INTERNATIONAL OIL COMPANIES AND THE PROMOTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN GHANA’S OIL EXPLORATION COMMUNITIES: AN ANALYSIS

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LEGON            JULY 2016
DECLARATION

I hereby declare that this work is the result of an original research conducted by me under the supervision of Dr. Boni Yao Gebe. I also declare that all sources of information and data have been duly acknowledged and that no part or whole of it has been previously presented for any other purpose.

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(STUDENT)                                                                 (SUPERVISOR)

DATE:………………………….    DATE…………………………..
DEDICATION

I dedicate this dissertation to God Almighty, my late father, Andrews Fiawoyife, Senior Prophet T. B. Joshua, Pastor Akwasi James Ohene-Dei and Dr. Sango Alemawor.
ACKNOWLEDGEMENTS

As any author can attest, far more people are involved in the creation of a book than the person whose name appears on the cover. This dissertation is certainly no exception; I owe a gargantuan debt to many different people for helping in the course of my study. In the latter stages in my academic endeavour, I had the good fortune to be supervised by an affable lecturer of the Legon Centre for International Affairs and Diplomacy in the person of Dr. Boni Yao Gebe. I appreciate the immense contribution he made to my intellectual development and the intellectual depth he gave to this dissertation. Indeed, his noble guidance, direction and meticulous supervision cannot be measured on geographical space.

An outstanding team of lecturers and individuals deserve a special mention for making significant contribution to my life and to what I believe is a good package of an ancillary materials assembled; Dr. Ken Ahorsu, Torgbui Gidi Kumedzro, Hon. Patience Ameku, Ms Evelyn L. Amegbor, Mrs Jemima Mercer Aboagye, Lovelace Worlanyo, Mawuli Agordo, Francis Atsu Agordo, Evangelist Israel Wordor, Rosemary Nutsunugbe, “Prof” Ofosu Richard, Ami Perpetua Fiadjigbe, Ms Gloria A. Dordunu, Alifosi Victoria Bossoh and all my colleagues deserve special acknowledgement. Each has helped me become a better scholar, but more importantly, each has helped me to become an accomplished personality.
<table>
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<tr>
<th>ACRONYMS AND ABBREVIATIONS</th>
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<tr>
<td>AGI - Association of Ghana Industries</td>
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<td>CHRAJ - Commission on Human Rights and Administrative Justice</td>
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<td>CSR - Corporate Social Responsibility</td>
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<td>FHI - Family Health International</td>
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<td>GEA - Ghana Employers Association</td>
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<td>GHBC - Ghana Business Code</td>
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<td>GNCCI - Ghana National Chamber of Commerce &amp; Industry</td>
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<td>HIV/AIDS - Human Immune Virus/ Acquired Immune Deficiency Syndrome</td>
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<td>IDRC - International Development Research Centre</td>
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<td>IOC - International Oil Companies</td>
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<td>MBA - Master of Business Administration</td>
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<tr>
<td>MNC - Multi-National Company</td>
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<td>MPSD - Ministry for Private Sector Development</td>
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<td>NBG - Business Group</td>
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<td>NGO - Non-Governmental Organisation</td>
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<td>NEPAD - New Partnership for Africa’s Development</td>
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<td>PEF - Private Enterprise Foundation-Ghana</td>
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<td>SINOPEC - China Petroleum and Chemical Group</td>
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<td>SRI - Stanford Research Institute</td>
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<td>UNDP - United Nations Development Programme</td>
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<td>UN - United Nations</td>
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<tr>
<td>USAID - United States Agency for International Development</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS

DECLARATION ... ... ... ... ... ... ... ... i
DEDICATION ... ... ... ... ... ... ... ... ii
ACKNOWLEDGEMENTS ... ... ... ... ... ... ... ... iii
LIST OF ACRONYMS AND ABBREVIATIONS ... ... ... ... iv
TABLE OF CONTENTS ... ... ... ... ... ... ... ... v
ABSTRACT ... ... ... ... ... ... ... ... viii

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study ... ... ... ... ... ... ... ... ... ... 1
1.2 Statement of the Research Problem ... ... ... ... ... ... ... 3
1.3 Research Questions ... ... ... ... ... ... ... ... ... ... ... 4
1.4 Objectives of the Study ... ... ... ... ... ... ... ... ... ... ... 5
1.5 Research Hypothesis ... ... ... ... ... ... ... ... ... ... ... 5
1.6 Scope of the Study ... ... ... ... ... ... ... ... ... ... ... 6
1.7 Rationale for the Study ... ... ... ... ... ... ... ... ... ... ... 6
1.8 Theoretical Framework ... ... ... ... ... ... ... ... ... ... ... 6
1.8.1 Stakeholder Theory ... ... ... ... ... ... ... ... ... ... ... 7
1.9 Literature Review ... ... ... ... ... ... ... ... ... ... ... 12
1.9 Sources of Data ... ... ... ... ... ... ... ... ... ... ... 23
1.10 Research Methodology ... ... ... ... ... ... ... ... ... ... ... 24
1.11 Organization of Chapters ... ... ... ... ... ... ... ... ... ... ... 25
Endnotes ... ... ... ... ... ... ... ... ... ... ... 26
CHAPTER TWO:
A HISTORICAL OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY (CSR)
GLOBALLY AND IN GHANA

2.0  Introduction ................................................................. 29
2.1  Corporate Social Responsibility Defined ....................... 29
2.2  Evolution of CSR ........................................................... 32
2.3  CSR Today ................................................................. 33
2.4  Key Characteristics of CSR ........................................... 34
2.5  Types of Corporate Social Responsibility ....................... 34
2.6  Importance of CSR ....................................................... 36
2.7  CSR in Developing Countries .......................................... 37
2.8  CSR in Ghana .............................................................. 38
2.9  The Domestic Legal Framework on Corporate Social Responsibility .................................................. 40
2.10 Conclusion ........................................................................ 41
Endnotes .................................................................................. 42

CHAPTER THREE:
AN ANALYSIS OF CSR PROMOTION BY IOCS IN GHANA

3.0  Introduction ................................................................. 44
3.1  Profile of Tullow Oil Plc. ................................................. 44
3.2  Profile of Kosmos Energy ............................................... 45
3.3  Profile of Jomoro District ................................................ 46
3.4  Profile of Elembelle District ............................................. 47
3.5  Results from Senior Official from Tullow oil plc, Kosmos energy Ghana and some opinion leaders from Elembelle and Jomoro communities .................................................. 47
With the discovery of oil and its production in commercial quantities in Ghana, there has been a high sense of expectation among the citizens of Ghana, especially in oil exploration communities about their share of this resource. For Ghana not to experience the detrimental incidents of other countries such as Nigeria and Trinidad and Tobago, international oil companies (IOCs) have a role to play. In view of this, this study aims at investigating and analyzing the true nature of corporate social responsibility (CSR) activities and alternative livelihood programmes engineered by IOCs in the Jomoro and Elembelle districts and the challenges that militate against the actualization of these CSR activities. The study is exploratory in nature, utilizing a qualitative research approach to obtain primary data from Tullow Oil Plc, Kosmos Energy Ghana, and some community members of Jomoro and Elembelle districts. The study revealed that both Tullow Oil Plc. and Kosmos Energy Ghana engage in similar CSR programmes, however different in nature. Another significant finding made by this study is that challenges such as land acquisition and lack of community collaboration are inherent in CSR implementation of both companies. Business ethics, management of stakeholders’ expectations and demands were revealed as a driving force influencing the promotion of CSR activities. Finally, from the community perspective, the true nature of CSR activities and alternative livelihood programmes of both oil companies is inefficient and not satisfactory. The study concluded and recommended that IOCs should widen their scope of CSR activities and engage community members in every aspect of their CSR activity, so as not to experience failing projects and obtain the trust of the community in their operations.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The 20\textsuperscript{th} century has witnessed a sharp increase of oil to fuel the world economy. Rapid population growth coupled with dormant economic growth rates, more especially in the third world countries, have further contributed to the global dependence on oil.\footnote{However, Eteng A. Inya explains that oil exploration and exploitation have negative toll on the social and physical environment of oil-bearing communities, which invariably pose an excruciating challenge to subsistent peasant agricultural economy and environment as well as the entire livelihood and basic survival of the people.}

Recognizing the negative toll of oil exploration and exploitation, which in the long run affects the oil producing communities, Jedrzej George Frynas observes that the oil companies place value on their social and environmental impact and they dialogue more with oil bearing communities than they used to in the past.\footnote{The author highlights that, this is due to tremendous growth in social reporting and corporate codes of conduct as well as Kofi Annan’s Global Compact and Global Reporting Initiatives. Furthermore, oil companies have designed, funded and implemented significant community development schemes. It was estimated in 2001 that, global spending by oil companies on community development programmes was well over US$500 million.}
Corporate Social Responsibility has emerged as a business approach for addressing social and environmental impact of company activities. The World Bank defines CSR as “the commitment of business to contribute to sustainable development working with employees, their families, local communities, and society at large to improve their quality of life that are both good for business and good for development.” The concept of CSR has gradually taken root in the business environment. This is due to the fact that companies have become aware that by engaging in social responsibilities, they can have social license to operate and to also maintain competitive advantage over their counterparts which inured to the benefit of the organisation in the long run.

Ghana became part of the community of oil producing countries on the 15th of December 2010 by commissioning the Jubilee Oil Field operations, which is located in Deep Water Tano and West Cape Three Points blocks, about 60 km offshore Ghana and 130 km south-west of Takoradi, the regional capital of the Western Region. With the discovery and exploitation of oil reserves in Ghana in the Jubilee Field, there was a lot of euphoria which characterized Ghanaian reactions about the prospect of oil projects in the area. For International Oil Companies (IOCs) to be able to manage these reactions from Ghanaian populace, they have to be able to lay out CSR programmes, at the dawn of oil production through social investments in the communities to improve economic, social and environmental standards. The operations of IOCs may directly or indirectly affect the lives of the people living in the host communities and the lack of effective social investment in the communities of which IOCs operate can stir up agitations among the local population of the community as witnessed in neighboring Nigeria.
Consequently, analysing the effectiveness of CSR activities of IOCs would contribute to the effort made by stakeholders to preserve and promote the success of livelihood that are mainly based on fewer industrial activities such as fishing, farming and small-scale enterprises. Given the recent oil find in Ghana, it is of much importance to analyze CSR activities being engineered and executed by IOCs operating in Ghana. It is from this background that this study calls for an analysis of CSR activities of two IOCs, namely Kosmos Energy and Tullow Oil Plc, in the Jomoro and Elembelle district in the western region of Ghana.

1.2 Statement of the Research Problem

Since the discovery of oil and gas in Ghana, there has arisen a sharp debate between the optimists who are of the view that the “Black Gold” is a key to unlocking the gate to prosperity for the people of Ghana, and the pessimists who see it as a means for the few to benefit at the expense of the poor masses, leaving a trail of environmental and social degradation for the average Ghanaian to deal with. The debate also is derived from the gold-mining sector that is measured to be contributing minutely to the economy of Ghana and the host community. The high expectation that the oil companies will offer employment to many Ghanaians could result in drifting of people to oil exploration communities of Ghana in search of jobs. Also, meeting the high expectations of Traditional Chiefs and elders of the host communities over land ownership is another overwhelming challenge. This generates a high level of expectations from the host communities for the provision of social amenities, jobs, capacity and skills development among others. Once these expectations are not met, an attempt to take away their main sources of
livelihood from farming and fishing as a result of the oil and gas exploration activities, will most likely be resisted fiercely.\textsuperscript{13}

As noted, the unabated conflicts in the Niger Delta of Nigeria are as a result of poor management of local expectations of the people in the community of exploration.\textsuperscript{14} In the light of this, Fragouli and Danvi argue that, IOCs should be guided by the experiences of Chad and Trinidad and Tobago by effectively engaging local communities in a bid to promote their CSR on regular basis so as to create peaceful co-existence and local acceptability of the operations of IOCs.\textsuperscript{15}

It is a given that a peaceful co-existence is the precursor for IOCs to drive operation and equally meet operation objective. Four years into commercial production of oil and gas in Ghana, it appears Tullow Oil plc. and Kosmos energy Ghana are not adequately addressing the CSR needs and alternative livelihood programmes for the host communities; Jomoro and Elembelle. The study seeks to ascertain the true nature of CSR activities and alternative livelihood programmes being pursued by Tullow Oil Plc. and Kosmos Ghana Energy in the host communities and the challenges that militate against the actualization of these CSR activities.

1.3 Research Questions

Based on the research problem stated earlier, the study seeks to answer the following questions:

- How has the CSR evolved over time globally and in Ghana?
- What is the type and nature of CSR activities put in place by IOCs in Ghana’s oil exploration communities, with specific reference to Elembelle and Jomoro?
What are some drivers that influence the engineering and execution of CSR programmes and some challenges being faced by IOCs in executing CSR activities in Ghana’s oil exploration communities, with specific reference to Elembelle and Jomoro?

What are the benefits of CSR actions on the socio-economic development of the rural population in the selected communities of oil operation?

1.4 Objectives of the Study

The main objective for this study is to examine the activities of International Oil Companies in promoting corporate social responsibility in Ghana’s oil exploratory communities. The specific objectives of the study are:

- To examine the historical evolution of CSR globally and in Ghana.
- To describe the type and nature of CSR activities put in place by IOCs in Ghana’s oil exploration communities, with specific reference to Elembelle and Jomoro.
- To assess drivers that influence IOCs in engineering and executing CSR programmes and some challenges in executing CSR activities by IOCs in Elembelle and Jomoro communities.
- Assess the benefits or otherwise of CSR actions on socio-economic development in the selected communities of oil production.

1.5 Research Hypothesis

The two international oil companies have not carried out their CSR programmes and alternative livelihood programmes effectively in Ghana’s oil exploration communities.
1.6 Scope of the Study

This work, for effective appraisal of CSR activities of the oil industry in Ghana has its scope as the entire oil exploration companies in Ghana. However, specific attention is given to the activities of oil companies in Jomoro and Elembelle with focus on CSR activities of Tullow Oil Plc, Ghana and Kosmos Energy, Ghana. The study is limited to the analysis of CSR activities of IOCs in Ghana’s oil exploration from 2010-2014. Though the period under review might be limited in terms of any impact assessment, having engaged the CSR relation officers of Tullow oil plc and Kosmos energy Ghana, a lot has been done which deserve attention. This has however necessitated the call for this study.

1.7 Rationale for the Study

There has been growing concern about whether the International Oil Companies in Ghana will be able to measure up to their Corporate Social Responsibility and alternative livelihood programmes in Ghana. The rationale of this study is to help provide information on CSR in relation to the oil and gas exploration companies and the effect these CSR programmes have on the local people within the catchment area especially, in terms their livelihood depravation. The study is understandably timely and important at this critical stage of Ghana’s oil and gas discovery and production. The findings will provide measures for stakeholders to help minimize the threats of social agitations that is posed to the fledging oil industry.

1.8 Theoretical Framework

This section of the study provides a theoretical framework for the study. For the purpose and nature of this study, the stakeholder’s theory is considered. The rationale behind the application
of this theory is to provide a concrete understanding of CSR in relation to the topic. A description and analysis of the stakeholders’ theory in relation to the subject matter of the study have been provided below.

1.8.1 Stakeholder Theory

According to Mainardes, Alives, and Raposo, stakeholder theory has emerged from four different key academic fields, namely sociology, economics, politics, and ethics. Historically, the stakeholder’s theory is derived from the study of management practices as highlighted by Slinger Giles while the use of the term grew out of the pioneering work at Stanford Research Institute (SRI) in the 1960s.

In 1984, Edward R. Freeman further propounded the stakeholder concept into a framework for strategic management. According to Freeman, “…current theories are inconsistent with both the quantity and kinds of change which are occurring in the business environment of the 1980s…, hence, a new conceptual framework is needed.” Thus, the popularization of the stakeholder approach by Freeman grew out of the failure of traditional strategic frameworks to equip managers to deal with the rapid changes in their business environment. The underlying assumption of the stakeholder theory is that, ‘an organisation will maintain relationships with several groups that affect or are affected by its decisions.”

Freeman also argues that when current theories or frameworks no longer provide valid answers to the challenges posed by the market environment, it becomes necessary to abandon these theories and turn to new concepts such as stakeholder theory that can unravel the re-occurring
complexities in the market environment. Freeman further expands the notion of strategic management beyond its traditional economic roots, which gave shareholders a place of supremacy, by defining stakeholders as “any group or individual who can affect or is affected by the achievement of organization’s objectives.” In the past two decades, scholars such as Donaldson & Preston and Jones also called for the creation of a new theory of the firm that appropriately describes a firm’s behaviour by focusing on stakeholder relationships. According to these scholars, the stakeholders’ theory would explain firm behaviour by integrating observed economic performance with observed social performance in the environment of its operations.

According to Freeman, a stakeholder traditionally refers to “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. The stakeholder approach to strategic management as proposed by Freeman has its main tenet aiming at calling on firms to identify groups and individuals who can affect the achievement of their objectives, and identify and understand how the achievement of the firm’s objectives affect other constituents and develop strategies that take these into considerations in decision-making. The stakeholder approach thus provides firms with a framework that allows them to take a macro view of their stakeholder environment thereby reducing strategic surprises. The theory was proposed to enable firms identify not only issues in their market environment, but also the constituents in this environment whose actions and behaviours can trigger changes in their market environment.

Donaldson and Preston suggested that the stockholder theory literature could be seen and analysed in three branches which are the descriptive, instrumental and normative approach. The
The stakeholder approach to strategic management as proposed by Freeman has its main tenet aim at calling on firms to identify groups and individuals who can affect the achievement of their objectives, and identify and understand how the achievement of the firm’s objectives affect other constituents and develop strategies that take these into consideration in decision-making. The stakeholder approach thus provides firms with a framework that allows them to take a macro view of their stakeholder environment thereby reducing strategic surprises. The theory was proposed to enable firms identify not only issues in their market environment, but also the constituents in this environment whose actions and behaviours can trigger changes in their market environment.  

The stakeholder approach facilitates firms’ understanding of their actions and the reactions they trigger, as well as the actions of other constituents and their reactions to them. It requires
organizations to develop expertise in the understanding of how stakeholder groups emerge, the key issues of concern, and the extent they are willing to go to either enable or prevent the organization from achieving its objectives as a result of these issues.\textsuperscript{29} This approach recognizes that firms are no longer self-sufficient, but dependent on other constituents in their non-market environment to survive and succeed.\textsuperscript{30}

The key underpinning issue is the extent to which the theory finds applicability in this study in helping to analyse the good practice of stakeholder’s involvement and management in a bid to achieve corporate objectives and goals. The stakeholder theory is linked to this study because it significantly offers scientific bases to explain what institutions are really made out of, since these entities can then be studied by means of its organisational concepts and the perceptions they hold towards their environment. The principal focus of interest here is that, IOCs that effectively and efficiently embrace stakeholder involvement practices are more likely to be successful in the area of local involvement, sustainability, profit-making and local acceptance than those that are not.\textsuperscript{31}

The stakeholder theory has been met with diverse criticisms. Michael C. Jensen has criticized the theory for its lack of clarity on what constitute better or worse stakeholder engagement and value creation.\textsuperscript{32} Phillips et al., also criticised it for its ambiguity as to what constitutes stakeholder theory proper.\textsuperscript{33} The work of Susan Key instituted criticism on the Stakeholder theory. She argues that Stakeholder theory does not provide adequate explanation on the behaviour of firms within the environment in which they operate.\textsuperscript{34} An essential part of the stakeholder theory development is the provision of an explanatory logic for the relationships under observation.\textsuperscript{35} Freemans’s Framework does not go beyond the concept of ``affect/affected by”, thus, it does not
sufficiently address the dynamics in the link between firms and its identified stakeholders. To Susan Key the firm's survival can be correctly linked to external environment through the resource dependency and population ecology theories. Wood maintains an argument against the theory that, the model as proposed by Freeman does not provide a broader understanding of the operation of the overall system that includes the firm's environment.

Although the stakeholder theory has been met with diverse criticisms, it is clear from other studies conducted that, the pivotal aim of the stakeholder theory is to effectively identify who the stakeholders of a firm are, what are their needs, how influential they are and how to manage their diverse needs so as to create a harmonious relationship with them leading to a win-win situation. Given the applicability of the theory, it is of much significance that IOCs operating in Ghana in general and the Jubilee Field in particular need to satisfy their stakeholders in this case, (the host communities) through their involvement in decision making and provision of social amenities. Thus from the point of view of the stakeholder’s theory, IOCs within or around the Jubilee Field must take into account the effects of their operations on those who live in close proximity to their operations. In an attempt to establish and maintain good relations with these communities, IOCs, with special reference to Tullow Oil Plc. and Kosmos Energy, have to establish corporate community relations departments charged with the responsibility of building relationships with communities and giving the corporation a human face through various strategies such as CSR activities and alternative livelihood programmes and taking necessary steps to understand their grievances.
1.9 Literature Review

Many scholars have written on the analysis of CSR programmes by IOCs to a large extent on the effect of CSR on the host community. One noble effort in this direction is the work of Eghosa Osa Ekhator. Eghosa Osa Ekhator focuses on the extent of corporate social responsibility (CSR) practices in the oil and gas industry in Nigeria. The work of Osa Ekhator quotes Olufemi Amao, (2014), *Emergent State Practice on the Creation and Practice of Standards on Corporate Social Responsibility*, by defining Corporate Social Responsibility (CSR) as the idea or theory that companies have a duty towards the society beyond its primary obligations to its shareholders or owners and it is said to be voluntary. He further argues that the major problems besetting CSR include lack of an acceptable definition and the use of various academic frameworks to measure its spread and influence. The article also discusses the African conceptualization of CSR. The author explains that, the modern manifestation of CSR in Africa is a Western influenced or imposed concept. Hence, it will be difficult to produce a generic definition of an ‘African’ conceptualisation of CSR due to a number of factors including the circumstance that African countries have distinct colonial, religious and historical antecedents amongst other barriers.

The work of Osa Ekhator authenticates that major oil MNCs such as Shell, Exxon Mobile, Chevron, Total, Eni, Addax among others operate in Nigeria and show a considerable control of shares by Western oil MNCs. However, his work reveals that Western oil MNCs are reducing their investment in the oil and gas sector of Nigeria due to security concerns in the Niger Delta. Due to these withdrawals, only Chinese state-owned companies are recently investing in the oil and gas industry. China Petroleum and Chemical Group (SINOPEC) is acknowledged for its
significant investments in Nigeria. The CSR practices espoused by the Chinese firm in Africa are accentuated by its cultural and regulatory background. These Chinese firms operate CSR with Chinese characteristics in Africa.\textsuperscript{41}

Osa Ekhator further examines Addax CSR activities and reveals that Addax CSR activities operate in line with international instruments such as the UN Global Compact, UN Universal Declaration of Human Rights and ILO Conventions. CSR activities by Addax include a project known as “Rainwater to fight water shortage”. The premise of the project is to mitigate water shortages in schools, which are deeply deprived of basic infrastructure. Technical skills acquisition programmes in host communities, sponsorship and training of youths of host communities are among some of the CSR activities engineered by Addax.\textsuperscript{42}

Despite these CSR activities by Addax, major weaknesses were inherent which the author identified. A major weakness is that there appears to be no apparent networking with local communities in the delivery of CSR activities in the Niger Delta. A major Addax CSR project (Rainwater to fight water shortage) is located in Lagos state in the western part of the country. Such projects ought to be sited in the Niger Delta that is the epicenter of the oil and gas industry in Nigeria. Thus, the argument of the author is that if the members of the communities wherein the activities of Addax are localized in the Niger Delta were adequately consulted, probably the project would have been located in a Niger Delta community. In respect of the training acquisition programmes, it can be contended that they are not far-reaching. Arguably, many host communities and youths are not involved in the training schemes. Also, it appears that women who constitute a sizeable part of the population are neglected in the training schemes.\textsuperscript{43} To
mitigate these inherent weaknesses, He recommends that the Nigerian variant of CSR should be reflected in Addax initiatives. The Monrovia principle that is an African conceptualization of CSR should be reflected in CSR activities in Nigeria. In addition, local communities should be consulted more often. The author finally concludes that Chinese firms are operating from a point of advantage in CSR initiatives in Nigeria. However, they should learn from the mistakes of the Western MNCs in order to embed sustainable CSR initiatives in the oil and gas industry in Nigeria.44

This article is of critical importance to this research, since it provides an overview of analysis of CSR undertaken in Nigeria that is also an African setting as well as demonstrating the multiplicity of the definitions of CSR.

The author however fails to investigate the high degree of hostilities meted out to Western oil companies that led to kidnappings, violence, and eco-terrorism than the Chinese counterpart. Also, a major lapse in the work of Osa Ekhator is his failure to discuss the benefit of these projects on the lives of citizens in the catchment area.

The work of Adu-Boahene et al provides a new dimension to the CSR discourse.45 They define CSR as a method where corporate institutions voluntarily factor in social and environmental issues into their company lures which can meet stakeholders’ expectations. They maintain that a large number of companies are increasingly engaging in a serious effort to define and integrate the CSR into all aspects of their business operations. They further argue that recently, there have been heightened interest in the proper role of business in society and that this has been promoted
by increased sensitivity to and awareness of environmental, social, and ethical issues. Issues like environmental damage, improper treatment of workers, and faulty production leading to customer inconvenience or danger are highlighted in the media and the government regulations regarding environmental and social issues have increased and standards and laws are also often set at a supranational level in developing countries such as Ghana.46

Adu-Boahene et al advance by conducting an explorative study to examine how managers and executive directors regard the ethical and social responsibility reputations of some selected companies and how this in turn influences their attitudes and behaviours towards corporate social responsibility (CSR) practices. The results from Adu-Boahene et al indicate that many managers and executive directors have clear understanding on the reputation and benefit corporate social responsibility brings to their respective companies. The study also makes conclusion that outcome from Adu-Boahene et al deviate from government institutional guidelines for CSR practices in Ghana and that the nature of CSR practices amongst the companies have been dominated by environmental dimensions with less emphasis on human resource development.46 Adu-Boahene et al recommended that firms should establish measurable objectives and, where appropriate, targets for improved corporate social responsibility, including periodically reviewing the continuing relevance of these objectives.47

This work will help to continually assess the impact of the CSR activities on the ground. Notwithstanding, Adu-Boahene et al is very relevant to this work as it provides a more similar setting to this study. It also throws some light on the importance of CSR to the organization.
The study therefore leaves a big gap to be filled such that it failed fundamentally to throw light on the relevance of the CSR activities to the people directly affected in Ghana.

Crowther and Aras state that CSR is a concept that has become dominant in business reporting. The authors presented a broader definition of CSR as the relationship between global corporations, governments of countries and individual citizens. Crowther and Aras further defined CSR more locally as the relationship between a corporation and the local society in which it resides or operates. The book also re-echoes the fact that there is however no agreed definition of corporate social responsibility. Crowther and Aras highlighted on poor business behaviour towards customers, treating employees unfairly and ignoring the environment and the consequences of organizational actions and inactions as the factors that have led to the interest in CSR. They discussed that the determination of good performance of CSR is dependent upon the perspective from which that performance is being considered.

The book also discusses the environmental issues and their effects and implications. Crowther and Aras is of the view that when an organisation undertakes activities which impacts upon the external environment, then this affects that environment in ways which are not reflected in the traditional accounting of that organisation. According to Crowther and Aras, organizations which choose to report externally upon the impact of their activities on the external environment tend to do so voluntarily. Crowther and Aras also discuss ethics which is considered as the natural and structural process of acting in line with moral judgments, standards and rules. They further assert that a business which does not respect ethical criteria and fails to improve them will disrupt its integrity and unity which is its capacity to achieve its goal and lead to internal or external
conflicts (this is evident in Nigeria). According to Crowther and Aras, to be a socially responsible organisation, the company must be more than a legal and ethical body also. They argue that CSR is not always a legal necessity, and that increasingly, it has become an obligation.  

The book by Crowther and Aras serves as an important tool to the work under focus since it provides knowledge on the broad definition of CSR and throws more light on the environmental issues and their effects and implications on the society.

However, the book provides no knowledge on the nature and type of CSR activities as well as the challenges being faced by the companies in executing the CSR activities.

Asafu-Adjaye in his work, Oil production and Ghana’s economy: What can we expect?  

The author endeavours to conceptualise the expectations of the Ghanaian on the proceeds and benefits of the exploration of oil in the jubilee oil fields. Asafu-Adjaye acknowledges that, one of the main concerns about Ghana’s entry into commercial oil production is the adverse effects associated with the oil industry especially in global south countries such as Nigeria. Asafu-Adjaye asserts that, there seem to be a gloomy outlook to the prospects of explorations because it has the tendency of becoming a natural resource curse for the country. This pessimistic picture has been affirmed in the works of scholars such as Auty. A study of the long-term development of natural resources exploitation on these economies has proven to have a negative effect through the reduction of the relative size of domestic manufacturing and production sectors of their economies. Again, an abundance of natural resources in these economies sometimes fosters
institutional weaknesses and mismanagement of the natural resource wealth.\textsuperscript{54} Asafu-Adjaye however admits that it is possible to avoid the pitfalls of resource abundance, by pro-actively establishing a sound institutional framework and macroeconomic management.

In his analysis on the impact of oil production in Ghana, Asafu-Adjaye performs a counterfactual Simulation, using a Global Trade Analysis Project (GTAP) model (version 6.2a) to forecast a CGE model of the Ghanaian economy.\textsuperscript{55} An application of the model resulted in a projections of a countries GDP growth rate to about 12.2 percent. Interestingly, the GDP of Ghana grew by 14.4 percent according to the Ghana statistical service in 2011.\textsuperscript{56}

According to Asafu-Adjaye, the government of Ghana can effectively averse the negative implications of the economy by undertaking two main public policy programme. The first is the need for the Ghanaian government to “promote the development of new sectors with linkages to the oil sector with the view to boosting local content and participation.” Secondly, the government must diversify its state policies in other to mitigate the expected adverse impacts of oil production, particularly in the agricultural and manufacturing sectors.\textsuperscript{57}

This article is of relevant to the study because it provides a general outlook of expectations of Ghanaians on how the exploration of oil could affect the economy.

The work of Asafu-Adjaye however fails to zero in on expectations of the oil exploration communities and thus does not recommend a tailor-made policy to improve the standard of living of these oil exploration communities. Secondly the study fails to effectively identify the
role of the oil exploration companies in mitigating the adverse consequences of their operation activities.

The study of Vicente Garcia Claver, Oil extractive emerging industries operating in Ghana and its consequences for the local population and environment,\(^{58}\) there is a focus on the expectations and consequences of oil industries in Ghana similar to that of Asafu-Adjaye, there is a however a variation in how both authors approached their study. \(^{59}\) Claver for instance limited his study to the local communities where oil is being exploited. The objective of Claver’s work is to explore the consequences of oil extractive industries in their respective local communities in Ghana. \(^{60}\) Claver establishes that there is a strong commitment by oil companies, the government and other stakeholders to turn the oil operations and explorations into real economic development for Ghana. However, the local host communities of these oil giants have indicated that there are not enough measures put in place to improve their situation in order to have any environmental problems due to the oil exploration. \(^{61}\)

Claver however argues that the fact that the activities of these oil extracting industries have negatively affected their source of livelihood including fishing, small scale farming and tourisms thus, this should warrant these oil extracting companies to provide some sort of compensation to the residents of these community. These compensations may come in the form CSR to the communities or the provision of employment to its residents. \(^{62}\) Claver however, warns that, whiles individual communities reserve the right to gain the from the exploration of these natural resources, they do not hold exclusive claim to the oil resources as the proceeds from the resources is to be benefited by the whole nation. \(^{63}\) Claver’s work also highlights the various
contributions by the IOCs in the local communities.\textsuperscript{64} For instance, Tullow Group provides undergraduate and postgraduate scholarship schemes to help develop the local skills and expertise in the oil industry.\textsuperscript{65}

In his study, there is systematical analysis that categorizes and assesses the consequence in terms of economic issues, social context, local community impact, economic impact and transparency and corruption. In terms of the economic consequence, there is an agreement with assertions of Asafu-Adjaye who projected a slow progress and growth in non-oil sectors such as agriculture.\textsuperscript{66} Agriculture recorded the lowest sectoral growth of 2.6 percent in 2012, and this is a cause of worry as the sector provides employment to majority of the Ghanaian working population. In the social context, the consequences of oil extracting operations are mixed. There is a steady and systematic growth in the human development indices and a high net school enrolment rate of 82 percent in 2012. On the downside, the country has failed to plan and execute specific local policies tailored towards the needs of the people.\textsuperscript{67}

According to Claver, the benefit that is derived from natural resources should far outweighs the threats it poses. In terms of the local communities or oil exploration towns, the opportunities they derived include direct and indirect employments, access to social infrastructure such as roads, water, and schools. On the other hand, the threat that these communities face includes, cultural changes, increased populations, changes in the principal economic activity and increased cost of living.
The Ghana government can focus on policies that maximize the use of local expertise, goods and services, as these will translate to the creation of jobs for people and an increase and retain oil extraction benefits within Ghana. The sad reality, however, is that, offshore oil extraction activities reduces the major economic activity in the communities rendering indigenes of such communities to become poorer due to the high cost of living. In terms of the environment impacts, the Ghanaian government enforces a mandatory Environmental Impact Assessment policy, which is performed by all extracting companies. However, the exploration and production of oil comes with negative consequences on the environment. it is difficult to adequately assess the and control the negative environmental degradation nevertheless, the overall impact of oil exploration in Ghana is insignificant. In terms of the transparency in the Ghana oil industry, there is a fairly transparent system in place in Ghana.  

Claver concludes that, despite a government commitment to use proceeds and benefits form oil companies and stakeholders in Ghana to improve the livelihood of Ghanaians, the opinions and perception of the local people seem to be in discordance as they claim to have been made poorer in their communities. However, the country can benefit fully from its oil resources if proper regulatory frameworks and policies are put in place.  

The study by Claver is relevant to the study as it provides a zoomed in perspective of the effects of oil exploration in Ghana as well as the communities in which the exploration takes place. Claver however fails to establish in concrete terms, what the IOCs provides to these communities and the benefits of such engagements.
The study of Kumar et al on the environmental impact on oil and gas activities in Ghana; based on an analysis by graphical approaches, is relevant to this study because it provides vital information on the nature and impact of the activities of IOCs in Ghana on the environment. The researcher is able to assess the extent of environmental impacts these exploration communities go through and if there is a need to increase the CSR activities in such communities. Their study also provides analysis on the socio-economic, human and cultural, aquatic, atmospheric, biosphere and terrestrial impacts.

The oil and gas industry front runners, Kosmos Energy and Tullow Oil has put in proactive management systems in advanced engineering technology and operational practices which is aimed at mitigating environmental impact which has led to a significantly reduction in the number of environmental incidents in this communities.

In terms of human cultural and socio economic impact, the increase in immigration into the local community has led to income differentials, high inflation and widening gap between the rich and poor. However, the authors observe that there is an uneven distribution of benefits and impacts in local region which has heightened the tension in these communities. In terms of atmospheric impacts, activities such as the flaring and purging of gas, as well as Fugitive gases from loading operations and tanager and losses from process equipment fall below 1 per cent of regional and global levels of gas emissions. In the same vein, analysis performed on aquatic and water samples revealed that pH of the water samples ranges from 7.33 to 8.47 pH units. These values fall in line with the WHO acceptable standards and guideline values for pH for brackish, marine and natural resources. However, the researchers uncovered that, the water bodies at these
locations had small elements of polluted fluids with metals and grease compositions which has a negative impact on human socio economical and sea resources thus, it affects ground water storage. The EPA can step up its efforts to formulate and enforces strict regulations to protect the local population.  

Their study indirectly informs us about how these IOCs should pay attention to value added projects. For instance, the drilling of a borehole in the community will not be a necessary because; the water from such a project will have health implications for the local population. A water treatment plant will be ideal in this instance.

The study of Kumar et al does not indicate how or what measures have been put in place by the IOCs in the oil exploration communities to help alleviate the situation.

The work under focus therefore is seeking to unravel the true nature of CSR activities and alternative livelihood programmes at the catchment area being pursued by Tullow oil plc. and Kosmos Energy Ghana

1.9 Sources of Data

The study uses both primary and secondary sources of data. Primary sources of data consist of unstructured interviews with key CSR officials from Tullow Oil Plc Ghana and Kosmos Energy Ghana. Opinion leaders (including the chief fishermen and head of the fish mongers), development Planning Officers and District Coordinators of the two District assemblies, the Chiefs and some community members of Jomoro and Elembelle were also interviewed to serve
as a main source of primary data. The responses of the unstructured interviews were only required and used in the analysis. The secondary sources of data comprise of books, documents and reports, internet sources and journal articles on the subject matter. The secondary data sources were mostly used in the literature review and chapter two of this study.

1.10 Research Methodology

Qualitative research design is applied for the analysis. The data is gathered in July 2014 from the two oil companies and the two communities from an unstructured interview guide where ten (10) respondents were interviewed and the responses of these respondents were only used in the analysis. The data is analysed based on the themes under investigation that correspond to the problem as well as the objectives of the study. The targeted populations for the study are the two major IOCs in Ghana. Tullow Oil Plc, Ghana and Kosmos Energy Ghana were purposefully sampled because the two entities put together wield more than fifty percent of jubilee oil operations. Two officials, each from these two oil giants were sampled to provide vital information on the promotion of CSR in oil exploration communities in Ghana.

As indicated earlier, two districts, Elembelle and Jomoro districts were also purposively sampled for this study because these communities are directly affected by the adverse exploitation and exploration of oil resources in Ghana. Key opinion leaders and district assembly officers who had adequate knowledge on the promotion of CSR by the IOCs operating in the two districts were also sampled and interviewed. These individuals provided relevant knowledge, data on the effectiveness of CSR programmes due to the critical role they play as community leaders, and also because they constitute an important reference point for the jubilee field operation, where
the impact of the oil and gas activities is felt most. The analysis of the study has been done on the interviews conducted. There is a critical examination on responses from the various experts on the subject matter with special focus on consistencies in the responds as well as falling on references of the literature that were reviewed.

1.11 Organization of Chapters

This study is sectioned into four distinctive chapters.

- Chapter one constitutes the introduction.
- Chapter two provides a historical overview of CSR globally and in Ghana.
- Chapter three outlines an analysis of CSR promotion by IOCs in Ghana.
- Chapter four completes the study and presents a summary of findings, conclusions and recommendations for the research work.
END NOTES

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CHAPTER TWO

A HISTORICAL OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY (CSR) GLOBALLY AND IN GHANA

2.0 Introduction

This chapter examines an historical panorama of CSR that aims at providing a wider and fair account of evolution of CSR in the international landscape. This is followed by contemporary overview that highlights the changing dynamics of CSR to present day in developing countries and Ghana as well. The chapter equally examines the characteristics, types and importance of CSR with a general knowledge on the activities of CSR.

2.1 Corporate Social Responsibility Defined

Corporate social responsibility is a concept that encompasses interdisciplinary approach, it borders on politics to economics, and business to ethics. Over the years, practitioners and academia have made an unabated attempt at arriving at an agreed definition. This has not been possible as different definitions emerged. In the 1960s, the term Corporate Social Responsibility became popularized, thereby placing value on both legal and moral responsibility of companies in society. The idea of corporate obligation to economic growth, ecological balance, and social progress was however referred to differently by many scholars and businesspersons in the international landscape. Whilst some scholars referred to it as "Corporate Social Performance", others scholars contended that it was fit to describe the concept as "corporate social integrity". Since then the concept kept on evolving and in 1980 concepts like "business ethics", "corporate social policy", "corporate philanthropy" "and management of stakeholders." equally emerged.
During the early part of 21\textsuperscript{st} century also, theories of "sustainable development", "corporate sustainability", "corporate citizenship", "corporate reputation" and "socially responsible investment", "Corporate Social Reporting", and among others surfaced. Later, A. Kerolla, a seasoned and leading expert in business and society crafted the concept of CSR to explain and link the entire existing concepts together and as a core alternative to the brouhaha surrounding the etymology of the concept.\textsuperscript{4} Keith Davisin suggested that corporate social responsibility should be referred to as decisions and actions taken which play partially beyond the firm’s direct economic or technical interest.\textsuperscript{5}

Fragouli and Danyi define Corporate Social Responsibility as “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 the local community and society at large”.\textsuperscript{6} This definition provides hands-on tools for ensuring diverse societal expectations. The definition is armed with the fact that businesses should not live independent from the society. In other words, it should be incorporated into the fabric of the society. It demonstrates further that both the business and the community are interdependent and this must be safeguarded through mutual understanding and responsible conduct, and that society place high value on business role in building a better future. This definition also brings into sharp focus the basic tenets of the stakeholder theory which is the theoretical framework adopted for this study.

Du et al broadly define CSR as “a commitment to improve (societal) well-being through discretionary business practices and contributions of corporate resources”.\textsuperscript{7} The above definition suggests that corporate institutions should conjugate efforts by the application of their resources
to ameliorate the lots of the communities through discretionary means. In the same vein, Amponsah-Tawiah, and Dartey-Baah define the CSR concept as the “the strategic decision of an organisation to voluntary act upon the social factors that have the potential of militating against the fulfilment of corporate goals.” This definition suggests that in order for organisations to meet its corporate objective, there is a need to satisfy the basic societal responsibilities which is likely to negatively affect its operations.

According to the European Union, the CSR is a concept whereby corporate institutions embark on voluntarily programmes to ameliorate society and maintain good environmental practices. They argue further that the CSR is a concept whereby companies integrate social and environmental issues into their company operations and their dealing with their stakeholders on a voluntary basis. This is a two-fold definition which is wrapped into one. The European model of the definition seeks to accentuate investment in communities and operating businesses in socially responsible manner to drive businesses successfully.

From the above definitions, it is clear that consensus has not been reached as to the universally accepted definition with the main point of divergent pivoted on whether CSR is a voluntary, legal or moral obligation on the part of corporations. The academia, corporate institutions and individuals have assigned various definitions to the concept which is a reflection of local traditions, values, prevailing challenges and peculiar situations. The above definitions also manifest the divergent perspectives of the concept ranging from environmental issues, empowerment of local communities and philanthropic mission. A major inherent weakness in these definitions is its inability to establish parameters for the execution of CSR. However, the
various definitions underscore focus, scope and demonstrate commonality of themes ranging from governance issues, employee issues, environmental issues, ethics, and policy issues.

2.2  Evolution of CSR

The concept of Corporate Social Responsibility is not a new phenomenon as it featured in the 19th century through some enlightened work of some corporate institutions, though it became more pronounced in the 1990s. Prior to its prominence, the concept of CSR was considered to be irrelevant and frowned upon. It was criticized, condemned and rejected for decades because it has been considered as unproductive, costly and irritating by businessmen. Lee P. Mele however contends that with time the concept of CSR has been widely embraced and accepted in business domain especially after the end of the First and the Second World War, which brought significant institutional changes in USA and Europe. More importantly, during the Cold War, Howard Bowen, who is also considered to be the father of CSR, boldly approached this issue in (1953) through the Social Responsibility of the Businessman.

Coupled with that, Donald David, the business school dean of Harvard University is the first personality to specifically make a key statement on the social responsibility. He admonishes the incoming MBA class to place value on social responsibilities of corporate institutions by supporting social causes to drive home the tenets of CSR. It is equally worth mentioning that some other historical precursors in the CSR discourse were Levitt Theodore and Milton Friedman. In 1958, Levitt advocated for business leaders to tackle the problems associated with social responsibility. In the same vein, in the 1960s, Friedman offered an economic view of CSR.
2.3 CSR Today

Since its popularization in the 1950s, CSR has increasingly gained prominence and influence within the corporate world during the post-Cold War era which is consistently captured and given a place in corporate institutions, media, and society, academia and policy sectors. Suchman, and Waddock affirm that over a decade or two, there have been monumental pressure on corporate institutions to act responsibly to ensure their social legitimacy.\(^{16}\) This has however driven most corporate institutions to remodel themselves from shareholder value to stakeholder value leading to balancing people, planet and profit.\(^{17}\)

The new shift in organizational focus is compelling corporate world to increasingly implement CSR policies. It is this which has necessitated the formation of the Asia-Pacific CSR group in July 2004 to enhance human resource profitability and favourable environmental regulations across the region.\(^{18}\) Cowper-Smith and De Grosbois observe quite recently that the aircraft industry has incorporated into their company lures, the reduction on noise pollution and emission of gases, to safeguard strategy, altruism and defense.\(^{19}\) McWilliams Abagail and Siegel Donald maintain that in order to gain and win societal, consumer and employee goodwill, many corporate executives are competing in implementing CSR related policy, gaining advantage over rival firms, and thus making the rivals firms to also implement the said policy leading to revolution of CSR in the international system.\(^{20}\) Equally worth noting is the September 11th, 2001 terrorist attacks in the U.S which have elevated the very nature of urgent calls for greater recognition to CSR, with business people seemingly now more attuned to global inequities.\(^{21}\)
2.4  Key Characteristics of CSR

Craig Smith came out with three important characteristics of CSR. Firstly, he discloses that the CSR is not a new phenomenon, the concept is only being hyped today. He further states that, corporate institutions that carry out CSR programmes often have mixed feelings which underline the business and normative case for CSR. He concludes that the CSR does not have a defined scope.\textsuperscript{22}

Lu Dai Fu\textsuperscript{23} also identified and explained four main characteristics of corporate social responsibility. The first is that, CSR establishes a relationship which imposes a positive responsibility on the parties involved. Secondly, CSR takes those concerned with non-shareholding interests as the concerned party of obligations. To Lu, the beneficiaries of a CSR programme should not be a shareholder of the corporation providing the service. Thirdly, CSR is an integration of legal and moral obligations of a corporation. Finally, CSR is an amendment and complement to the conventional principle of maximized profits for shareholders.

2.5  Types of Corporate Social Responsibility

The prime focus of every corporate institution is a responsibility to carry out specified tasks usually to make profit. M. Scilly identifies four types of CSR to corporate institutions. These are Economic Responsibility, Legal Responsibility, Ethical Responsibility and Philanthropic Responsibility.

Economic Responsibilities: The fundamental focus of every company is to make profit to ensure the survival of the company so that it can live to carry out its Corporate Social Responsibility.
Apart from the company’s efforts in generation of turnover, companies employ the use of the most efficient procedures to minimize wasted capital. This includes ethical and transparent bookkeeping to safeguard the survival of the company. Archie B. Carroll believes that a high level of operating efficiency ensures higher turnover and a firm is measured as being successful in this regard.

Legal Responsibilities: Companies also gear up towards legal responsibilities such as tax obligations and the payment of royalties. The legal responsibilities of business encapsulate both positive and negative obligations that fall on businesses by the laws and regulations of the society where it operates. They do this by operating within the frameworks of municipal laws and other international practices, norms and conventions. This includes observance of Human Rights at all levels of supply chain, avoiding child labour and lax safety condition. O. S. Fadun argues that a firm is usually described as being successful when it fulfils its legal obligations. Besides other experts of CSR opines that regulation is a necessary tool to measure the fulfilment of CSR.

Environmental Responsibility: Corporate institutions also strive to ensure that their conducts do not amount to environmental wastefulness which translates into environmental friendliness to minimize the impact of its footprint on the environment of operation. The executive industries therefore take measures to manage and correct its effects on the environments to the benefit of the society and the corporate institution as well. This includes carbon emission reduction, reduction of pollution, sustainable source of resource and managing global warming.
Philanthropic Responsibilities: Philanthropy is a voluntary or discretionary act of company lures to promote goodwill and also ameliorate human welfare in a conceptual laboratory. These are programmes and policies that corporate institutions put in place to the benefit of the local communities. They may be charity donation or assistance in any form. Investing in the community in the form of beautification projects, educational initiatives, providing good usable water, electrification projects, capacity building and among others. The business views itself as parts of social fabric and help companies justify their existence in the local community.

2.6 Importance of CSR

Corporate Social Responsibility is a helpful conceptual framework for exploring the corporate attitude of companies towards its stakeholders. CSR calls for corporate institutions to consciously respond not only to its shareholders, but also to other stakeholders which include customers, employees, affected communities and the general public, on issues such as human rights, employee welfare and climate change which is proven to establish mutual beneficial relationship to all stakeholders which guarantee a win-win phenomenon.

The execution of CSR programmes enhances good public image and high level of integrity and reputation for those corporate institutions. These days the general public is buying into companies that employ good practices in dealing with the environment. Environmental consciousness is likely to attract more markets for corporate institutions. Also a company which does not renege on its CSR implementation is guaranteed an improved relation with the investing community leading to higher patronage of its products.
It is worth noting that the CSR forges good corporate partnerships when the needs and expectation of the community are satisfied which build trust between the community and the enterprise. Advocates of the field argue that corporate institutions that are perceived by society as being socially responsible are likely to derive enormous benefits from being so.\textsuperscript{34} Besides, a good CSR policy ensures positive workplace environment. This is done when management and employee believe that they work for a corporation that ensures their welfare. This ropes in good employee relations, company culture, teamwork spirits, esprit de corps and higher productivity.\textsuperscript{35}

The CSR initiatives by corporate institutions enhance both government relations and public relations benefits. This is a tool to win the heart of both government regulators and the community at large. This helps companies to acquire social license from the communities and legal regulators to operate.\textsuperscript{36}

### 2.7 CSR in Developing Countries

Historically speaking, the concept of CSR is a new phenomenon in many third world conceptual laboratories. And it is lamentable that this still persists in some countries even today.\textsuperscript{37} It is argued that the concept of CSR is a theme which high energy societies sought to insert into low energy societies and this practice could be attributed to the fact that CSR does not form part of the central focus and scope of business lures of companies in third world countries. In some isolated cases, donations are made \textit{en passant} in the name of CSR but this is either to show off or they have seen their competitors doing it.\textsuperscript{38}
More so in Africa particularly, legislation and enforcement are ineffective, civil society convict scrutiny is poor, and consumer activism for responsibly-produced products is relatively absent. Amponsah-Tawiah and Dartey-Baah state that though much of the CSR discourse in Africa is focused on ethics and anti-corruption measures, developing world have witnessed a measurable increase in the area of CSR and Human Rights for the past decade, and this is evident in South Africa and Kenya. However, this progress is very minimal and negligible as against the extent to which the environment and the natural resources are violated in many countries. The prime focus of corporate institutions has been that of environmentally and charity driven policies and relegating legal and ethical business practices to the background. Pointedly speaking, there is equally a gap in shortfall of publications on CSR in Africa and most finished researches remain on the shelves of many libraries.

2.8 CSR in Ghana

The foremost concept of CSR is deemed to making sure that, corporate institutions, by virtue of their operation in a particular conceptual laboratory contribute to the society through programmes and policies that address the needs of the society. In Ghana, the socialist orientation of Dr. Kwame Nkrumah presents a situation that the locations of Government corporate institutions were deemed at alleviating the challenges of that particular society. This makes government corporate institutions to pay less attention to their corporate social responsibility in their communities of operation.

Atuguba et al also observe that the institution that is tasked to promote activities of CSR is challenged financially, weak in human resource and institution and, the issues of CSR also
appear not to be well understood. Most corporations are not actively engaged in the communities and CSR is widely regarded as a philanthropic. In the year 2000, the WBCSD carry out a survey on CSR in Ghana:

“In Accra, we were told that CSR was not high on the business agenda. Why? It was thought that CSR is too expensive and that there was little outside pressure on companies to encourage them to take the initiative on it. Lack of government control and involvement was also cited as a reason for CSR having a lower priority. We were told, ‘We need responsible government before we can have responsible business.'”

However, Atuguba et al opines that the shift in focus to carry out CSR policy is borne out by globalization, trade liberalization, government commitment to a Golden Age of Business and the creation of Ministry for Private Sector Development (MPSD). They added that other institutions that contributed to the promotion of CSR include the Commission on Human Rights and Administrative Justice (CHRAJ), Ghana Anti-Corruption Coalition, Transparency International, the media and a number of NGOs. Atuguba et al noted that quite recently there has been a clarion call on corporate institutions to carry out social relief programmes. It is worth mentioning that large scale multi-national companies are measured to be the highest undertaker of CSR activities in Ghana, courtesy to the clarion call. These are telecommunication and mining industry.

In 2006 when the Association of Ghana Industries (AGI), Ghana Employers Association (GEA) and the Ghana National Chamber of Commerce & Industry (GNCCI) collaborated to launch the Ghana Business Code (GHBC) to deepen the practice of CSR in business, only a handful of corporate institutions signed up for it. This is a voluntary document fashioned in line with UN Global Compact and the 1992 constitution of Ghana to scrutinize corporate institutions on the
triple bottom line (profit, planet and people) as well as in Human Rights, labour standards, environment and anti-corruption.\textsuperscript{47}

\section*{2.9 The Domestic Legal Framework on Corporate Social Responsibility}

In Ghana, corporations are formed under Companies Code, 1963 (Act 179). Despite the fact that there are no comprehensive policy or laws on CSR, the government provides initiatives, policies, laws, and practices that give a framework for CSR. The framework for CSR enforcement in Ghana is by endorsing practices that are CSR friendly, mandating, facilitating and partnering. This is done by legislation that provides best practices and standards for business performance which are captured in constitutional provisions, local government laws and requirements for environmental impact assessments contained in an Act of Parliament.

Chapter 5 of the 1992 Constitution of Ghana makes provision for list of fundamental Human Rights which must be respected and upheld by all natural and legal persons in Ghana. However

\textquote{Since corporations are legal persons, they are bound by this provision in article 12 of the Ghana Constitution. It follows that corporations cannot engage in conduct that denigrates the compendium of civil, political, economic, social and cultural rights contained in the Ghana Constitution. The Constitution provides for a quick and automatic means of redress in the High Court for any rights violations and corporations may thus be liable for any rights violations that are proven in the High Court by an applicant.}\textsuperscript{48}

However, several challenges continue to exist in connection with Ghana's corporate governance and CSR policy and legal framework. Apart from regulatory frameworks and legislative mechanism that the Ghana government put in place to ensure promotion of CSR, it is worth mentioning that the government of Ghana provide supportive, secondary and catalytic roles to organizations that seek to elevate activities of CSR that capture people, planet and profit.\textsuperscript{49}
2.10 Conclusion

This chapter of the study provided a definition of CSR as well as the historical antecedent of the CSR concept and how it has been adopted in Ghana today. The chapter also reviewed the importance of CSR in Ghana.
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29Carroll, Archie B., op. cit.  

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31Waddock, S., op. cit.


38Meridian group international pathfinder international,(April 3, 2006),CSR in Africa extending service delivery project/ meridian group international, Inc.

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44Atuguba Raymond et al, op. cit.

45Amponsah-Tawiah, Kwesi,and Dartey-Baah, Kwasi., op. cit.

46Ibid., p. 109.

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481992 Constitution of Ghana, Article 33.

49Atuguba Raymond et al, op. cit.
CHAPTER THREE

AN ANALYSIS OF CSR PROMOTION BY IOCS IN GHANA

3.0 Introduction

This chapter is essentially the central part of the research under focus. It primarily addresses the profile of Tullow oil plc and Kosmos energy Ghana to elicit their stand towards CSR. It also draws on demographic analysis of Elembelle and Jomoro districts where the two oil companies have engineered the CSR programmes. The chapter further presents and analyses the primary data gathered from the field as well as secondary data obtained from journal articles, books, internets and documents. It must be stated that, the primary data was gathered from interviews conducted on two senior officials from Tullow Oil Plc. and Kosmos Energy Ghana, as well as responses of some opinion leaders of Jomoro and Elembelle districts of the Western Region of Ghana. Finally, the analysis has been organized into various thematic areas, with a purpose of accomplishing the research questions.

3.1 Profile of Tullow Oil Plc.

Tullow Oil Plc. is a global oil and gas exploration company, whose headquarters is located in London, United Kingdom. Aidan Heavey in 1985 founded the company in the Republic of Ireland as a gas exploration business operating in Senegal. Tullow expanded its operations into the United Kingdom in 1988, acquired exploration acreage in Spain, Italy and South Yemen in 1989 and between 1990 and 1994 acquired licenses to operate in Pakistan, Bangladesh, India, Côte d'Ivoire, Egypt and Romania. Currently it has interests in over 85 licenses across 23 countries. Its largest activities are in Africa, where it has discovered new oil provinces in Ghana.
and Uganda. It currently produces oil and gas in six countries and has exploration projects in 13 countries. As of 30th June 2010, it had total proven commercial reserves of 290.5 million barrels of oil. In the year 2000, the company acquired a £201 million worth of gas producing fields and related infrastructure in the UK, South North Sea from BP.

Tullow Oil plc. acquired oil exploration block in Ghana under the President John Kufour administration and in 2007, Tullow drilled two deep water wells offshore Ghana, discovering the massive Jubilee field, its largest ever discovery and the beginnings of proving up a second new major oil province. Between 2008 and 2009, the company commenced a new phase and growth in Africa markets especially in Ghana and Uganda. Due to the renewed commitments in Africa, Tullow Oil Plc, was able to produce oil within 40 months after its discovery in Ghana. The company has also spearheaded new major discoveries in the Enyenra (Owo) and Tweneboa fields in Ghana. The Tullow oil Ghana is highly committed to respecting its company lures through ethical, safety, health and environmentally related issues that is in line with international industrial standard. It aims at using all legally and capable means to ensure the development of Ghana’s nascent oil industry to promote economic growth to the benefit of the present and future generations. The vision of the company is to be the leading global independent exploration and Production Company and aims to achieve this through a continuing focus on core players across Africa and the Atlantic Margins.

3.2 Profile of Kosmos Energy

Kosmos Energy is an international oil and gas exploration and production company with experience and reputation as global oil finder including their recent discovery of the huge Jubilee
Field, in the offshores of Ghana. The company’s portfolio has grown strongly in African markets including multiple discoveries in Ghana, substantial exploration opportunities offshore Ghana, Morocco, Mauritania, and onshore Cameroon. The vision of the company is to strike a new balance between risk and reward, as they apply proven technical expertise and a contrarian spirit to exploration. With a superior record of accomplishment and strong financial positioning, the company is focused on significantly growing their business and unlocking the world’s most prospective hydrocarbon provinces.³

3.3 Profile of Jomoro District

The Jomoro district was carved out of Nzema District in 1988. It has a total land size of 1,344 square kilometres. The district makes up proximately 5.6% of the total land area of the Western Region. It is bounded to the north by Wassa Amenfi and Aowin Suaman districts, to the east by the Nzema East District, to the west by the Republic of Ivory Coast and to the south by the Gulf of Guinea.⁴

The population of Jomoro District is 150,107 of which males constitute 49.0 percent and females represent 51.0 percent. The Jomoro District has a household population of 145,490 with a total number of 34,502 households, averaging about four persons per household. About 67.2 percent of the population aged 15 years and older are economically active of which 94.3 percent are employed while 5.7 percent are unemployed.⁵ Statistics on the employed population show that 39.0 percent are engaged in agriculture, forestry and fishery work. Another 20.7 percent are in service and sales whilst 20.1 percent are in craft and related trade. Only 2.6 percent are engaged as managers, professionals, and technicians.
3.4 Profile of Elembelle District

According to the statistical service, the 2010 Population and Housing Census show that the population of Elembelle District, is 87,501 constituting 3.7 percent of the total population in the Western Region. Females represent 51.6 percent whilst males constitute 48.4 percent. An estimated 79.4 percent of the population resides in rural areas whiles the remaining 20.6 percent reside in urban areas. The district has a household population of 85,338 with a total number of 18,682 households. The average household size in the district is 4.6 persons per household. An estimated 58.8 percent of the population aged 15 years and older are economically active of which 94.8 percent is employed. About 35.2 percent of the employed population are in agriculture, forestry and fishery. About 22.5 percent of workers are in the service and sales work and 18 percent are in craft and related trades. A total of 44.8 percent of households in the district are engaged in agriculture.

3.5 Results from Senior Official from Tullow oil plc, Kosmos energy Ghana and some opinion leaders from Elembelle and Jomoro communities

Background information of Respondents

The two senior officials interviewed from Tullow Oil Plc. and Kosmos Energy Ghana were purposively sampled. Both interviewees are males, married and between the ages of thirty-five (35) and thirty-seven (37) years. In line of the position held, one of the interviewee is a zonal liaison officer, whereas the other is a community engagement coordinator. These two interviewees have worked with their respective organization for more than three years making them an expert in the area of study.
Some key opinion leaders were also interviewed in the Elembelle and Jomoro Districts. The same caliber of people were polled so as to bring uniformity in the analysis made. These key opinion leaders interviewed are; Planning Officers from the two districts, two chiefs fishermen from both districts, two chiefs from both districts and the heads of fish mongers from both districts. In total, ten (10) interviews were conducted from some key opinion leaders for the analysis of this study.

3.6 Type and Nature of CSR Activities

CSR activities vary from company to company. Usually the CSR activity engineered by a company is usually characterized by the company’s philosophy on the concept of CSR as a phenomenon. Although most companies have similar CSR activities, the type and nature of it might be different. One underlining objectives of this research is to understand the type and nature of CSR activities carried out at Elembelle and Jomoro communities by the two oil companies under consideration. Respondents identified a wide range of specific CSR related activities. These activities have been grouped under five broad categories; education, health, livelihood empowerment, provision of portable water and environmental sustainability. These are analysed below.

3.7 Education as a type CSR activity

The Education support activities are considered as a type of CSR activity engineered by both Tullow oil plc and Kosmos energy companies. With regard to the nature of CSR activity under education, Kosmos Energy constructed an ultra-modern ICT infrastructure for the EKPU cluster of schools at Jomoro. Tullow Oil Plc on the other hand, targets higher-level education by
providing access to secondary education through the construction of classroom blocks and provision of scholarship for mainly tertiary students. Moreso, Tullow has renovated the Half Assini Senior High School science laboratory and furnished it with the state of the art equipment in addition to a new Assembly Hall that is under construction for the school.\textsuperscript{10} The opinion leaders in the two districts confirmed these assertions by the IOCs. Respondents from both districts confirmed they have had some improvements and investments made in education by these oil giants. The chiefs from Esiama in the Jomoro district hinted of social amenities like education. “Tullow Oil PLC has provided us with Information and Communication Technology (ICT) infrastructures in some schools within the districts.”\textsuperscript{11} “These companies have also provided the district with educational materials and provision of scholarship.”\textsuperscript{12} Juxtaposing views from the two companies and opinion leaders, the oil companies made some level of investment in the two communities.

3.8 Provision of Portable Water as a CSR activity

Easy accessibility to water is considered as a primary health intervention. In view of this, both companies consider provision of potable water as part of their CSR activities. Both respondents interviewed highlighted their company’s support in the provision of portable water to their host communities as a type of CSR activity. As part of Tullow’s nature of CSR activities on water, potable water has been provided to deprived communities especially through the provision of mechanized boreholes with about five standpipes in fifteen communities, which includes Eloyin, Kengen, Twenty, Egyeza, Allengenzule, Ehoaka, Annor Adjayi SHS, Jaway, Allomatoape, Mpeasem, Efasu, Newtown, Half Assini, Edobo and Mangea, all in the Jomoro district.\textsuperscript{13} With regards to the nature of CSR activities on provision of water by Kosmos Energy, It (Kosmos
Energy) was in collaboration with Safewater Networks, an NGO, and they have provided a small town water system for communities along the coast spanning Nkerekaso and Beyin in Jomoro district to Knsom, Atuabo, Ngalekyi, Ngalekpole and Anokyi in Ellembelle district. The opinion leaders confirmed that there have been some investments made in the water provisions in the various communities. The Chief of Half Assini confirmed that Tullow Ghana has provided some bore holes in some communities of Jomoro. The district Planning Officer of Elembelle indicated that Kosmos Energy has constructed a town water system along the coast from Beyin in the Jomoro District to Eikwe in the Elembelle District.

### 3.9 Health as a type of CSR activity

Health is considered as a building block to national development. It is revealed from the data gathered that both companies engage in health related projects as part of their nature of CSR activities. These range from refurbishment of healthcare facilities to the community and health sensitization. Kosmos Energy for instance has targeted the access and effective utilization of primary health care service by providing Half Assini community with a hospital and Nkroful health center with medical waste incinerators. Kosmos Energy has also provided some cut off communities along the Abbey lagoon with boat to enable them access medical care. In 2007, the company embarked on malaria sensitization programme dubbed “Teacher against malaria epidemics” which continued to date and distributed mosquito net to targeted communities in two districts. The nature CSR programme on health for Tullow Oil Plc is quite different from that of Kosmos Energy. Tullow oil targets efficiency in health delivery by giving capacity-building service training to some nurses, specifically in the Half Assini Hospital and some health posts in the two districts. The Planning Officers of the two districts have confirmed these positions of
the two IOCs under consideration. The Planning Officer at Elembelle District affirmed that indeed it is in their record that Tullow Oil Plc offered capacity building for some nurses and some health posts and education programme on combatting malaria. The District Planning officer at Jomoro equally confirmed “Teacher against Malaria epidemics”, provision of hospital to Half Assini and waste incinarators and boats are some of the projects embarked upon by Kosmos Energy.

3.10 Livelihood Empowerment as a CSR activity

Livelihood empowerment is considered as a key strategic nature of CSR activity for both companies. From the respondents, their respective companies do engage in livelihood empowerment of community members in order to boost their living standards, through capacity building and the provision of user-friendly working apparatus. Tullow Oil Plc organizes regular workshop programmes that builds capacity management for fishmongers and fishermen in the affected communities. Community members have been trained in fish smoking, good and sustainable method of fishing as well as financial management by Tullow Oil Plc. Kosmos Energy’s livelihood support or empowerment CSR programme, targets people who are directly affected by their activities such as the fishing folks. In this regards, Kosmos Energy has trained fishermen and fishmongers and have constructed the “chorkor” type of smoking oven to enhance their activities.” The two Chiefs fishermen of Esiama (Elembelle District) and Half Assin (Jomoro District) have both acknowledged the provision of capacity building on fish smoking and harvesting, provision of user friendly apparatus such as “chorkor oven” equipment for the fisher folk respectively.
3.11 Environmental Sustainability as a CSR activity

It is widely known that the operations and activities of oil industries generate environmental hazards that are of negative effect to livelihood. In view of this, most oil companies are very mindful of their operations especially concerning the impact it has on the environment. From the result, it is revealed from the data gathered that the two companies maintain some level of environmental sustainability as part of their nature of CSR activities. Kosmos Energy educates the indigenes, especially the fisher folks on how to react to oil spillage and how to collect the oil at sea. Kosmos Energy also conducted a periodic research on seaweeds. Incidentally, “on environment sustainability, Tullow Oil trains some community dwellers on how to identity oil spillage and the some safety methods that they can use to collect to make some income. The Planning Officers of both Districts and the two Chiefs of fishermen equally from both Districts have apparently and respectively confirmed a capacity training for the fisher folks on how to collect oil spillage and the safety methods as well.

3.12 Drivers Influencing CSR Programmes

An insightful study by Christian Aid identifies six factors behind the promotion of CSR by corporate organizations. These are public pressure and media expose, attracting investors, enhancing good public relationship, engaging campaigners such as civil societies, obtaining social license and meeting of international and local regulation. In addition, studies by Lewis and Lichtentein et al. suggested that society values, new business opportunities, reduced regulatory interventions, customer satisfaction, firms’ reputation, and better stakeholder relationship are acting as different driving forces that are motivating business firms for the implementation of CSR initiatives.
According to George Jedrzej Frynas, business organizations engaging in CSR activities which centre on social investments can gain “competitive advantage” over their competitors with less social engagement in ways that reduce cost and increase their market share. To some scholars like Fragouli and Danyi the importance of CSR is not in doubt. One of the driving force of CSR by most oil companies is to appease host communities (i.e. managing expectations) in order to strengthen their relationship. This appeasement usually leads to a reduction in business-community conflicts and the disruption of business operations, thus enabling the firms to maintain or increase their corporate performance in terms of output, revenues and profit. George J. Frynas argues that this profit motive in CSR is in line with stakeholder theory, which states that companies “will listen primarily to those stakeholders who pose the greatest threat to their operations.” Further, CSR initiatives enables business organization to secure their “social license to operate” in the society.

One major driver influencing the promotion of CSR is to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, clients, employees, communities, stakeholders and all other members of the public. Eweje Gabriel states that communities want social development projects that provides hope of a stable and prosperous future. In view of this, oil companies have embraced development initiatives primarily in order to demonstrate that they are socially responsible. From the results, both companies embark on CSR activities for various reasons. These are economic opportunities, community relations, management of expectations and corporate values.
The drive for Kosmos Energy CSR activities is a business principle on which the company is founded. The goal is to create value for all its stakeholders, including shareholders, employees, and the governments and citizens of their host countries. Kosmos Energy CSR activities are integral part of their larger business plans and activities rather than discrete unrelated programmes. The CSR activities of Kosmos energy is centred on building human capacity and economic opportunity, as well as the believe that responding to the needs of the people and society. Thus, Kosmos Energy uses participatory approach in identifying, designing and implementing CSR programmes to create broad based benefits to the society.

Tullow Oil on the other hand has a straightforward CSR policy or drive. That is, to demonstrate corporate sensitivity to the demands and problems of the communities it operates, and to engage in CSR to satisfy particular interest, manage expectations and strengthen the corporations relations with the communities”. The assertions by respondents from both Tullow Oil Plc and Kosmos Energy Ghana indicating that they often engage the communities in the type of CSR programmes, these were confirmed by the opinion leaders in their host communities. The data gathered revealed that, officials from both companies usually visit members of the communities to educate and to monitor projects been carried out. The purpose of visit is usually to embark on community sensitization and education on their activities offshore, to educate community members on the problems resulting from the oil exploration and to monitor ongoing CSR projects in the communities.

However, analysis on the data collected, reveals Tullow Oil Plc. and Kosmos Energy Ghana involvement of the community members in the formulation of their CSR projects is very limited.
This view is supported by Fragouli and Danyi that both government and IOCs hardly engage the community in CSR programmes. There is admission on the part of opinion leaders that these companies do not consult or involve the district assemblies before embarking on any projects. Interestingly, the opinion leaders in Jomoro face a reverse of what happens in Elembelle as there is some engagements with the assembly during the consulting stages of the project whiles during the project execution, there is little or no active involvement of the community and the district assemblies.

### 3.13 Challenges in CSR Execution

A CSR activity is a continuous process, in the course which organisations are faced with new challenges. Analyzing such challenges provides future insight into the ways in which organisations can develop a collective CSR competence. Eghosa Osa Ekahtor highlights that, challenges that affects CSR activities of oil companies includes the ideology and political system and economic system of the oil companies home state.

This section of the analysis is developed to access the challenges faced by the Tullow Oil Plc. and Kosmos Energy Ghana, in the implementation of their CSR activities. Interestingly, Tullow Oil Plc bemoans the lack of communal collaboration for effective CSR execution and the inability of beneficiaries to manage CSR activities sustainably. The final challenge faced by Tullow Oil is the difficulty in meeting and managing the expectations of communities with regard to CSR activities.
In a related development, the challenges Kosmos Energy face, often emanate from the communities, in terms of infrastructure provision and the difficulty in the acquisition of land site for CSR projects. Similarly, multiple claims over land ownership often delay compensation payments, which in turn hamper the smooth execution of CSR activities.42

Another peculiar challenge faced by Kosmos Energy is derived from the fact that some CSR activities are done in partnership with others that fuels partnership programming and prioritization problems resulting in a slow pace of work.43

3.14 Benefits of CSR Programmes by Tullow Oil Plc. and Kosmos Energy Ghana

The result reveals that CSR initiatives of both oil companies are geared towards community development. It is evident that most interviewees indicated that they have positively benefited from CSR programmes by Tullow Oil Plc and Kosmos Energy Ghana. This finding contradicts that of Fragouli and Danyi as they stated that most frontline communities have not benefited from CSR initiative by oil companies in Ghana.44 Firstly, there has been an enhancement in the efficiency in fish smoking among the fishing folks as compared to the traditional method of fish smoking.45 Relatedly, the training of fish mongers has brought efficiency to the work which has help reduce post-harvest losses.46

The CSR programmes in oil exploration communities has enhanced growth and development of the district and contributed to the living standards of the communities. For instance, it has brought about easy access to drinking water by reducing the distance one has to travel for potable water.47
In terms of Education, the CSR programme has improved the quality of teaching and learning in beneficiary communities, as new school blocks and other academic infrastructures are being put in place.\textsuperscript{48} In the front of health, there is access and effective utilization of primary health care service by providing Half Assini community with a hospital and Nkroful health center with medical waste incinerators and provision of boat to some cut off communities along the Abbey lagoon to enable them access medical care.\textsuperscript{49}

Despite these benefits, the data revealed some pockets of contrary response to the once stated earlier. For instance, an effect of oil exploration in the communities includes low productivity in fishing, due to restriction to some areas near oil exploration rigs and large quantity of seaweeds that is recently washed ashore which interrupts farming activities.\textsuperscript{50} They maintained that the oil companies rather deprived them of their livelihood that is leading to low fish catch. This assertion confirms the study of Agyei et al that oil exploration leads to low catch of fish in Ghana’s fishing communities\textsuperscript{51} Again some of the respondents indicated that their household have not been affected by activities of the CSR that much. Even the ovens provided are small and cannot accommodate lot of fishes. This makes them to resort to their old methods and individual ovens.\textsuperscript{52}

In summing up the benefits of CSR in host communities, since the water project in 2012, a direct benefit of more than 27,000 people in 19 communities in four districts have directly benefited. There are now seven working water purification facilities, eight trained local operators, and more than 64 vendors engaged. Local technical and financial capacity building initiatives and a
sustainability monitoring system have been launched to ensure successful management of the water facilities.\(^5^3\)

### 3.15 Effectiveness of these CSR Programmes

George J. Frynas have increasingly questioned the effectiveness of CSR initiatives in the oil and gas sector.\(^5^4\) Studies on CSR provide reasons to the fact that CSR is still at a very low degree in terms of implementation and effectiveness.\(^5^5\) This confirms to the study of Alabi and Ntukekpo, as they revealed that community development efforts are considered neither satisfactory nor relevant enough to meet the needs of community dwellers.\(^5^6\) Reasons advanced to buttress this position include; low-level of commitment to CSR initiatives, unsustainable projects and negative impact of the process of delivering CSR programmes.\(^5^7\)

To access the effectiveness of these CSR programmes implemented by Tullow Oil Plc and Kosmos Energy, it is surprising the responses provided point to poor satisfaction among all the interviewees. The Planning Officers of Elembelle and Jomoro affirm that most projects engineered by the IOCs are discordant to the assemblies’ development plan. They maintained that most of the CSR interventions are not in line with the district medium and long-term development plans.\(^5^8\) For instance, on Education as a CSR activity, Schools or educational facilities are only sited in major towns and not in remote or far distant communities. Similarly, educational materials such as books are inadequate, whereas the scholarship programme also fails to focus on basic education. Besides there is constant breakdown of water facilities forcing people to resort to unsafe water sources for domestic use, coupled with that the price of water sale is too high, the chief of Esiama lamented.\(^5^9\) The chief of Half Assini indicated that the two
IOCs have no current initiative on seaweeds. He also expresses worry on lack of engagement of IOCs to provide alternative livelihood programmes for the fisher folks.\textsuperscript{60}

It is glaring from the results that Tullow Oil Plc. and Kosmos Energy Ghana’s CSR initiatives ranges from education, health, provision of portable water, environmental sustainability to livelihood empowerment. However, these initiatives are seen as inefficient or not satisfactory, partly due to lack of engagement. According to the stakeholder theory, communities are the primary stakeholders, hence their needs must be considered in achieving project goals. In addition, community participation and support are crucial to the success of CSR initiatives. It is important for oil companies in Ghana to conduct a stakeholder analysis to identify all primary and secondary stakeholders’ concerns, as this would develop a strategic view of the human and institutional landscape and strengthen the relationship between the different shareholders.

\section*{3.16 Conclusion}

This chapter draws on a comprehensive profile of the Tullow Oil PLC, Kosmos Energy Ghana, Jomoro and Elembelle districts. It presented and analysed data gathered from ten interviews conducted on key opinion leaders in the Elembelle and Jomoro districts and officials of Tullow Oil and Kosmos Energy. The study uncovered five key type and nature of CSR layouts by these IOCs in Ghana; education, health, livelihood empowerment, provision of portable water and environmental sustainability. The analysis also focused on the research objectives that are the challenges, drives and benefits of CSR of OICs in the Jomoro and Elembelle districts.
END NOTES

1http://www.tullowoil.com>west-africa>ghana.
7Ibid., p. 2
8Ibid., p. 4
9Interview with the Community Engagement Coordinator of Kosmos Energy 12th July 2015.
10Interview with Zonal Liaison officer of Tullow Oil plc on 18th July 2015.
11Interview with District Planning Officer at Jomoro on 11th July 2015.
12Interview with District planning officer at Ellembe on 12th July 2015.
13Interview with the Zonal Liaison officer of Tullow Oil op. cit.
14Interview with the Community engagement coordinator of Kosmos Energy on 12th July 2015.
15Interview with the Chief of Esiama on 11th July 2015
16Interview with the Community Engagement Coordinator of Kosmos Energy, op. cit.
17Ibid.
18Interview with Zonal Liaison officer of Tullow Oil, op. cit.
19Ibid.
20Interview with the Community engagement coordinator of Kosmos Energy op. cit.
21Ibid.
31Interview with the Community engagement coordinator of Kosmos Energy, op. cit.
32Ibid.
33Interview with the Zonal Liaison officer of Tullow Oil, op. cit.
34Interview with the Chief of Esiama on 12th July 2015.
35Interview with the Chief fisherman of Ankobra on 11th July 2015.
36Interview with the District planning officer of Nkroful on 11th July 2015
38Interview with the Chief of Esiama, op. cit.
39Interview with the District planning officer of Nkroful on 12th July 2015

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Interview with the Zonal Liaison officer of Tullow Oil plc on 18th July 2015.

Ibid.

Interview with the Zonal Community engagement coordinator of Kosmos Energy, op. cit.

Ibid.

Interview with the Zonal Community engagement coordinator of Kosmos Energy, op. cit.

Fragouli, E., and Danyi, A. Y., op. cit.

Interview with the head of Fish mongers at Half Assini on 29th June 2015

Interview with the head of Fish mongers at Esiama on 11th July 2015

Interview with the District planning officer of Nkroful on 12th July 2015

Interview with the Community engagement coordinator of Kosmos Energy, op. cit.

Interview with the chief Fisherman Half Assini on 11th July 2015


Interview with the Chief fisherman of Ankobra on 11th July 2015.

Interview with the Community engagement coordinator of Kosmos Energy 18th July 2015.

Frynas, J., op. cit.


Interview with District planning officers at Jomoro and Elembelle on 11th July 2015.

Interview with the Chief of Esiama on 12th July 2015.

Interview with Chief of Half of Assini, op. cit.
CHAPTER FOUR

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.0 Introduction

This chapter presents the summary of the research findings, makes conclusions and recommendations from the research findings. This work seeks to make an analysis on the promotion of CSR by IOCs in Ghana’s oil exploration communities. The study seeks to specifically answer the following research questions: (a) How has the CSR evolved over time globally and in Ghana? (b) what is the type and nature of CSR activities engineered by IOCs in Ghana’s oil exploration communities, with specific reference to Elembelle and Jomoro? (c) what are some drivers that influence the engineering and execution of CSR programmes and some challenges being faced by IOCs in executing CSR activities in Ghana’s oil exploration communities, with specific reference to Elembelle and Jomoro? (d) what is the benefits of CSR actions on the socio-economic development of the rural population in the selected communities of oil operation? The work under focus has been guided by the stakeholder theory.

4.1 Summary of Findings

From the results gathered, it is evident that both companies Tullow Oil Plc. and Kosmos Energy Ghana engage in the same type of CSR activities, however, different in nature. The type of CSR activities engaged in by both companies are categorized into health, education, livelihood empowerment, provision of portable water, and environmental sustainability. In the areas of health, Kosmos Energy focuses on making health care accessible and utilization of primary health care through the provision of medical boat for transportation, whereas Tullow Oil Plc
carries out capacity building for some nurses. On education, Kosmos Energy engages in the provision of ICT infrastructure to some schools in need, whereas Tullow Oil Plc. engages in construction of assembly hall, refurbishment science laboratory block and provision of scholarship.

In the area of potable water provision, both companies have provided boreholes to some communities. Kosmos Energy, to be specific, through the partnership of Safewater Network have provided 27, 000 people within 19 communities in four districts with portable water. Also 15 communities benefitted from 5 standpipes mechanized bore hole. With livelihood empowerment, Tullow Oil Plc. engages in capacity development of community members, whereas Kosmos Energy engages in training of fishermen and fishmongers and also have provided smoking oven for fish preservation. Finally, in the area of environmental sustainability, both Kosmos Energy Ghana and Tullow Oil Plc. contribute to the Jubilee Field Laboratory Fund partnered with Takoradi Polytechnic to conduct research on oil spillage and aquaculture. Both companies also educate fisher folks on how to react to oil spillage and also instituted a periodic research on seaweeds. This finding supports one of the prepositions of the Stakeholder theory, which states that the corporations should make the treat of all stakeholders as an integral part of the corporate goals. It is therefore important for Tullow Oil Plc. and Kosmos Energy Ghana to embark on CSR initiative that contributes to community development.

Another significant finding of this study is the challenges that militate against the execution of CSR activities by both companies. From the results gathered, it is revealed that both companies do experience some level of challenges in their respective CSR execution or implementation.
The lack of collaboration from community members, land acquisition, sustainability of projects and lack of coordination with partners are evident as some of the challenges seen in the implementation of CSR activities.

Furthermore, the study unveils some factors influencing both companies to engage in CSR activities. From the results, it is noted that business ethics, management of stakeholder’s expectations and demands are some of the pressing drivers influencing the promotion of CSR activities. In addition, the programmes laid out fail to match the expectation of the two districts, due to lack of engagement. Finally, the study revealed shocking results on the effectiveness of CSR initiatives embarked upon by both oil companies. From the community perspective, although CSR activities seem to be impactful; the true nature of CSR and alternative livelihood programmes by IOCs is ineffective and not satisfactory.

In summary, it is evident that oil companies in Ghana, with special reference to Tullow Oil Plc. and Kosmos Energy Ghana do promote CSR initiatives. However, with these glaring CSR initiatives, the community has viewed it as inefficient or not satisfactory. This result is in line with the hypothetical statement, which states the two international oil companies have not carried out CSR activities and alternative livelihood programmes effectively in Ghana’s oil exploration communities.
4.2 Conclusions

This study aims at analysing the promotion of corporate social responsibility in Ghana’s oil exploration communities. The objectives of this study is to: (a) examine the historical evolution of CSR globally and in Ghana.(b) describe the type and nature of CSR activities put in place by IOCs in Ghana’s oil exploration communities, (c) access drivers that influence IOCs in engineering and executing CSR programs and access some challenges in executing CSR activities by IOCs and (d) Assess the benefits or otherwise of CSR actions on socio-economic development in the selected communities of oil production . To achieve this, a qualitative research method was employed. This study was organized in four main chapters for easy reading and consistency.

The study reveals that CSR initiatives of Tullow Oil Plc. and Kosmos Energy Ghana are categorised into five areas, namely health, education, livelihood empowerment, provision of portable water and environmental sustainability. In addition, lack of collaboration with community members, land acquisition, sustainability of projects and lack of coordination with partners were evident as some of the challenges seen in the implementation of CSR activities. Furthermore, business ethics, management of stakeholders’ expectations and demands were some of the pressing drivers influencing the promotion of CSR activities. Finally, the true nature of CSR activities and alternative livelihood programmes of both oil companies is inefficient and not satisfactory.

The result of the study supports the original position of research hypothesis, which states that the two international oil companies have not carried out CSR activities and alternative livelihood
programmes effectively in Ghana’s oil exploration communities. It further justifies the theoretical framework that is rooted and stakeholder theories. The stakeholder theory that recognizes the various actors in a system is also applicable to this study, as it recognizes Elembelle and Jomoro districts as a primary stakeholder, for which IOCs in Ghana must take their concerns into serious consideration.

It can be concluded that, CSR can serve as a contributory yardstick to national development, however, if not taken serious can spark-up conflict. From the social point of view, CSR should benefit communities because the latter has a very complex structure as it consists of individuals with various levels of control of resources physically and intangibly.

4.3 Recommendations

Based on the findings, the following recommendations are made for consideration. From the result gathered, it is recorded that the Chorkor ovens provided by Kosmos Energy Ghana are too small for the fishmongers, and they also fail to provide working tools to the ovens, it is therefore recommended that officials of Kosmos Energy Ghana should make room for a more convenient one in their subsequent provision of such ovens and working tools.

The scholarship scheme operated by Tullow Oil Plc. only focuses more on students at tertiary level. It is recommended by this study that officials of Tullow Oil Plc. should try as much as possible to extend the scholarship scheme to primary or basic and secondary schools within their catchment area of operation to compensate for the loss or decline in livelihood of the parents of these children.
One challenging issue in this study is the fact that most CSR programmes do not match district development plans, hence making the programme redundant. This study therefore recommends that IOCs should often consult or review the district plan before engaging in any developmental plan so as to avoid ineffective programmes. The commencement of any CSR initiative should be preceded by social impact assessment studies that will take the interest of any affected community into account. Hence, IOCs should involve the community in planning, formulation, implementation and evaluation of CSR programmes.

In as much as the activities of IOCs, to a larger degree, disrupt the livelihood of some people in the catchment area, it would be a step in the right direction if these IOCs redirect their purchases in these communities to alleviate the ailing condition they have created as a result of the oil exploration. Hence, Tullow oil plc and Kosmos Energy Ghana could institute micro credit facility for the affected communities in order to access to produce goods or raw materials that may be required in the oil industry.

There should be an outfit by the central government through the district assemblies of the oil exploration to administer a system of arbitration of grievances on multiple claims of payment on land ownership relating to CSR actions between groups or individuals and IOCs to ensure amicable redress and peaceful co-habitation.

For the purpose of equity and fairness, areas where resource exploitation has led to a higher degree of negative impact, it is rewarding when both the government and the IOCs reserve 5% of the resource proceeds to better the quality of life of the affected community. Hence, this study
recommends that the Ghanaian government and the IOCs (Tullow and Kosmos) should come to a head to retain 5% of the oil proceeds to better quality of life and for the economic development of Western Region to give it a face-lift.

As a conclusion to the above, lessons over the years reveal that CSR have not been taken seriously by resource explorative companies thereby creating disenchantment in the resource communities. As Ghana is abound with multiple natural resources, CSR could be integrated into the academic curriculum especially at the senior high school level to the tertiary level to awaken the knowledge in this field so that the average Ghanaian can make meaningful and sustainable inputs on CSR lay outs.
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D. REPORTS/PAPERS/DOCUMENTS


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E. INTERVIEWS

Interview conducted on July 11, 2015 with some opinion leaders of Jomoro District.

Interview carried out on July 12, 2015 with some opinion leaders of Elembelle District.

Interview conducted on July 12, 2015 with Zonal Liaison officer of Tullow Oil plc at Jomoro and Eleembelle.

Interview conducted on 18th July 2015 with Community Engagement Coordinator at Enyinase, Jomoro.
APPENDICES

APPENDIX I

INTERVIEW GUIDES

UNSTRUCTURED INTERVIEW GUIDE FOR KOSMOS ENERGY GHANA AND TULLOW OIL PLC

LEGON CENTRE FOR INTERNATIONAL AFFAIRS AND DIPLOMACY (LECIAD)
UNIVERSITY OF GHANA

I am a student of the Legon Centre for International Affairs and Diplomacy of University of Ghana. I am conducting a research work on the topic: International Oil Companies and the Promotion of Corporate Social Responsibility (CSR) in Ghana’s oil exploration communities: An Analysis. The research work is purely an academic exercise in honour of Master of Arts Degree in International Affairs. I will be grateful if you could respond to the questions below. All responses will be treated with utmost confidentiality.

SECTION A

Background Information of Respondents

1. Age
2. Marital Status
3. Place of Work
4. Position/ Rank
5. Length of Service

CSR Activities

6. What is your company’s perception about CSR?
7. Does your company engage in CSR activities?
8. Why do you engage in CSR activities?

9. What type of CSR activities do your company engage in?

10. What is the nature of these activities?

11. Which community or group of people benefit from these activities?

12. What challenges are inherent in executing CSR activities by your company?
APPENDIX 2

UNSTRUCTUERD INTERVIEW GUIDE FOR ELLEMBELE AND JOMORO DISTRICTS

LEGON CENTRE FOR INTERNATIONAL AFFAIRS AND DIPLOMACY (LECIAD)
UNIVERSITY OF GHANA

I am a student of the Legon Centre for International Affairs and Diplomacy of University of Ghana. I am conducting a research work on the topic: *International Oil Companies and the Promotion of Corporate Social Responsibility (CSR) in Ghana’s oil exploration communities: An Analysis*. The research work is purely an academic exercise in honour of Master of Arts Degree in International Affairs. I will be grateful if you could respond to the questions below. All responses will be treated with utmost confidentiality.

SECTION A

Background Information of Respondents

1. Age
2. Occupation
3. Position
4. Community of Residence
5. Districts
6. Years of Residence in the Community

CSR ACTIVITIES

7. What is your level of knowledge about Tullow and Kosmos?
8. Do you know whether Tullow and Kosmos pay visit to your community?
9. Has the oil exploration by Tullow and Kosmos in your community brought about any socio-economic progress in your area?

10. Can you mention any developmental projects embarked on by Tullow and Kosmos since the oil production in your community?

11. Do the companies involve your district or community in the implementation of CSR projects and programmes?

12. How has the oil exploration disrupted your livelihood?

13. If yes, are there any mitigation plans or have you benefited from any alternative livelihood support programmes from Tullow and Kosmos?

14. How does that programmes bring change to your work and household activities?

15. Would you say that CSR programmes by Tullow and Kosmos have been pursued vigorously or effectively in your community?

16. If you have the chance to suggest areas of CSR activities, what three sectors in order of importance will you consider?