmental conservation has effects on the financial performance of listed oil and gas companies in Nigeria. The choice of a suitable resource allocation algorithm primarily influences the performance and capacity of a network, resource utilization. Since the resources are usually limited, effective utilization and allocation of resources becomes important.

**Summary of Findings**

- **i.** Observing the provisions of CSR Act had positive significant effect on the profitability of Oil and Gas firms in Nigeria as reported in the probability value of ($r= .489 < .774$, $p<.05$).
- **ii.** There was positive significant effect of environmental sustainability of operations on the turnover of Oil and Gas firms in Nigeria as reported in the probability value of ($r= .554 < .756$, $p<.05$).

**Conclusion**

The study concluded that observing the provision of CSR and Environmental sustainability of operation had significant positive effect on the profitability and turnover of oil and gas firms in Nigeria. Interaction is the rooted ingredient of social relationships. The various social processes are the forms of interaction. The process of interaction, contact, forming and breaking down of relationships continuously occurs in society. Increasing a company's employee productivity rate is a continuous process of building better environments, good connections with the workers and understanding their concerns. What truly helps is building policies that encourage people to audit the work environment and build up employee motivation as a continuous method of improvement.

**Recommendations**

Based on the findings the following recommendations were proffered

**i.** The management of the organizations should endeavour to observe the provision of CSR as this will increase sales and customer loyalty; Operational costs savings, better financial performance and greater ability to attract talent and retain staff.

**ii.** For better Environmental sustainability should be encouraged as Sustainable business practices lead to the adoption of greener technologies and allow smaller businesses to thrive. Sustainable businesses also value people more and hence ensure better employment practices.

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