# CORPORATE SOCIAL RESPONSIBILITY AND CLIMATE CHANGE:

# THE CASE OF OIL AND GAS INDUSTRY OF NIGERIA

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A thesis submitted for the degree of Doctor of Philosophy (PhD)

in Accounting

Department of Accounting

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December 2023

# ACKNOWLEDGEMENT

First of all, I give all glory, honour and thanks to God for seeing me through this PhD and for all else in my life. I extend my deepest and sincere gratitude to my supervisors, Professor Thankom Arun and Dr Osamuyimen Egbon for their guidance and invaluable comments and feedback throughout my PhD journey. Although sometimes overwhelming, they motivated and helped me to put my best foot forward. It was a great pleasure to have had them as my supervisors. I also want to say a big ‘thank you’ to my panel Chair, Dr Rebecca Warren for all progress panel sessions. I couldn’t have had a better Chair!

I am deeply grateful to my examiners - Dr Abigail Hilson (external), Dr Jacob Agyemang (internal) and Professor Renee Luthra (independent chair). They made my viva a smooth and enjoyable one. A big thank you to Dr Bedanand Upadhaya for organising my mock viva. I wish to acknowledge and thank the entire staff and PhD students at the Essex Business School. You were all a significant part of my success. I am particularly grateful to Professor Shahzad Uddin. He was my first EBS staff contact on my arrival at the University, and he made settling into the programme so much easier. My special thanks to Juliet Sexton and the entire EBS Admin team for their support throughout my study period. I feel obligated to thank all the interviewees who made time from their busy schedules to participate in this research. I appreciate all my friends, classmates, and comrades of the EBS too.

Lastly, I would like to recognize and appreciate my beloved husband, Mr Adekunle Adebanjo for his unwavering support and encouragement. Although he always believed in me and had been consistently supportive, he took it a notch higher during my studies. I often joked about starting another PhD programme right after this one so that I could keep basking in the enhanced support. My dearest children, Jennifer Adebanjo, Ayodele Adebanjo and Joseph Adebanjo are not left out. Their prayers and encouragements are well appreciated. My gratitude would not be complete without acknowledging my siblings, siblings-in-laws, and friends for their moral support and prayers too. May God bless you all abundantly!

# DECLARATION

I, Grace Nwabuaku Adebanjo hereby declare that this thesis entitled ‘corporate social responsibility (CSR) and climate change: the case of oil and gas industry of Nigeria’ and the work presented herein, are the results of my own research and writing. It fully acknowledges the use of the work and contributions of other authors.

I also confirm that the study was carried out while still registered as a research student and candidate for the degree of PhD in Accounting at the University of Essex. No part of the work was published prior to submission of the thesis. However, different phases of the work-in-progress were presented at some conferences, shown below:

- 32nd International Congress on Social & Environmental Accounting Research - Main conference (August 2022) – St Andrews University, Scotland, UK
- DSA (Development Studies Association) 2022: Just sustainable futures in an urbanising and mobile world – Doctoral Masterclass (July 2022) – UCL Online
- DSA2022 Conference: Just sustainable futures in an urbanising and mobile world – Main conference – July 2022 – UCL Online
- Essex Business School (May 2022, May 2021 and November 2020) – University of Essex, Essex, UK

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Date: 20 December 2023

# ABSTRACT

The thesis contributes to the literature on social accounting, accountability, and reporting by providing insights into the perspectives of multinational and indigenous oil and gas corporations in Nigeria regarding climate change, particularly the link between gas flaring and its impact on the environment and local communities. The use of interpretive research methods and the application of climate justice theory provide a unique theoretical lens to challenge existing policies and practices and engage with stakeholders holistically and transparently.

The study highlights the inadequacy of current corporate social and environmental responsibility (CSER) practices in addressing climate change challenges and the need for corporations to adopt an ethics or climate justice approach in their actions and reporting, supported by policy instruments to ensure compliance. Empirical evidence shows that corporations in this industry ride on increasing demand for fossil fuels, lax regulation and monitoring of the industry, vulnerability and powerlessness of local communities to take undue advantage of the communities. However, they use some CSR programmes, remote from real solutions to gas flaring or climate change challenges, to pacify community stakeholders and sustain or improve corporate legitimacy. An intentional commitment by the corporations, including imbibing ethics or climate justice lens, and backed by strict and mandatory policy instruments is essential for addressing gas-flaring-induced climate challenges.

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# CHAPTER 1

# INTRODUCTION

## 1.1 INTRODUCTION

Many human-induced emissions jointly contribute to climate change, but this research focuses on gas flaring as an inducing activity of the oil and gas industry. With increased globalization and the quest for macroeconomic growth and development, emerging economies, like Nigeria, rely heavily on foreign direct investments (FDIs), especially in capital-intensive industries (Lauwo *et al.*, 2016; Loungani and Assaf, 2001; Sikka, 2011). However, like a double-edged sword, the same globalization raises questions about business legitimacy overseas (Moon, 2007). Industrialization is seen to cause adverse changes in the physical environment and local values, so it does not automatically translate to better community wellbeing (Akpan, 2006) or local development (Campbell, 2012). For instance, the Niger Delta region of Nigeria is among the world's poorest oil-producing communities in spite of its resource endowment (Adeola, 2009). Much as industrialization unarguably fosters economic growth and development, exploration and production activities of the oil and gas industry are not without associated social and environmental impacts, like oil spills and gas flaring. Such externalities sometimes incite stakeholders' criticisms and pose legitimacy threat to the companies. In response, the corporations embark on increased disclosure of corporate social responsibility (CSR) initiatives as a means of accountability to stakeholders (Frynas, 2009a; Michelon *et al.*, 2019).

Gas flaring - the burning of associated gas from oil production, is linked to climate change (Comyns, 2018; Hare, 2005; Nwanya, 2011), and is also shown to have implications for human health (Edino *et al.*, 2010; Libecap, 2014) and other visible destruction to community livelihood (Edino *et al.*, 2010). These perceived adverse impacts of gas flaring on climate change and on communities are partly the reason for growing criticisms of the industry by stakeholders, and incidence of violent confrontations in the oil producing regions of the country (Adeola, 2009). Corporations of the industry likely engage in CSR activities to placate community stakeholders as a way of compensating for the environmental ills from their activities. This corporate strategy exemplifies greenwashing; a term used to describe corporations' use of language and/or actions to deflect from stakeholder criticisms arising from their contributions to climate change while concurrently continuing such contributing activities (see de Freitas Netto *et al.*, 2020; Delmas and Burbano, 2011; Megura and Gunderson, 2022). By greenwashing strategies, corporations can gain or maintain legitimacy while still maintaining the status quo (Megura and Gunderson, 2022; see also Idemudia, 2011).

The foregoing signals to the need for assessing how the oil and gas corporations understand climate change in connection with gas flaring from their activities. Therefore, this research investigates CSR and climate change issues associated with gas flaring, to uncover the perceived link between CSR initiatives and corporations' understanding of climate change. Some prior studies in this context have focused CSR research on community development projects (Frynas, 2005), influence of stakeholder power (Rashid, 2015), accountability and transparency (Egbon *et al.*, 2018), reporting language (Nwagbara and Belal, 2019), human rights and stakeholder engagement (Denedo *et al.*, 2018; 2019) amongst others. Others investigate the various consequences of gas flaring (Ite and Ibok, 2013) and its specific consequences on climate change in terms of $CO_2$ emissions and energy waste (Nwanya, 2011).

The uniqueness of this exploratory research in Nigeria's context is to draw a linkage between gas flaring, climate change, and CSR. It aims to understand how oil and gas corporations address the impact of gas flaring activity on climate change. In addition, it provides insights into how such understanding shapes their dealings with local communities near gas flaring sites, particularly as dealing with climate change is underpinned by justice. However, as justice may not always be served, regulation which typically carries punitive measures for violations, offers a way to ensure that justice is effectively administered (Derman, 2014). Newell *et al.* (2021) argue that climate actions are deeply affected by engagement with climate justice, requiring careful consideration of social and institutional structure and economic inequalities. More so, rather than focusing on a nation at large or continent, the study focuses on a contributing industry to afford an in-depth understanding of the impacts of gas flaring, in relation to communities directly affected by them. Thus, a part justification for the study.

## 1.2 JUSTIFICATION FOR THE RESEARCH

The world is exposed to an increasingly changing climate exacerbated by the impacts of natural resource use and human production and consumption activities on society and the environment (Libecap, 2014; O'Dwyer and Unerman, 2020). Consequently, societal awareness, interest, and debates have also grown. The ecological footprints of various industries, especially the oil and gas sector, make CSR highly desirable to address concerns of environmental pollution and degradation from activities like gas flaring. This is even more so, considering that climate change is a global challenge (Bebbington and Larrinaga-González, 2008; King, 2004), irrespective of where the anthropogenic (human-induced) factors are generated. Climate change consequences are felt in places that have little responsibility for them (Hare, 2005; Kashwan, 2021; Newell *et al.*, 2021), with low-lying developing countries initially feeling the most impact (Laine *et al.*, 2021). It is also difficult to impose charges on causers (that is, those whose actions or inactions impact climate change), because individuals can hardly be held directly responsible (Sprengel and Busch, 2011). However, those most vulnerable to climate change challenges are also not involved in decisions for tackling them (Mehta *et al.*, 2019; Newell *et al.*, 2021), including CSR interventions. Therefore, a justice or ethics approach is imperative for solving climate change issues. Corporations typically use CSR to meet such objectives.

CSR is defined as the responsibility of corporations for their impact on society (Blowfield and Frynas, 2005) which, according to Carroll (1979) encompasses four elements of responsibility such as economic, legal, ethical and philanthropic. It is conceived of as corporations' efforts to solve wider societal problems that would otherwise not be tackled in seeking profits (Williams, 2014, p. 5). In appearance, it describes the activity a firm engages in, without profit-making as the aim of such engagement, thus placing the burden of society on the corporation. However, the corporations, such as those operating in the oil and gas industry, also contribute to societal burden due to the impact of their activities, like gas flaring, which leads to criticisms by stakeholders. In turn, these corporations engage in more environmental reporting (Frynas, 2009b; Michelon *et al.*, 2019) and CSR, however superficial (Owen *et al.*, 2000) than the less environmentally-intensive entities. In this case, the corporations may be doing it instrumentally to enhance legitimacy and profits as enlightened self-interest (Cho *et al.*, 2015; Kim, 2022).

Additionally, as CSR has become even more relevant across the globe and in addressing the issues that surround its initiatives, the extractive industries are positioned front and center (Campbell, 2012; Ranängen and Zobel, 2014), because the very nature of their operations typically has negative ecological impact on the environment and on society at large. The heightened interest in the industry is partly connected with the pervasiveness of gas flaring from oil extraction activities. Nigeria is a typical setting where gas flaring is pervasive. For instance, it ranked 7th position in global gas flare volume in 2021, despite its alleged reduction in flaring by 31% from 2012 to 2021 (World Bank, 2022). However, the lack of transparency in this industry in Nigeria gives room to doubt the claims over significant reduction of gas flaring. The impacts of oil exploration on climate change and on local community stakeholders necessitate an inquiry into the views held by the case corporations on climate change, including their use of CSR as a means of response to the attendant impacts. Hence, the following research objectives and questions.

### 1.2.1 Research Aims and Objectives

This thesis seeks to evaluate how the oil and gas companies operating in Nigeria understand climate change. Additionally, it explores how the corporations make sense of climate change challenges linked with their operations. It also examines how they consider climate change in relation to CSR, including assessing corporate commitment to climate actions, in line with UN's agenda 2030.

### 1.2.2 Research Questions

The research process is designed such that findings are reliable enough to answer the following research questions:

1. How do corporations (multinational and indigenous) in Nigeria's oil industry understand climate change; do they consider it a local and/or global challenge?
2. What lenses do these corporate entities use to make sense of and articulate their perspectives around climate change phenomenon associated with their operations and how does this view differ between these two types of entities?
3. Do the corporations consider climate change as a corporate social responsibility issue and do their CSR disclosures reflect concerns for climate change arising from their operations?

To address the research objectives and questions, the study employs a multi-theory approach as explained next.

## 1.3 THEORETICAL FRAMEWORK

Frynas and Yamahaki (2016) suggest the use of a multi-theory approach for better understanding of the complexities of the corporation, both within and in its external environment. Thus, this research draws on climate justice as an overarching theory, and it is used in combination with the business case approach and the stakeholder accountability theory. Multi-theory approach allows for clarity and better explanation of the interactions between a corporation and its multiple stakeholders, hence the rights and responsibilities of the corporation to them. As frameworks are useful for explaining or simplifying theories, concepts and relationships (Clarkson, 1995; Creswell, 2009), they ought to be relevant to the circumstance or situation that they seek to explain, analyse or predict (Clarkson, 1995). This research explores the principles and concepts behind the theories and each serves to explain the relationship between the corporation and one or more of its stakeholders.

Stakeholder theorists consider appropriate and inappropriate behaviour of corporations to their stakeholders but pay no attention to the issue of what prompts or causes corporations to behave in socially responsible ways or otherwise (Campbell, 2007). The author proposes two minimum criteria for assessing behavioural standards or the social responsibility of corporations as: not deliberately causing harm to their stakeholders; and making restitutions when any harm is caused, discovered, and brought to their attention. Climate justice lens provides the effective means of operationalizing the admission of causes and restitutive actions for harms or impacts of corporate externalities on stakeholders.

The business case is predicated on perceived economic advantage and thus, strategy driven. Described as the bottom line or economic incentive for CSR engagement (Carroll and Shabana, 2010; Carroll, 2021). This approach claims to adopt a win-win strategy for the benefits of the corporation and all stakeholders, but it prioritises the interest of shareholders, thus business as usual, whereas every corporate action is subordinated to profits. The approach is instrumental in the sense that it focuses on the linkages between stakeholder management and economic goals of the corporation to promote corporate legitimacy. It is antithetical to the principles of climate justice, particularly recognition justice that emphasizes stakeholder participation. The approach is therefore incongruent with issues of climate change.

Stakeholder accountability theory on the other hand, is founded on the idea that the corporation has a responsibility to their multiple stakeholders (Gray *et al.*, 2014), including the rights to information of participatory stakeholders (Gray *et al.*, 1997). The theory, although closely related to the principles of climate justice, is not without shortcomings. For instance, for proper accountability to exist, the stakeholders must have the ability to hold the corporations accountable (Cooper and Owen, 2007). Amidst the theory's claims of plurality and stakeholder democracy, under the capitalist society, other stakeholders do not really have a voice as do the shareholders. Essentially, by applying climate justice framework, corporations can drive the necessary change to effectively manage climate change challenges, without which the status quo prevails. More details on these theories and the connections between them are provided in Chapter 4. The study's contributions to literature ensue.

## 1.4 RESEARCH CONTRIBUTIONS

The thesis contributes to social accounting, accountability and reporting literature in terms of both gap and importance. Its importance lies in the fact that climate change is a topical issue as we are all exposed to the harsh realities of a constantly changing climate. Moreso, it is scientifically proven that human activities, especially those of the extractive industries exacerbate climate change. Consequently, there's increased awareness and interest on issues of climate change and of CSR, making the work fit for mainstream discourse. The study makes three important contributions to the literature on CSR and climate change.

First, it provides insights on how the case corporations understand and engage with climate change through CSR in a developing country context, since such understanding inevitably affects their response or action. Nasiritousi (2017) opines that most studies investigate the activities of oil and gas companies in western countries, with scarcity of knowledge of those in developing countries. Such inquiry is insightful considering the uniqueness of nation-specific CSR practices (Jamali *et al.*, 2017).

Amaeshi *et al.* (2006) also suggest that the motivations for CSR, including globalization, consumers and NGOs' pressures faced by MNCs may not equally hold for most Nigerian indigenous corporations. Also, Idemudia (2011) suggests that MNCs' CSR programmes typically focus on the provision of infrastructure in communities, whereas little attention is paid to areas of environmental concern. Thus, it epitomizes a greenwashing approach employed by corporations to respond to stakeholder criticisms or to steer stakeholders' attention from environmental issues and avoid accountability.

Second, the thesis extends theory by focusing on local community stakeholders to align with climate justice literature that emphasises the need to address the disproportionate impacts of climate change on marginalised groups (often the most affected, the least responsible and with the least resources to adapt). It highlights the fact the voluntary business-driven CSR is inadequate to address justice issues like climate change. Although stakeholder accountability is a corporate demonstration of responsibility to stakeholders, the absence of stakeholder power to enforce accountability renders the term ambiguous or a mere corporate rhetoric.

Third, the thesis evaluates CSR or sustainability reporting in Nigeria as a measure of corporate accountability to stakeholders. It demonstrates the intertwine of formal and informal reporting systems by the case corporations to promote corporate-community engagements. Besides addressing the scarcity of knowledge about sub-Saharan Africa (Tavakolifar *et al.*, 2021; Tilt, 2018), the study considers the fact that CSR practices differ across nations (Jamali *et al.*, 2017). We now discuss the study's limitations.

## 1.5 SCOPE AND LIMITATION

Although both social responsibility and climate change span a wide variety of issues, there are many facets of CSR, like employee hours and wage issues, environmental and community health issues or other subjective criteria as determined by society's actors (Campbell, 2007). This research concentrates on the local communities and gas flaring activities of oil and gas corporations in Nigeria in relation to climate change. In this industry like in many others, it may also not seem acceptable for corporations to degrade the environment from their activities. In the context of this research, the CSR focus is limited primarily to the environment and society, with reference to the host communities within which these multinational and indigenous oil and gas companies operate.

Although there are several other anthropogenic or human-induced emission sources with contributory impact on climate change, such as deforestation (Bennett, 2017; Lawrence and Vandecar, 2015), this research focuses on gas flaring in Nigeria. The country flares its associated gas from crude oil exploration activities, even though flaring had been banned over three decades ago. Notwithstanding this limited focus, global gas flaring has reached levels not seen in over a decade (World Bank, 2020b), impacting the environment and communities around the world. Climate change is therefore a germane issue. For empirical purposes, this research uses six oil and gas corporations in Nigeria as surrogates for the industry. The corporations comprise a mix of multinational and indigenous corporations in the country as a way to of gaining informed knowledge about the practices of the two types of entities.

The corporations were purposely selected as those fitting the criteria of multinational and indigenous corporations (Section 3.5) and engaging in oil and gas exploration activities in Nigeria. Although many multinational and indigenous oil and gas corporations operate in the country, I randomly selected an equal number of each type of entity while also considering their sizes. The MNCs are bigger corporations (financially and other resource capacity-wise) than the indigenous corporations. In view of this difference, for the three indigenous corporations, I selected a big one, a mid-sized one, and a relatively small one to allow for a bit of diversity of the group.

## 1.6 SYNOPSIS OF CHAPTERS

This section briefly describes how the chapters of the thesis are structured.

**Chapter one** provides a background of the study to problematise the research phenomena being addressed. It articulates the significance and objectives of the research and develops research questions to achieve the research objectives.

**Chapter two** reviews literature on CSR for an understanding of the concept, its connection with ethics, culture and strategy and some reasons for the adoption of CSR by corporations of the oil industry. It examines the accounting and reporting practices of the corporations as one way to communicate with their various stakeholders. This chapter also presents debates and arguments from extant literature on gas flaring and CSR practices of the case corporations amid climate change challenges, including the regulation of the industry in Nigeria.

**Chapter three** provides an overview of Nigeria and the role of the oil and gas industry in the country's economy. It provides a background of the Niger Delta region where oil exploration activities predominantly take place, including the challenges that plague the region, mostly from the impacts of oil operations in the region, in spite of oil wealth. Lastly, the chapter briefly describes the two types of corporations (multinational and indigenous) in the industry for empirical purposes.

**Chapter four** introduces the business case, stakeholder accountability and climate justice theories that provide the conceptual framework for the thesis. It synthesizes the theories and connects them to the research questions to demonstrate how the business case approach is (in)compatible with climate justice principles. Climate justice theory guides the generation of the main analytical themes. It is interwoven with the business case and stakeholder accountability perspectives in the generation of themes for addressing the research questions. The chapter highlights climate justice as the overarching theory under which other theories could function more effectively to assure a just and equitable society.

**Chapter five** describes the overall method and approach used in conducting the research. This includes the philosophical underpinnings of the research, the methodology and methods of gathering data and analysing them. The chapter also discusses the limitations of qualitative research, reflexivity, and ethical protocol employed. Furthermore, chapter five describes the sources of data and the analytical procedure applied in empirical analysis, including challenges encountered, like access issues.

**Chapters six** is the first empirical chapter of the thesis. it uses data from corporate report and interviews from relevant stakeholders to demonstrate how the case corporations perceive gas flaring and its link to climate change. In addition, the chapter uses climate justice lens to provide thematic analysis of data on corporate response to climate change. The theory is juxtaposed with the business case approach to illustrate the inadequacy of the business-case in contextualizing gas flaring-induced climate change challenges on community stakeholders and in addressing or responding to justice issues, like climate change.

**Chapter seven** expands on climate change discourse from chapter six and explores the role of industry regulators in addressing climate change in the interest of local community stakeholders. As with chapters six, this chapter uses data from corporate reports, websites and interviews with stakeholder groups. The chapter also considers climate mitigation and adaptation strategies employed by the case corporations.

**Chapter eight** presents, analyses data, discusses the empirical findings on CSR and how the case corporations consider it in relation to climate change. This includes exploring the formal and informal reporting systems employed by corporations. Like chapters six and seven, the chapter combines the use of empirical data from corporate reports, websites and interviews with stakeholder groups. The chapter links discussion and findings with extant literature discussed in chapter two, the theoretical frameworks covered in chapter four.

**Chapter nine** concludes the study by providing brief summaries of the findings from the preceding three empirical chapters and draws conclusions based on those findings. The chapter also discusses the thesis contribution and study’s limitations. It offers policy recommendations and direction for future research and ends with concluding remarks.

# CHAPTER 2

# CSR, CLIMATE CHANGE, AND REPORTING

## 2.1 INTRODUCTION

Chapter 1 introduced the research, justification for the topic, and the research objectives. This chapter provides a background of the study's focus areas and gives insights that guide discussions in the empirical chapters (6 through 8). CSR is explored from the standpoint of corporate accountability for the impacts of oil exploration activities.

The various issues around corporate, social, and environmental responsibility have sparked debates amongst academics, professionals, and other interested parties, and have witnessed a growing trend over the years in virtually every business sector, especially in multinational corporations (MNCs). This advancement in CSR has also shifted in form, (See Table 2-1) from a reactive move to a more inclusive or all-encompassing business strategy of corporations (Williams, 2014). Stakeholders increasingly expect good environmental performance from companies, although companies tend to use CSR to meet or manipulate this expectation (Gray *et al.*, 1995; Muttakin *et al.*, 2018; Noah *et al.*, 2020). Many investors believe that CSR is simply a camouflage for managerial opportunism that weakens their accountability to shareholders (Brammer *et al.*, 2012) because majority, especially the institutional investors, are in it for maximum financial returns (Jones, 1999). However, in recent years, CSR has gained significance among institutional investors, with studies demonstrating benefits beyond direct returns (Faller and zu Knyphausen-Aufseß, 2018; Xiong *et al.*, 2022). On the other hand, other stakeholders view corporate CSR engagements as efforts to circumvent more rigid and mandatory frameworks for stakeholder involvement and empowerment (Brammer *et al.*, 2012). Although a highly contested issue, more and more corporations are embracing CSR and reporting on their activities.

Williams (2014) findings are important to this study in general and partly inspire the themes for discussing the literature. According to the author,

> Due to a host of factors including the threat of climate change and our expanding carbon footprint, the globalization of the economy, and the realization that dire poverty is a reality for almost a billion people, more and more companies are volunteering to do their part in advancing sustainable development (p.105).

With voluntary being the key word in *more and more companies doing their part to advance sustainable development*, it may very well be the same reason that such advancement is and will likely remain slow or non-existent, short of mandatory instruments.

The rest of this chapter focuses discussions under eight key categories, informed by themes identified in literature and relevance to the empirical aspects of this study. It is structured in the following manner: the concept of Corporate Social Responsibility (CSR); Motivations for CSR engagement; CSR practices; Accounting and Reporting; Climate Change and Gas Flaring; Gas Flaring and Climate Change in Nigeria; and lastly conclusion.

## 2.2 THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Many extant studies have examined the concept of ‘corporate social responsibility’ (CSR), and divergent definitions have been suggested by several authors. An earlier, popular and seemingly helpful amongst them is that provided by Carroll (1979) and it offers a snapshot description that brings together definitions from other earlier (between the 1930s and 1970s) literature, and has also provided a foundation for other authors of more recent literature. The four-part CSR model includes economic responsibility (the responsibility to be profitable by the provision of goods and services society needs); legal responsibility (the responsibility to abide by the laws and regulations within the society of operation); ethical responsibility (responsibility to do right, just and fair in dealings); and discretionary responsibility (voluntary responsibility to activities desired by society) (Carroll, 1979). There has been a significant evolution in CSR over the decades. It was initially viewed as a philanthropic activity but has since developed into an essential part of business strategy, with the recognition of shared value creation by corporations. Summary of key CSR developments in the last four decades follows.

*Table 2-1: Evolution of corporate social responsibility (CSR) in the last four decades.*

| **Era** | **Key Developments** | **Authors** |
|---|---|---|
| 1980s | Concerns about social and environmental impacts of business activities led to the development of CSR in the 1980s. Companies began to recognize their responsibilities beyond shareholders to engage in charitable activities. They established a link between business and ethics. | Carroll and Shabana (2010); Carroll (2021); Freeman (2010); Latapí Agudelo *et al.* (2019); Madrakhimova (2013) |
| 1990s | CSR becomes mainstream in the 1990s as companies adopt formal CSR policies and programmes. The triple bottom line (TBL) concept was introduced. It emphasizes companies' social and environmental impact as well as their financial performance. Growth in environmental reporting. | Carroll and Shabana (2010); Carroll (2015); Carroll (2021); Latapí Agudelo *et al.* (2019); Rambaud and Richard (2015); Sengur (2020) |
| 2000s | Given globalisation, the concept of CSR becomes a global phenomenon as companies increasingly recognized the value of social and environmental responsibility. In 2000, the United Nations launched the Global Compact to promote sustainable and socially responsible business practices. | Aslaksen *et al.* (2021); Carroll and Shabana (2010); Latapí Agudelo *et al.* (2019); Madrakhimova (2013) |
| 2010s | CSR becomes a key component of business strategy, and companies embraced sustainability as a core operating principle. "Shared value" emerged as a concept that emphasized the importance of creating economic and social values in tandem. Development of GRI | Crane *et al.* (2014a); Crane *et al.* (2014b); Latapí Agudelo *et al.* (2019); Madrakhimova (2013); Porter and Kramer (2011); Werther and Chandler (2011) |

Source: Own Compilation

Although not wholly specific to CSR, certain regulations have been put in place to encourage corporate commitment to social responsibility, governance and disclosure. Some examples follow:

- Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), enacted in response to the 2008 financial crisis to promote financial stability and enhance corporate accountability and transparency (US Congress, 2010).
- International Financial Reporting Standards (IFRS), established in 2001 as a non-profit organisation for global accounting standards to promote corporate transparency and accountability, and efficiency. Reporting standards are developed by the International Sustainability Standards Board (ISSB) and the International Accounting Standards Board (IASB) to guide global reporting and disclosure, including CSR-related disclosure (IFRS, 2018).
- ISO 26000 (2010), by the International Standards Organisation to assist organisations in contributing to sustainable development by offering guidance on integrating social responsibility into corporate operations (International Standards Organisation, 2010).
- United Nations Guiding Principles on Business and Human Rights (2011). These emphasize corporate responsibility to respect human rights, avoid violations and redress them when they occur (United Nations, 2011).
- EU Non-Financial Reporting Directive (2014). This directive requires certain large companies to disclose non-financial information in their annual reports or in separate filing effective 2018 onwards. This includes issues of environment, social responsibility, human rights and governance to enhance transparency and comparability (Green Finance Platform, 2021).

Even with the growing popularity and awareness of society about CSR, different understanding and interpretations are being made of it (Matten and Moon, 2020). Those who support the concept suggest that business has a responsibility that goes beyond profit-making and can help solve social and environmental problems; while others argue however, that CSR alters the market by distracting business from its primary objective of profit-making (Campbell, 2012; Henderson, 2001; Sengur, 2020). Blowfield and Frynas (2005) propose that there is hardly any one blanket definition for the concept of CSR, because it means different things to people from different societies. The authors suggest that it is more suitable to consider CSR as an umbrella term that recognizes the following:

> (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society (Blowfield and Frynas, 2005, p. 503).

The first part to this wider term description of CSR recognises the likelihood that certain activities of some corporations have adverse impacts on society and the environment, whether addressed in legal operational contracts or not. Nonetheless, the corporation is expected to act responsibly in the discharge of its corporate activities. All acts have direct and indirect effects, which must also be acknowledged. It is the corporation's role therefore to look beyond the direct impacts of its activities, rather than focusing only on them (Renouard and Lado, 2012).

Corporations' responsibility for the behaviour of others caters for the area of increase in global supply chains where a transnational corporation that controls several suppliers in developing economies is required to take responsibility for such suppliers in areas that also include working conditions and environmental impacts (Jenkins, 2005). This trend has gained additional traction in recent years as large corporations have provided assurances regarding social responsibility in their supply chains, which has impacted smaller businesses (Chapple and Moon, 2005), and thus increasing the levels of CSR initiatives of smaller value trading partners to harmonize them with those of the larger corporations (Jenkins, 2005). This recognizes both the economic and ethical responsibilities of a corporation from the four-part description by Carroll (1979).

The last part of this umbrella definition focuses on the voluntary social or philanthropic aspect. It is pertinent to note though that philanthropy is only one aspect of the wider meaning of what CSR embodies; however, some people consider CSR the same thing as corporate philanthropy (Hamann, 2006), lacking the understanding of the more extensive and complicated connections that exist between business and society (Hamann, 2006). In spite of CSR's roots in corporate philanthropy, the term has evolved globally (Amaeshi *et al.*, 2016b; Singh and Verma, 2014). Consequently, it now encompasses a range of related concepts including corporate citizenship, strategic philanthropy, shared value, corporate sustainability, and business responsibility (Singh and Verma, 2014). We now discuss three schools of thought of CSR identified in the literature.

CSR literature consists of three main schools of thought: instrumental, political, and integrative (See Table 2-2). They offer different approaches to CSR and have different implications for how businesses approach social and environmental issues. Under the instrumental approach, corporations are viewed as mere instruments for creating wealth, and their social activities are just a way to accomplish economic gains. The political approach regards corporations as powerful entities in society and their role in politics is emphasized. The integrative approach views corporations as being primarily concerned with fulfilling societal needs (Garriga and Melé, 2004). While the role of corporations in society is still a highly debated issue in literature, table 2.2 following provides a snapshot of the three perspectives with brief explanations of the main ideas behind them.

*Table 2-2: CSR Perspectives on the Role of Corporations in Society*

| Schools | Perspectives on Corporate-Society Relationship | Authors |
|---|---|---|
| Instrumental | This viewpoint on CSR holds that businesses should focus only on their primary objective of maximizing profits. Accordingly, corporations should engage in socially responsible behaviour only if it increases profits or reduces costs. The main idea with this school is that CSR can be a win-win for both business and society. A major criticism of this school is that it is too narrow and focuses only on short-term financial gains. | Basuony *et al.* (2014); Deng *et al.* (2022); Garriga and Melé (2004); Joseph *et al.* (2019) |
| Political | According to the political school of thought, CSR allows businesses to address social and environmental issues that governments are unable or unwilling to address. Companies have a responsibility to use their power and resources to promote social and environmental justice. This school has been criticized for placing too much responsibility on corporations and for overlooking the potential conflicts between business interests and broader societal goals. | Bansal and Song (2017); Garriga and Melé (2004); Lund-Thomsen and Lindgreen (2014) |
| Integrative | The integrative school of thought views CSR as a way for businesses to create shared value for business and society. Accordingly, it encourages companies to address social and environmental issues relevant to their operations and create value for society. The main idea is that companies can create sustainable competitive advantages by creating shared value. This school has been criticized for being too focused on the business case for CSR. It has also overlooked the potential conflicts between business interests and broader social goals. | Eccles *et al.* (2013); Garriga and Melé (2004); Joseph *et al.* (2019); Porter and Kramer (2018) |

Source: Own Compilation

According to Michael (2003), literature on ‘all-encompassing CSR’ is ambiguous and serves to defend the interests of business, government, and NGOs, to the detriment of the larger society. Large multinational companies (MNCs) have been associated with leading roles in international development. However, there is indication that most of the Global Compact’s best practice examples focus on CSR initiatives in the member company’s home markets (Barkemeyer, 2009), further substantiating concerns raised by Frynas (2005) and Prieto-Carrón *et al.* (2006) regarding the actual impact of the voluntary and business-led CSR components to deal with developmental challenges. The reasons corporations embrace CSR go from the forward-looking role of the modern business to averting bad publicity that could result in loss of business; a view that supports preserving shareholder value (Doh and Guay, 2006).

Fundamentally, the foregoing discourse is an indication that corporations are expected to have responsibilities to their stakeholders. Renouard and Lado (2012) expand the breadth of this to mean that such corporate responsibilities go beyond those pre-conceived as having direct effects on stakeholders and include the unforeseeable and indirect effects of corporate activities. There has also been a paradigm shift in the formerly, commonly identified stakeholders such as shareholders, employees, suppliers, and customers, to an all-inclusive group that typically also covers the wider communities (Williams, 2014). As diverse as these stakeholders are, so also have the expectations of society from corporations changed. The concept of CSR therefore requires identifying who those stakeholders are because their numerous expectations from corporations also differ. Thus, it becomes onerous for corporations and some shareholders as to the selection of who constitutes a stakeholder, and which stakeholder they should be concerned about. Like Moon (2007) says. CSR involves balancing a range of economic, legal, ethical, and social responsibilities toward multiple stakeholders with varying values and expectations in their interactions with the corporation. Moreover, it is difficult for CSR practices to be universally applicable since each firm has its own social, environmental, and ethical impacts.

Even with the supposed difficulty in balancing these divergent responsibilities, Mitchell *et al.* (1997) identify three classes for identifying stakeholders on the basis of power to influence the firm; legitimacy of stakeholders' relationship with the firm; and the urgency of stakeholders' claims on the firm, as a means of arming managers with the ability to acknowledge and respond to these conflicting expectations while also balancing them appropriately. Driscoll and Starik (2004) critique and build on this model by propounding the inclusion of *proximity* as a fourth attribute in their call for the recognition of the natural environment as a primary stakeholder of the corporation. The authors contend that the natural environment holds coercive and utilitarian power over the corporation as demonstrated by innumerable instances of storms, droughts, etc. (p. 58). It appears that managers can adopt one or more of such stakeholders' identification frameworks as appropriate to their various settings in the efforts to tackle the diverse stakeholders' expectations and to demonstrate their commitment to CSR, because being stakeholder-driven, CSR recognizes organizations as existing within networks of stakeholders, managing potential conflicts of interests between them, and translating those demands into CSR goals and policies (Lindgreen and Swaen, 2010).

Without adequate stakeholder management, there is the tendency to ignore certain stakeholders, and not because they lack legitimacy as stakeholders, but because there tends to be difficulty in managing them or they are just marginalized (Blowfield and

Frynas, 2005). Ultimately, it is necessary that companies understand the complexity of the communities in which they operate and develop strategies as appropriate (Jenkins, 2004). That way, they are able to meet the expectations of society, and invariably, earn their co-operation or supposed social contract (informal license) to operate (Carroll, 2021; Henderson, 2001), thus connoting profitability in the long-run. It is important to also note that adopting CSR would inevitably raise business costs, could lower revenues, and may cause companies to sponsor low-yield investments that they would otherwise reject (Henderson, 2001). Therefore, when corporations are mainly concerned about profits, their commitment to development will be based on stakeholder management approach, which ultimately depends on the power relations between the corporation and their stakeholders for a convergence of interests (Idahosa, 2002).

Considering that the practical definition of CSR provided in the introductory segment of this chapter has the economic aspect to it, and it can also be described as the bedrock of all the other parts, it suffices to infer that without the economic category, it is unlikely that there would be a corporation's existence, much less any other form of CSR. Thus, business-case CSR identifies the benefits that accrue to the corporation as it executes its economic responsibility to society (Carroll and Shabana, 2010). The notion here is that such programmes are defined purely by business thinking, meaning the engagement must have commercial justification, and therefore also beneficial for the corporation (Blowfield and Frynas, 2005). That said, a corporation's genuine commitment to CSR could still have a positive effect on revenues and on some costs as well, but the company still finishes off with a favourable net profit (Henderson, 2001). For example, prior research indicates that CSR engagement positively impacts financial performance, supporting the stakeholder value creation perspective (Fatemi *et al.*, 2015; Gul *et al.*, 2020).

According to Fatemi *et al.* (2015), in the medium to long term, CSR engagement has the potential to significantly increase cash flow, thereby more than compensating for its upfront costs. The proof that CSR and economic performance are not mutually exclusive but associated supports the expression that corporations can do well while also doing good (Doh and  Guay, 2006). As a win-win scenario, business-case CSR is not necessarily considered a bad idea, but the concern is about the scope of such programmes, both in terms of initiatives and developmental strides (Blowfield and Frynas, 2005). Certain other factors are also deemed to influence management's decisions on the adoption of CSR policies and practices, some of which are covered in the next section.

## 2.3 CSR RELATIONSHIP WITH ETHICS, CULTURE, AND STRATEGY

CSR is increasingly important and emphasizes corporate responsibility towards society. Ethics, culture, and strategy are key aspects that are closely related to CSR. They are discussed in the next sections.

### 2.3.1 Ethics and Culture

CSR is considered a part of business ethics (moral principles, governance issues and codes of conduct for a business) and should not be a matter of policy enhancement but be built into corporate governance structure and strategy (Goel and  Ramanathan, 2014). The authors assess the correlation of CSR and business ethics and assert that a corporation's undertakings require a comprehensive and dynamic method that extends beyond economic value, such that ethical framework guides the corporations pursuit of profits (Goel and Ramanathan, 2014). CSR is also understood as the alignment of a company's social and environmental activities with its business purpose and value (Ferrell *et al.*, 2019; Rangan *et al.*, 2015). However, Rangan *et al.* (2015) find that striving for shared value is not the pattern typically adopted by companies, because rather, they adopt various other versions of CSR, such as philanthropic; improving operational efficiencies; and transforming the business model.

The third category of transforming the business model specifically addresses social or environmental challenges. As a prerequisite therefore, programmes in the category are targeted towards accomplishing social or environmental goals, like empowerment of a group. Nonetheless, one would assume that CSR initiatives, irrespective of the version it belongs should fundamentally address social or environmental issues, else, the very essence of CSR is defeated, because to assess corporate social performance, not only is the type of responsibility established, but also the social issues to which the responsibilities are connected (Carroll, 1979). Thus, as Williams (2014, p. 30) contends, we require a new consensus, as there has been a shift in public perception regarding economic language, which used to be the sole basis for corporate decisions and legitimacy. It is not enough to limit CSR to efforts to assist people or the environment business construes. Efficacy of CSR can only be achieved if it is based on ethical principles (Kim, 2022).

CSR is frequently used and/or described in many inconsistent ways (Ferrell *et al.*, 2019; Sengur, 2020). It is often seen as a concept that overlaps with ethics, and research is yet to clearly define the difference (Ferrell *et al.*, 2019). According to Louis and Osemeke (2017) and Ramasamy *et al.* (2007), prior studies on CSR have ignored or assumed that the ethnicity of CEOs is homogenous. Most theories adopted as framework in evaluating CSR either ignore the traits of those that make the decisions or view the society in which they are made as one (Louis and Osemeke, 2017). However, different ethnic backgrounds fundamentally affect board of directors' abilities to make decisions and formulate policies like CSR (Louis and Osemeke, 2017; Ramasamy *et al.*, 2007). To be treated interchangeably with ethics, it is crucial that corporate impacts on society be embedded into CSR now and in future (Goel and Ramanathan, 2014). In academic research, business ethics and CSR are often conflated or (Ferrell *et al.*, 2019), but their relationship is obscure, different, and contextual (Weller, 2020). According to Weller (2020), the concepts are considered differently as equivalent, one as a part of the other, and distinct but related. This buttresses the point of integrating CSR into corporate strategies for the benefits of stakeholders and society in general.

### 2.3.2 Organisation and Business Strategy

Business strategy is the distinct, dynamic and underlying part of corporate identity against its competition. It also affects CSR performance (Yuan *et al.*, 2020). Corporate strategies and decision-making processes are largely designed or shaped by the national context within which they are based (Weyzig, 2006). The institutional structure of a country also affects corporate CSR involvement or otherwise. In other words, that in the absence of institutional backing, stakeholders are unlikely able to reward positive behaviour or punish inappropriate behaviour (Brammer *et al.*, 2012). For instance, the meaning and presumptive rationale for CSR is adapted to individual contexts of developing countries characterized by weak structures and lack of effective monitoring and regulation (Jamali *et al.*, 2017). Blowfield and Frynas (2005) argue that the approach of CSR is largely dependent on how power is located and used between competing stakeholder groups. Conceivably, with the environment as a non-human stakeholder and given its coercive and utilitarian power, the attributes and respective bases of power, legitimacy and urgency are inadequate to account for the near and far, the short- and the long-term, and the actual and the potential, hence, the need for *proximity* attribute (Driscoll and Starik, 2004, p. 61).

However, according to Mitchell *et al.* (1997) in stakeholder relationship, power and legitimacy may sometimes overlap, but they can also be mutually exclusive. The authors contend that influencers have power over the corporation, irrespective of the validity of their claims or even the interest in pursuing such claims. On the other hand, claimants: legitimate or otherwise, may or may not have any wieldable influence over the corporation. As a typical example, local community stakeholders in the Niger Delta may have moral claims on oil corporations in the region but may lack the power to hold the corporations accountable. Starik (1994), describes Influencers as stakeholders that are, or might be influenced by the corporation. Claimants are stakeholders that have claims (contractual or moral) on the corporation (Mitchell *et al.*, 1997). These differences should be considered in stakeholder identification (Mitchell *et al.*, 1997), because the corporation needs their support for continuity, and “the more powerful the shareholders, the more the company must adapt” in order to gain their approval (Gray *et al.*, 1995, p. 53). For instance, Rashid (2015) uses the lender as a primary stakeholder and finds that corporations would meet shareholder expectations if the stakeholder had both power and the ability to monitor the corporation. However, according to Driscoll and Starik (2004), managers accord other stakeholders higher priority because they concentrate on short-term economic results instead of long-term sustainability of the corporations. The natural environment as primary and salient stakeholder in its own right (Driscoll and Starik, 2004; Starik, 1995), is mutually dependent on and has exchange-based relationship with the corporation (Driscoll and Starik, 2004). We can infer from the foregoing that power relations are important in managing stakeholders. So, only if and when CSR programmes are encapsulated into the corporate strategy can a truly sustainable future be feasible (Williams, 2004), and stakeholders' role within an organization is generally underexplored despite many companies already having CSR policies and increased investments in their implementation (Rwabizambuga, 2007).

CSR as a business strategy in Nigeria is growing and corporations in the oil and gas industry and other big national organisations are the major adopters (Ite, 2004). This development is likely due to their financial capacity, impacts of their activities, and increased stakeholder criticism and expectation. However, Idemudia (2011) opines that the companies are motivated by pressures from international community and local community restiveness. Nonetheless, it does not seem enough that companies have CSR programmes or policies in place, but to integrate such plans into the business strategy to ensure sustainability. Having considered the different other forces at play in the determining CSR policies and practices (or a lack thereof) in corporations, the next section discusses some of the incentives emerging in literature for corporations or managers to engage in CSR practices.

## 2.4 MOTIVATIONS FOR CSR ENGAGEMENT

There are many incentives cited in literature for corporate CSR engagement. Doh and Guay (2006) note that the motivation for CSR spans forward-looking business practices to safeguarding shareholder value against negative publicity. Stakeholder expectations often drive CSR as social and environmental impacts of corporations are increasingly important to customers, investors, and other stakeholders (Alshbili *et al.*, 2019; Luo and Bhattacharya, 2006; Renouard and Ezvan, 2018). For example, the adverse impacts of exploration activities have led to increased scrutiny of oil exploration companies (Denedo *et al.*, 2019; Egbon *et al.*, 2018) and increasing demand for CSR and corporate accountability (Lund-Thomsen *et al.*, 2016). Companies therefore engage in CSR as a way to demonstrate their economic, social, and ethical responsibilities to stakeholders (Carroll, 1979).

Corporations are also inclined to engage in CSR programmes for reputation and image (Borges *et al.*, 2018; Du *et al.*, 2010). Companies that have a positive social impact have increased stakeholder trust and loyalty. Failure to engage in CSR may lead to companies losing stakeholder support and damaging their reputation. Also, the recent involvement of NGOs, trade unions, consumers, and shareholders on issues of CSR in developed economies have companies worried about potential damage to reputation should there be media exposure of corporate malpractice (Brammer *et al.*, 2012; Jenkins, 2005; Tavakolifar *et al.*, 2021). For instance, a greater degree of stakeholder accountability and social and environmental responsibility exists in the mining industry due to the fact that mining operations take place in rural areas with native populations and their activities have a high potential for negative impacts (Jenkins, 2004).

Other possible inducements for corporate CSR involvement include gaining and/or maintaining social legitimacy (Alshbili *et al.*, 2021; Burlea and Popa, 2013; Deegan, 2002; 2019) and is achieved when the corporation conforms with social expectations (Deegan, 2002). Corporations also engage in compliance with environmental and social regulations (Whelan, 2012). They adhere to regulations to avoid the risk of regulatory penalties. In some instances, CSR engagement and disclosure are mandatory. Securities and Exchange Commission (SEC) guidance mandates companies listed on the New York Stock Exchange to disclose certain environmental, social, and governance (ESG) information in their annual reports (Lee, 2021). Similarly, the non-financial reporting directive requires certain large companies in the European Union to provide non-financial information, such as environmental and social impacts, as part of their annual reports (GRI, 2022). However, some corporations voluntarily embrace CSR to forestall government regulation (Nwoke, 2021). We now explore CSR incentives in Nigeria's context.

In Nigeria's oil and gas, the different motivations for CSR based on the foregoing are, however, not mutually exclusive. For instance, Achua and Utume (2015) and Idemudia (2011) suggest that the incentives for CSR adoption in Nigeria are community conflicts and pressures from international community. Nevertheless, it is pertinent to note that for the majority parts of Nigeria as a nation, it is quite natural for corporations, and even individuals to engage in social responsibility of some sort. That kind of sharing is purely on philanthropy basis. For example, the family connection is of great significance in Nigeria so that the majority of the ethnic groups in the country assume that the responsibility of individuals transcends the boundaries of their immediate families (Amaeshi *et al.*, 2006). This resonates with the idea that CSR as a corporate concept fulfils a wider stakeholder approach that aligns with sub-Saharan Africans. They emphasize sharing and togetherness which creates the foundation of their values, traditions, and community development (Louis and Osemeke, 2017). However, CSR practices in the Nigerian oil industry marginalise the voices of some stakeholders. For example, the host communities as stakeholders are mostly consigned to the back burner in decision-making processes within the oil and gas industry (Idemudia and Ite, 2006a; see also Boyle and Boguslaw, 2007).

Other instances of national adoption can also be attributed to companies following the leads of successful models implemented by other frontier companies (Escobar and Vredenburg, 2011), or the pressures oil MNCs receive from the well-informed and those concerned about the adverse effects of these companies' exploration activities. For example, local community stakeholders' agitations for the impacts of oil exploration (Udok and Akpan, 2017). The key drivers for corporate CSR investment in a country like Nigeria is different from that of the Western countries. Idemudia (2011) notes that in Nigeria, there is no active connection between business and religion, as is the case in Brazil, or in South Africa with its strong history of apartheid which has influenced the growth of civil society (Bond, 2008), and hence CSR in the post-apartheid era. Institutions in opposition to colonial authorities are brought into politics, thus the civil society is generally weak and incapable of driving CSR agenda without external backing (Idemudia, 2011).

Moreover, companies are viewed as private actors and their affairs are run largely in the interest of shareholders, an opinion adopted by the Nigerian courts that have constantly ruled in favour of shareholders' supremacy (Amaeshi *et al.*, 2006), and the one fundamental goal of any business is self-sustenance, which is achieved through profit maximization (Limbs and Fort, 2000). Consequently, this has set the tone for the relationship between corporations and their other stakeholders. Apparently, the shareholder primacy has encouraged the marginalisation of local communities, despite the negative environmental impacts they suffer from oil operations. In addition, these communities in the Niger Delta region have been neglected by the government despite their region's contribution to national wealth (Ite, 2004). Several oil companies, both local and MNCs, have stepped into bridging the developmental gap through different CSR initiatives. The next section discusses CSR practices.

## 2.5 CSR PRACTICES

Having looked into some of what triggers management's involvement in, and development of CSR policies and initiatives, some of such practices are discussed under this section. Newell and Muro (2006) find that the single most important determinant of corporate social and environmental responsibility (CSER) behaviour of firms, in the case of South American businesses, is the extent of their embeddedness in global markets. Countries in the region with the most foreign direct investments (FDI) and highest access to global markets show the highest CSER initiatives. While it is considered a good virtue for companies to engage in CSR initiatives, it is also helpful to know or understand the driving forces behind such programmes, especially in the push towards sustainability because a strictly business-case CSR typically entails cost-benefit analysis and mostly benefits some stakeholders, while others are impacted negatively (Caney, 2010) For instance, the oil corporations engage in CSR initiatives in the Niger Delta region of Nigeria while environmental ills endure (Uduji and Okolo-Obasi, 2017). In this case it is cheaper for the corporations to appease community stakeholders with CSR and gain their co-operation than to invest in technology to curb gas flaring. Through this concept of development corporations may impact development in both positive and negative ways (Idahosa, 2002). For example, although oil corporations are perceived to boost economic development by their activities, they often harm both environmental and human development in the process (Adeola, 2009; see also Ite et al., 2013). Corporations tend to pay little attention to positive developments, such as poverty eradication, but only on negative issues, like child labour (Jenkins, 2005). Blowfield (2005) suggests that companies should be reminded that their interests are not always opposed to their commitment to development. However, for CSR to be meaningful, it must help companies reconsider what responsible business means in ways that benefit the poor and marginalized.

Much of the debate on CSR has covered the context of European and North American multinational companies, NGOs, academics, trade unions, without the aspects of emerging economies that truly reflect the experiences of developing countries; concerning issues of poverty, wages and workers welfare (Eze and Bello, 2016; Prieto-Carrón *et al.*, 2006). These authors contend about the lack of systematic ways of assessing CSR's overall effects in developing countries. They note that efforts made so far individually assess one aspect of CSR or another. Oil companies interested in developing poor countries with weak institutions should diversify local economies by investing in industrial and agricultural development (Renouard and Lado, 2012). Likewise, Frynas (2005) posits that the use of social programmes by companies to achieve corporate objectives sometimes restricts what such programmes could ordinarily accomplish for the society at large. Most times too, as the author finds, these business-case strategies even end up in futility. Some examples are Exxon Mobil’s donation of mosquito nets (for malaria prevention) to the health ministry in Equatorial Guinea were sold to Cameroon by the ministry’s officials; BP in Angola gave out Asian-made condoms, as AIDS-prevention campaign, but they ended being too small for African men; and in Nigeria, the existence of several uncompleted buildings supposedly meant to be health centres or schools, or other non-functional infrastructure, the ‘white elephants’ (Frynas, 2005).

In the Asian context however, Chapple and Moon (2005) find that CSR practices differ considerably among Asian countries because of factors in their respective local profiles, and multinational corporations (most of which are also Asian, rather than western corporations) are more likely to adopt CSR than are indigenous corporations, and such practices are tailored to the local profile of the country of operation. Goel and Ramanathan (2014) opine that small and medium enterprises (SMEs) are better held accountable by immediate stakeholders and community than are the big corporations who window-dress to cover poor or lack of business ethics. This argument, although based on the supposedly easier access of SMEs to the local community, is not totally convincing, because the big players like the oil and gas companies, as this review suggests in Section 2.4, and other authors, like Egbon and Mgbame (2020), Idemudia (2014) and Ojo (2012) note, are in most cases headquartered in big and major cities, whereas the greater part of their exploration activities are carried out in several host community villages. It is therefore safe to suggest that they have the same, or probably even more direct connections with these local communities. However, this by no means insinuates that they are better committed to CSR initiatives than are their SME counterparts. Although with a different logic for their assumption, Jones (1999) shares the same view that large organizations tend to be successful because by their capitalist bureaucratic nature, they are less responsible than smaller local firms.

The political landscape of a nation is also found to have effect on the dimensions of CSR practices. In Bangladesh for instance, corporate CSR philanthropic activities are totally connected to the ruling party’s agenda and/or channelled towards influential leaders’ personal interests (Uddin *et al.*, 2018), because of the close relationships that exist between political parties and business groups (Yadav, 2011). As such, the corporate “disclosure patterns are highly dependent on seeking and maintaining ties with the ruling party” (Uddin *et al.*, 2018, p. 17). The objective of this notice-seeking behaviour is likely the ability to influence business policies to corporate advantage. Globally, business has become an increasingly important source of legal and illegal political resources and it likely explains of the relationship between business and politics, and hence the influence-seeking motives of business in developing democracies (Yadav, 2011). CSR is understood and practiced diversely in developing countries. They are adapted to internally developed forms and are dependent on the existing culture, practices, and values of the country to be meaningful or relevant (Jamali *et al.*, 2017).

Summarily, the business case approach to CSR proposes that corporations can benefit from integrating social and environmental concerns into their operations and stakeholder interactions. From sections 2.3 and 2.4 above, it is gathered that notwithstanding corporations’ voluntary and different methods of engagement in CSR practices, critics are sceptic that they do so using the business case approach, predicated on perceived economic and other business advantages. However, it is also argued that corporations increasingly invest in CSR activities and are keen on reporting them because such actions enhance firm value (Malik, 2015). According to Malik (2015), although the link between CSR and firm performance is highly contested, the benefits of CSR investments outweigh the potential costs; strong CSR is used as a strategic means to maximize firm value both in the short- and long-term. For example, researchers at Harvard Business School found that companies that invest in CSR programmes are more likely to achieve long-term sustainability, profitability, and market value (Eccles *et al.*, 2013). CSR enhances economic performance (Deng *et al.*, 2022; Jo and Harjoto, 2012; Malik, 2015), insofar as it falls within corporate strategy (Deng *et al.*, 2022). Also, CSR engagement is perceived to advance corporate reputation (Borges *et al.*, 2018; Brammer *et al.*, 2012). The practices of corporations in Nigeria's oil industry follow.

The promotion and adoption of CSR as a business strategy in Nigeria is emerging, with the main practitioners being the oil and gas corporations and other big national business organizations (Ekhator and Iyiola-Omisore, 2021; Ite, 2004). This development is likely induced by the negative impacts of corporate activities, increased stakeholder expectation (Crane *et al.*, 2014a; Latapí Agudelo *et al.*, 2019; Sengur, 2020), and community restiveness (Udok and Akpan, 2017). This adoption by multinationals is likely supported by the idea that their overseas parent companies set the tone for similar standards, as Blowfield (2005) notes:

> Although CSR is often described in terms of the rights it has forced companies to recognize, perhaps the biggest changes that have occurred are that vertically integrated companies are applying similar social and environmental standards in developing economies as in developed ones, while companies dependent on supply chains are taking responsibility for the social and environmental performance of their suppliers (p. 518).

However, the incentives that drive CSR programmes are unsuitable for tackling problems in developing countries, and may veer focus from the vast political, social and economic solutions to them (Frynas, 2005). The real problems associated with community underdevelopment, like corruption, environmental degradation, abating agriculture and manufacturing industries are insufficiently attended (Idemudia, 2011). In Nigeria's oil industry, the distinction between CSR practices is made in terms of 'positive affirmative duties' and 'negative injunction duties'. The former being corporate commitment to moral and social justice, like the provision of social infrastructure and amenities to local communities (Nwoke, 2016).

On the other hand, the latter involves preventing and correcting social harms or injustice caused by corporations, like gas flaring (Idemudia, 2008; Nwoke, 2021; Ojo, 2012). This situation suits Hamann's (2006, p. 179) description of CSR debates as one that fosters 'tinkering at the edges' while silencing the main changes required to improve livelihoods in Africa. Corporations of this industry perform the affirmative duties, while falling short in negative injunction duties (Nwoke, 2016). For instance, despite increases in CSR community development spending, the incidences of violence increased in the Niger Delta region, demonstrating that the Niger Delta conflict is the outcome of complicated interactions between several factors (Idemudia and Ite, 2006a; Udok and Akpan, 2017).

The efforts by some oil corporations at providing community developmental initiatives in their host communities are seen as government's shortcoming in its developmental responsibility (Akpan, 2006; Ite, 2004; Jamali and Karam, 2018; Phillips, 2006). However, Moon (2007) considers such programmes as complementing those of the government, like that of a partnership relationship. Often, such initiatives lack the proper implementation or are supported by faulty business case rationale (Idemudia, 2014). More so, the business-led programmes ultimately leave the intended beneficiaries out or do not appropriately address their needs (Frynas, 2005; Prieto-Carrón *et al.*, 2006). For example, the business justification for gas flaring in the region benefits the government and oil corporations while leaving local communities to continuously suffer the negative impacts (Chimezie, 2020; Nriagu *et al.*, 2016). Considering poverty and weak institutions, it would seem reasonable to include development and governance agendas in CSR to address social problems and achieve sustainable development (Renouard and Lado, 2012). The Nigerian government is also blamed for forsaking its rural community development function, the less than optimal system of public governance, and weak legal and administrative measures governing corporate conduct, particularly those that concern community building and improvement are at cross points with the social upheaval connected with CSR (Akpan, 2006; see also Nwoke, 2021).

Over time, the CSR initiatives by the oil corporations in Nigeria have evolved from the previously unstructured, sporadic philanthropy to more structured and sometimes partnership forms (with state or NGO), through the use of global memorandum of understanding (GMOU) or other agreements towards community development. They are designed to foster amicable corporate-community relations and resolve previous CSR-related problems (see Egbon *et al.*, 2018; Idemudia and Osayande, 2018). Also, new law, the Petroleum Industry Act 2021, has mandated oil corporations to create a Host Communities Development Trust (HCDT). The settlor is required to pay 3 percent of its total annual expenditure to the trust towards host community development (PIA, 2021; see also CODE, 2022). Regardless of the reason for or how corporations engage in CSR, practices we gather from the foregoing the state's role within CSR development is important. A permissive approach is unlikely to yield tangible contributions to sustainability and development in emerging economies (Barkemeyer, 2009); and CSR will likely remain a secondary corporate strategic issue (Michael, 2003). Permissive approach is a voluntary and self-regulatory approach (Barkemeyer, 2009; Ekhator and Iyiola-Omisore, 2021). Whatever be the reason for CSR engagement, corporations must account for and report their CSR practices, either to fulfil requirements, or merely for transparency purposes. The section that follows explores how CSR practices are reported by the practising corporations.

## 2.6 ACCOUNTING AND REPORTING/DISCLOSURE

Not only is it important for corporations to engage in CSR practices, but also to provide disclosures about their operational impacts and CSR practices. CSR is premised on the idea that the financial aspect is only one component of the firm, and that social and political aspects should be recognized and integrated (Elkington, 2018; Gray *et al.*, 1995). Reporting or disclosure is one way that corporations communicate about their activities to stakeholders. It also provides a platform for stakeholder engagement and might portray a form of corporate accountability or a basis for counter accounts by stakeholders (Laine and Vinnari, 2017; Pupovac and Moerman, 2017). Accordingly, social and environmental aspects are also now reported by corporations, either in fulfilment of compliance requirements or simply for the purpose of being perceived as responsible corporations (Dumay *et al.*, 2016; Sengur, 2020).

Practices targeted towards incorporating sustainability strategies within management, and sustainability measurement and reporting processes are now commonplace (Bebbington and Larrinaga-González, 2008; Rinaldi, 2019). Sustainability strategies are the series of broader aspects of a corporation's environmental, social, and governance (ESG) responsibility performance, including accounting for sustainability practices (Rinaldi, 2019). While practices and disclosure may be voluntary, companies are motivated to disclose their CSR and sustainability practices because of the associated benefits, particularly that of boosting company's image (Borges *et al.*, 2018; Jaworska, 2018; Sengur, 2020). It is the means corporations rely upon for legitimising strategies, rather than for showing proper responsibility and related accountability (Deegan, 2019). Others argue however, that disclosure is desirable for transparency and stakeholders' engagement. It is taken as part of corporations' communication with their stakeholders (Gray *et al.*, 1995; Noah *et al.*, 2020), and for reporting their impact on society, environment and economy (O'Dwyer and Unerman, 2020). Regardless of the reason for disclosure, the real issue in contention is whether the practice of disclosure is actually in sync with reality. Nonetheless, corporations seem more inclined to disclose their CSR practices than not and almost all of them have elaborate statements that describe their mission, values, and responsibilities (Idahosa, 2002). This suggests that disclosure could also be an instrumental device towards the attainment of other corporate goals.

Notwithstanding, accounting is critical for developing sustainability practices in different forms and for demonstrating corporate responsibility (Rinaldi, 2019). For example, triple bottom line (TBL) accounting is a type of reporting that treats the financial, environmental and social parts of a corporation's performance as parallels

(Elkington, 2018; Henderson, 2001), and a solution to the shortcomings of financial reporting (Dumay *et al.*, 2016). It is used for reporting CSR activities and a paradigm based on the idea that a firm's success can be measured not only by the traditional financial performance, but also by its social/ethical and environmental performance (Elkington, 2018; Wayne and Chris, 2004). Despite the growing popularity of this TBL concept amongst businesses, early adopters viewed it as a balancing act, embracing a trade-off mindset instead of stimulating deeper capitalism thinking (Elkington, 2018). Wayne and Chris (2004) argue that the persuasive speeches of the TBL framework is misleading and may be the mask behind which corporations are able to circumvent social and environmental reporting and performance. Therefore, provided these sustainability frameworks lack the radical intent to prevent us from exceeding our planetary boundaries, they will be insufficient (Elkington, 2018).

Those in support of the TBL accounting believe that corporate responsibility for society and the environment should be made into law, whereas others suggest that peer pressure, codes of conduct and self-regulation should suffice (Henderson, 2001). Corporations use sustainability reporting, like the TBL as a way of being accountable to their stakeholders. Accountability is the expectation of corporations to provide account of the actions for which they are responsible (Gray *et al.*, 2014). However, accountability by way of reporting/disclosure is more or less information only, given that stakeholders lack the power to hold the account giver accountable. Although it is also seen to provide the space for dialogic stakeholder engagement through counter accounts. For example, Cooper and Owen (2007) and Hossain and Alam (2016) suggest however, that for accountability to be achieved, a first step will be to empower the stakeholders in such way that they are truly able to hold the reporting organization accountable. Especially so, as corporations use social activities and environmental management and disclosure to fulfil their social contract, be assessed by stakeholders, and gain legitimacy (Islam, 2017; Zyznarska-Dworczak, 2018). Another concern about reporting/disclosure is the extent to which stakeholders use the information provided. For example, local community stakeholders are unlikely to use a formal accountability mechanism. As a result, corporations may use other informal means of corporate-community engagement.

According to Amoako *et al.* (2022), studies in sustainability reporting are mostly concerned about information on corporate websites or the annual reports of corporations, whereas the authors find that a majority of local community stakeholders, particularly in developing countries, are either disinterested in or oblivious to these formal reports. Studies have also shown that informal reporting often complements and adds to formal reporting (McKernan and McPhail, 2012). However, informal reporting is also seen to be missing the details typically associated with formal reporting and obscures the limits of the reporting system, they divulge more information than would otherwise be available under the formal reporting medium (Hardy and Ballis, 2013). Local community stakeholders are important to the case corporations in this study for the discharge of accountability and/or for gaining their trust and co-operation (social license to operate). This stakeholder group also represents an important part of the study and informal reporting system caters especially to them. Thus, it partly informs the objectives of the research in exploring the accountability practices of the case corporations.

Informal reporting occurs through any medium of communication with stakeholders different from conventional formal reports produced by corporations. Given that CSR or sustainability reporting practices of corporations are a way of discharging accountability, Sawandi and Thomson (2014) argue that in order to promote downward accountability (accountability at the grassroots), corporations must adopt accountability practices that allow stakeholders to plan and participate in activities, events, and practices. Informal disclosures cater to diverse stakeholders and serve as engagement process for groups that are unaware or uninterested in formal reports (Amoako *et al.*, 2022), or have high illiteracy rates (Dumenu and Obeng, 2016). In developed countries, the informal medium may be less evident given differences in literacy rates, civil society, institutional and regulatory systems (Amoako *et al.*, 2022), so some stakeholder groups in developing countries have reporting needs different from those in developed countries (Tilt, 2018).

Informal reports can take different forms, such as Facebook or Twitter communication, meetings and durbars (Amoako *et al.*, 2022; Manetti and Bellucci, 2016). According to Manetti and Bellucci (2016), stakeholder engagement through social media platforms fosters democratic stakeholder opinion gathering. Both the formal and informal sustainability reporting methods are valuable and need to be used alongside each other. Through both methods, stakeholders can build trust and confidence by keeping in touch with each other, allowing for a more rapid and cost-effective interactive dialogue (Amoako *et al.*, 2022). In order to address sustainability challenges globally and locally, it is crucial to recognize the specific context of developing countries (Amoako *et al.*, 2022; Tilt, 2016; 2018), and to consider context-relevant reporting forms and channels as they affect regulation and practice (Amoako *et al.*, 2022; Tilt *et al.*, 2021).

Corporate Social Responsibility (CSR) is often understood to include concern for the environment and is described by the European Commission’s Green Paper (2001) as “*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*”. Thus, corporate social and environmental responsibility (CSER) seems better suited, and this literature review will be inadequate without touching on the issues around the environment and it is also informed in part by the topic of this thesis. Environment or climate is thus covered in following section.

## 2.7 CLIMATE CHANGE AND GAS FLARING

Climate change consequences are increasingly experienced across the globe. There is a general scientific agreement that it is an environmental problem (Bebbington and Larrinaga-González, 2008; Doughman and DiMento, 2007), and that anthropogenic (caused by humans) factors influence the warming of the planet (Haroff and Hartis, 2007; Pan, 2019; Rowlands, 2000). Agricultural, industrial, and service businesses are certainly affected by natural disasters like floods, hurricanes, etc. and businesses have also contributed greatly to environmental problems, including resource depletion, harmful contamination, and climate change (Starik, 1994, p. 92). Notwithstanding, many people have different opinions about what climate change really means and what has to be done about it, if anything (Doughman and DiMento, 2007). Doughman and DiMento (2007) suggest that human activities over the past one hundred and fifty years have been changing the fragile chemical balance of the earth’s atmosphere.

Coal, oil, and gas industry is the first public enemy to our continued survival on planet earth (McKibben, 2012). Global warming of all magnitudes is expected to lead to net economic losses in many developing countries. These countries' poorest people are the most affected (Hare, 2005), and scientists have reached the conclusion that human contributions of greenhouse gases (GHS) have impacted the planet's warming as evident by the loss or reduction of sea ice, higher sea levels, and acute heat waves in this century (Pan, 2019). National Aeronautics and Space Administration (NASA) published that "the average global temperature has increased by a little more than 1° Celsius (2° Fahrenheit) since 1880, indicating that two thirds of the warming has occurred since 1975" (NASA, 2020). In 2003 for instance, in an extreme event, Europe recorded a bizarre heat wave and France had more than 15,000 more fatalities as a result (King, 2004).

Climate change issues are linked to economic growth, social justice and the demand and use of fossil fuels across the globe, thus making it complex and political (Laine *et al.*, 2021). Climate injustices are also majorly caused by unequal exposure determined by social and political power and inequalities (Kashwan, 2021). Newell *et al.* (2021) contend that except when climate actions or responses are considered from the eyes of those that are mostly impacted, such remedies will continually mirror the Northern perspective. Concentrating on a contributing industry, like the oil and gas industry, also helps for a better appreciation of the impacts on those that are affected directly (Newell *et al.*, 2021). As a matter of urgency, the government, corporations, communities and other key stakeholders are to collectively and collaboratively engage in climate action or solutions (Ebele and Emodi, 2016). For example, the media can stimulate discourses and engagements around climate actions.

Tavakolifar *et al.* (2021) find that the media brings corporate misdeed to limelight and an increase in media publicity also increases corporate exposure to stakeholder pressure, thus the likelihood that corporations engage in actions towards tackling climate change challenges (Deegan and Islam, 2014; Littlewood *et al.*, 2018; Tavakolifar *et al.*, 2021). Nonetheless, media attention on corporations may not necessarily produce positive outcomes on their part. On one hand, there may be greater responsiveness to climate change actions because of imminent threats to corporate legitimacy. On the other, corporations may engage in superficial disclosures that exhibit alleged concern for the environment (Michelon *et al.*, 2019), like MNCs in developing countries responding to negative media attention by increasing disclosures on environmental performance (Islam and Deegan, 2010). The media reports on climate change from Nigeria used in this work are digital versions of national and local newspapers, like African examiner, This Day, Vanguard, and the Guardian newspapers. Other sources include international agencies with outreach offices in Nigeria, like Stakeholder Democracy Network (SDN), Friedrich-Ebert-Stiftung (FES) foundation; and official reports from government agencies, like the Nigerian Upstream Petroleum Regulatory Commission (NUPRC).

Many countries have made improvements in reducing environmental havoc from local pollutants in non-energy sectors. In the US non-energy sectors, local pollution regulation has not had significant impact or benefit in terms of GHG reductions that have the effect of reducing global pollution. However, only little has been done by way of direct regulation of GHG which have greater repercussions. The likely reason for this is the fact that the costs of such regulations locally are borne by those that are directly affected by the benefits to be yielded from it (Brunel and Johnson, 2019). This probably indicates that the energy sector will yield a result that supports the scientists' conclusion (Pan, 2019), because the very nature of their operations is such that they have the most impact on the environment, and hence on society.

In the bid to deal with climate change challenges, many states and non-profit land trusts in the United States filed non-statutory common-law suits against American Power Electric to decrease annual carbon dioxide emissions, described as "public nuisance" that traps heat in the atmosphere and leads to global warming, but the courts decided that those were issues for political branches to handle and not the judiciary (Haroff and Hartis, 2007). Similarly, the courts dismissed a case by the state of California against several automobile corporations for "public nuisance" of high $CO_2$ emissions from automobiles that have also caused global warming and hurt the state environment, economy and health of citizens (Haroff and Hartis, 2007).

Divestment crusades are also being employed in calls for climate action. Climate action are the responses or activities (mitigation and/or adaptation) to address climate change and its attendant consequences (UN SDGs, 2015a). However, there is hardly certainty in the outcomes of movements (McKibben, 2012) because for the most part, protests are either ignored or actively repressed by challenge, oppression or even force by their targets (Tarrow, 2011). Nevertheless, any crusade that cripples the fossil fuel industry's political standing boosts the prospects of removing its exclusive breaks (McKibben, 2012). Fossil fuel divestment campaign has been exceptionally successful in the last 10 years and might bring about political change like global treaties, national regulations, carbon taxes, or safe-levels cap-and-trade (Death, 2019). The movement still has a low direct financial cost to major companies, despite its rapid growth.

Furthermore, divestment alone may not guarantee that fossil fuel extraction or burning will end (Death, 2019).

The preceding examples, albeit unsuccessful, demonstrate concerns by environmentalists and the scientific community about the imminent implications of global warming. United Nations Intergovernmental Panel has carried out scientific evaluations and revealed that global warming calls for efforts to curtail greenhouse gas emissions (Hare, 2005). However, climate change challenges are unlikely to be addressed by common law litigation; however, the United States federal government appears to be moving ahead with climate change regulation under the Clean Air Act, National Environmental Policy Act, and Energy Policy Conservation Act (Haroff and Hartis, 2007). In view of the risks associated with climate change, and the warnings from several scientists, there is caution and heightened interest on the need for strategies that will help mankind and the ecosystem better prepare and cope with climate change challenges. The issue has also necessitated the formation and involvement of several international development agencies and programmes to help the world manage climate change amongst other issues. The next subsection focuses on some of such international organizations and other initiatives aimed at tackling climate change and global warming.

### 2.7.1 United Nations Framework Convention on Climate Change

United Nations Framework Convention on Climate Change, (UNFCCC) a “Rio Convention” formed on 21 March 1994 has an almost universal membership of 197 nations that are termed parties to the convention. The main goal of this convention is to stabilize greenhouse gas (GHG) concentrations “at a level that would prevent dangerous anthropogenic (human- induced) interference with the climate system" (UNFCCC, 1994). The expected level is that which is anticipated in a period that allows ecosystems' natural adaptation to climate change, safeguarding food supply and enabling economic development to continue in a sustainable way. Under the framework of the UNFCCC, the UK's aspiration is for the world's developed economies to reduce greenhouse gas emissions by 60 percent of the 1990 levels by 2050 (King, 2004).

Therefore, in an effort to tackle the problems posed by climate change, developed countries agree to support climate change activities in developing countries (UNFCCC), and a Global Environment Facility (GEF) Trust Fund is available for developing countries and economies in transition to meet the objectives of international environmental conventions. Potential partners include government agencies, civil society organizations, private companies, and research institutes, to implement programmes and projects in recipient countries (GEF, 2016). The Intergovernmental Panel on Climate Change (IPCC) is charged with the responsibility of preparing reports that let the world know what "dangerous anthropogenic interference" means, amongst other important information like the causes, potential impacts and response options for climate change (IPCC, 2020). At COP 27 in Sharm el-Sheikh, Egypt, the UN's Secretary General, António Guterres said the world was on the highway to climate hell with our foot on the accelerator (Economist Impact, 2022).

The current debate around climate change and global warming provides an incentive for corporations to be better engaged in CSR programmes geared towards sustainability, and for governments and other relevant agencies to put in place better measures that foster sustainable practices. “The sustainability agenda, by definition, addresses the implications of ecological dependency and planetary wide social impacts of local behaviours” (Moon, 2007, p. 297). Sustainable development is a concept that requires thinking beyond short-term gains and adopting long-term perspectives that take into account the needs of future generations. It seeks to create a future where all individuals have access to basic human rights and live in harmony with the planet. This requires the responsible management of natural resources, reduction of carbon footprint, and preservation of biodiversity. It also recognizes that economic growth alone is not sufficient for human development and that social equity and environmental sustainability must also be prioritized (UN SDGs, 2015b). As with CSR, the term sustainable development is well embraced, whereas its meaning and what it entails in practice is widely varied as is action plan by businesses or governments (Henderson, 2001). Gas flaring is identified as a major contributor to global climate change, and the subsequent subsection looks at the issues around it.

### 2.7.2 Gas Flaring

Gas flaring occurs when oil drilling operations produce too much natural gas. The procedure is used when the gas cannot be captured, transported, or stored. It appears that burning it off is the most cost-effective and convenient disposal method (World Bank, 2023a). International scientific consensus is that anthropogenic or human-induced climate change poses significant threats to species, human livelihoods, ecosystems, infrastructure and health in many regions (Hare, 2005). “Anthropogenic [GHG] include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride” (Avi-Yonah and Uhlmann, 2009, pp. 10-11); and the burning of fossil fuels, like oil, gas and coal present the greater emissions of greenhouse gases that cause climate change (Hare, 2005). Haroff and Hartis (2007) also argue that combustion of fossil fuels is the main cause of global warming and efforts by international bodies to scale down global carbon emissions by way of carbon cap-and-trade system will have little impact in that respect.

Since oil production and use greatly contribute to human-induced climate change, some commentators have argued that leaving the oil in the soil would be a more effective solution (Bassey, 2012; McKibben, 2012; Rowlands, 2000) rather than merely reducing the rate at which it is burned (McKibben, 2012). As good a response to the global climate threat as that sounds, shutting down on production would however seem highly unlikely as oil companies are actively prospecting for oil wells. For example, considering Exxon intended to spend $37 billion annually through 2016 in the search for more oil and gas (Reddall, 2012). More so, in 2009 Shell discontinued its solar and wind energy projects and in December of the same year, British Petroleum also discontinued its solar division (McKibben, 2012), signifying the slow embrace of renewable energy in the industry. The term “global warming” connotes worldwide warming and as such, climate change requires that all hands be on deck. There would be a considerable reduction in political complexity if all climate change damage occurred primarily where greenhouse gases were emitted (Hare, 2005). However, the reality is such that the most serious consequence is likely to take place in nations and regions that have little responsibility for the causes (Hare, 2005; Kashwan, 2021; Newell *et al.*, 2021). Other responses or climate initiatives are covered in the next section.

### 2.7.3 Climate Change Initiatives

There are numerous sources of carbon dioxide emissions as well as possible huge abatement costs, requiring that only a market-based carbon policy (rights trading or taxes) will effectively achieve the intended local targets that are also likely imminent from international agreements (Stavins, 1998). A popular climate change intervention strategy is the carbon emissions trade system (cap-and-trade), aimed at encouraging a reduction in gas flaring. It is a market-based environmental policy instrument and has outrun the other available options for climate policy (Meckling and Meckling, 2011). Its popularity is probably because it is assumed to benefit everyone. It offers a market in carbon trade for corporations, therefore, a potential income source; for environmentalists, a reducing emissions cap on the major cause of global warming; for politicians, it means tackling global warming without worrying about carbon regulations or tax imposition; and for economists, the markets determine carbon prices (Avi-Yonah and Uhlmann, 2009).

Carbon tax on produced or imported oil, gas and coal will be more easily implemented and enforced, and easier to adjust should the need arise. Among other benefits, it could also be immediately effective and ahead of any future international treaty for GHG emissions (Avi-Yonah and Uhlmann, 2009). Carbon taxes although provide price certainty, do not guarantee emissions reduction goals will be achieved (Meckling and Meckling, 2011; Weitzman, 2014), because apart from altruism there is no compelling reason to encourage reducing emissions caps for others' externality interests (Weitzman, 2014). Carbon trading on the other hand, provides that emissions quantity reduction will be attained (Chameides and Oppenheimer, 2007) and at low cost (Stavins, 1998). People favour a uniform carbon tax over emissions permits, citing simplicity, price certainty, and the less-persuasive appearance of fairness (McEvoy and McGinty, 2018; Meckling and Meckling, 2011; Weitzman, 2014). Revenues from uniform emissions tax are retained nationally, but an international cap and trade system could provide an avenue for kleptocrats to steal emissions allocations and sell them on international markets (Weitzman, 2014). However, McEvoy and McGinty (2018) find that a uniform tax for carbon emissions will not encourage participation, because it is voluntary and are unlikely to increase abatement above non-cooperative levels.

Global warming is a universal public goods externality that craves an intense amount of international collaboration and participation as solutions cannot be left to benevolence alone (Weitzman, 2014). Being an international problem, climate change issue should ideally be solved by international treaties. However, to date not much has been achieved in that regard (McEvoy and McGinty, 2018). A more practical way to deal with it is a mix of emissions regulations, emissions taxes, and grants for the development and application of substitutes to fossil fuels (Coplan, 2020). Nonetheless, to wean Americans off fossil fuel-powered economies and lifestyles, government regulation alone is rarely sufficient; implying that even if properly designed, regulation not accompanied by a bottom-up culture change may be ineffective. Therefore, for a climate change policy to be successful, it must be matched with persuading people that such change is important or beneficial, so that the culture is receptive to that desired change (Coplan, 2020). The negative impacts of climate change on health, water resources, agriculture; hence food security and malnutrition are likely to affect a large population in parts of Africa, some of whom are currently struggling for subsistence. All of these will further impede development (Hare, 2005). The next section explores the issue of environmental regulations.

### 2.7.4 Regulation or Mechanism to Reduce Gas Flaring and Change Impact

Many regulations, mechanisms, and guidelines are available for addressing environmental issues, such as gas flaring and climate change, especially in the interest of those who are adversely impacted (e.g. community stakeholders). Some international treaties like the UNFCCC, discussed in Section 2.7 provides a framework for international cooperation to reduce GHG (including those from gas flaring), and adapt to the impacts of climate change. The World Bank's Global Gas Flaring Reduction Partnership (GGFR) is a partnership of governments, oil companies, and international institutions working to reduce gas flaring. The GGFR provides technical assistance to countries and companies to develop strategies and implement projects to reduce gas flaring. The GGFR advocates ending emissions by 2030 (World Bank, 2023b).

Some others include the United States Environmental Protection Agency (EPA). The agency regulates greenhouse gas emissions in the United States under the Clean Air Act. The EPA has issued regulations to reduce emissions from oil and gas operations, including those related to gas flaring (US EPA, 2022b). The European Union Emissions Trading System (EU ETS) is a cap-and-trade system that regulates greenhouse gas emissions from large industrial installations in the European Union. The system includes provisions related to reducing emissions from gas flaring. There is also Nigerian Gas Flare Commercialisation Programme (NGFCP), a Nigerian government initiative aimed at reducing gas flaring in the country. The programme provides incentives for companies to capture and use the gas that would otherwise be flared (NUPRC, 2022b).

Regulatory systems provide an effective means of implementing ethical issues, like environmental justice (Derman, 2014). However, in several developing countries regulation is described as weak, ineffective, or lacks adequate monitoring (Alshbili *et al.*, 2021; Jamali *et al.*, 2017; Rwabizambuga, 2007). Similarly, Escobar and Vredenburg (2011) argue that no matter the technical content of regulations, the lack of power and/or capacity of regulators in less developed countries to enforce local regulations limits their effectiveness. This effectively means that many authorities in developing countries lack the means to handle important social and environmental problems that plague them (Tilt, 2018).

In Nigeria not much stride has been made in the aspect of tackling the challenges posed by climate change. The country's unsustainable business practices and climate change reality are what German sociologist, Ulrich Beck, describes as the "risk society," a situation in which industrialized nations create and perpetuate increased risks as a consequence of modern technology in order to exploit the planet (Nwagbara, 2013, p. 691). According to USAID (2019), temperature rises from climate change are likely to worsen respiratory infections in Nigeria (which already cause 19 percent of deaths). Although Nigeria does not participate in carbon emissions scheme, like the United States or European Union, it has always had local flaring regulations to discourage gas flaring. Nonetheless, gas flaring is still very rampant in the country, even though the act of 1979 abolished it (except with Ministerial permit), with effect from 1 January 1984. Details of this Act are available in section 2.8 following.

## 2.8 GAS FLARING, REGULATION, AND CLIMATE CHANGE IN NIGERIA

To date, Nigeria still flares its undesirable gas from crude oil exploration and production activities, a process long banned by the federal government, as prescribed in section 3 (1) of the Act (Associated Gas Re-injection Act 1979):

> Subject to subsection (2) of this section, no company engaged in the production of oil or gas shall after 1 January 1984 flare gas produced in association with oil without the permission in writing of the Minister.
>
> (2) Where the Minister is satisfied after 1 January 1984 that utilization or re-injection of the produced gas is not appropriate or feasible in a particular field or fields, he may issue a certificate in that respect to a company engaged in the production of oil or gas-
>
> (a) specifying such terms and conditions, as he may at his discretion choose to impose, for the continued flaring of gas in the particular field or fields; or
>
> (b) permitting the company to continue to flare gas in the particular field or fields if the company pays such sum as the Minister may from time to time prescribe for every 28.317 Standard cubic metre (SCM) of gas flared:
>
> Provided that, any payment due under this paragraph shall be made in the same manner and be subject to the same procedure as for the payment of royalties to the Federal Government by companies engaged in the production of oil.

After several years of enacting the gas flaring law, the insignificant reduction rate of gas flaring in Nigeria begs the question of whether such penalties or taxes truly discourage pollution rates, and also whether the reporting schemes are aggressively monitored and verified (Akinwande, 2017). Eze (2019) argues however, that the supposed ban on gas flaring was not really an actual prohibition because in its initial response, the Nigerian Government promoted the utilization of gas rather than outrightly banning gas flaring. Although a licensee corporation was supposed to submit their plans for utilizing any natural gas from drilling operations (by the flare-down regulation), no provision was made for enforcement or for sanctioning a defiant corporation. Eze (2019) contends that the government's interest was gas utilization and not necessarily protection of the environment. Notwithstanding penalties put in place for continued gas flaring, oil companies evade making such payments because of a lack of enforcement by the department of petroleum resource (Daniel, 2012; May and Dayo, 2019). This implies that the decades-long gas utilization or re-injection regulation seems to be a law in abeyance as it has not eliminated gas flaring in the region.

Regulatory enforcement in Nigeria varies by sector but is generally marred by corruption, bureaucratic constraints, inconsistency and shortage of resources amongst others (Agbiboa, 2012; Onuche, 2018). According to Obi (2022), regulation is mainly for the purpose of generating revenue rather than for fostering industry growth, job creation and innovation for the benefit of society. Different government regimes have periodically initiated measures to improve enforcement. For instance, the Presidential Enabling Business Environment Council (PEBEC) was set up in 2016 to ease business operations in Nigeria (Ojeme, 2023; PEBEC, 2016). Regulation of the oil and gas industry is no exception, especially being the subject of criticism from concerns about lax enforcement of environmental laws and complex regulatory framework. Historically, corruption and has been a major concern in the industry and has led to different initiatives and reforms targeted at improving transparency and accountability, like the Nigeria chapter of the Extractive Industries Transparency Initiative (EITI) (NEITI, 2007). The recent reform with the Petroleum Industry Act (PIA) promulgated in 2021 is set to address some of the challenges in the oil industry.

Gas flaring in the country has had a long-standing history that dates to the 1950s. The first oil-associated gas was flared at Oloibiri, where the first successful commercial quantity oil of was discovered in 1956. It was a point in time when little was known about natural gas, and its processing facilities were non-existent (Nwanya, 2011). Accordingly, only by banning gas flaring in all oil fields without ministerial discretion will the Nigerian environment be spared from further degradation (Eze, 2019). The flaring prohibition deadline was moved from 1979 to 1984, to 2013, and then to 2019, but none of it was met. However, there has been a percentage reduction in gas flared; from 85 percent of total production in the 1980s to 1990s, to approximately 50 percent in the early 2000s, and now about 15 percent (Eboh, 2019). Notwithstanding, there are doubts around this claim. For example, globally, oil and gas facilities emit three times more GHG than their producers claim, according to (Harvey, 2022).

Gas flaring and other anthropogenic emission sources are responsible for the stationary climatic pollution in the Niger Delta region with regional and global implications (Ite and Ibok, 2013; May and Dayo, 2019) and much of the gas flares occur at low or ground level and within communities and farmlands, with intense and prickly flames as tall as 10-storey buildings burning endlessly for many years at a go (Edino *et al.*, 2010; Schick *et al.*, 2018). Pollution arising from high temperatures have become characteristic of the Niger Delta region. Some plants, trees and bunchgrasses show signs of chlorosis and stress, especially those that are closer to oil and gas flow stations. When they wither and get harvested for fuelwood, more land become exposed and face threats of degradation by water or wind (Nwanya, 2011).

Studies have linked gas flaring to health problems in the communities where gas is flared, and the relationship between gas flaring and poor agricultural yield has also been established (Edino *et al.*, 2010; May and Dayo, 2019). Meanwhile, agriculture is central to the country's economy; accounting for 80 percent the income source of the poor in rural communities, while also contributing 20 to the national gross domestic product (GDP) (Yeboua *et al.*, 2022). Despite growing a wide range of crops, Nigeria relies heavily on food importation and battles with malnutrition and food insecurity because of reduced productivity (USAID, 2019). Uduji and Okolo-Obasi (2017) argue that regardless of the basic contributions of CSR programmes to oil producing communities in the Niger Delta region, many of the communities still endure numerous ills, including violence, oil spills, gas flaring and others. For instance, oil pollution has negatively affected food crop farmers and their income from such activity (Idumah and Okunmadewa, 2013); consequently, portraying a bleak future for food security.

Some NGOs and Rivers State Sustainability Development Agency have decried oil corporations' neglect of the environment, human rights abuses, and environmental pollution (Nwagbara, 2013). Furthermore, the Stakeholder Democracy Network, in collaboration with other civil society groups in Nigeria produced a documentary advocating effective policies to mitigate climate impacts that particularly affect the poor and vulnerable groups (Stakeholder Democracy Network, 2023). Nwoko (2018) contends that a focus on meeting climate change goals could have the double effect of also cutting down on unemployment rate in the country with approximately 69 million young people, the majority of whom are unemployed.

## 2.9 CONCLUSION

In view of the ecological footprints of various industries on society, especially the oil and gas sector, and the imminent implications of climate change, the importance of a properly instituted corporate social responsibility (CSR) initiatives within these corporations is crucial. In essence, irrespective of one's stance on the CSR concept, the idea of it implies that businesses have obligations to society that go beyond profit-making, and embodies helping to solve social and ecological issues (Idemudia, 2011). An absolute and only focus on maximizing shareholder returns is unlikely to have positive impact on community development. Therefore, a conscious or targeted effort in that direction is paramount.

Numerous studies on the oil and gas industry of Nigeria have focused on multinational corporations and their community involvements (or a lack thereof) by way of CSR, especially in the areas of poverty and environmental degradation. However, the indigenous oil and gas corporations are not immune to these issues arising in literature. This area indicates a gap that needs exploring and informs a part focus of this research. As Henderson (2001) notes, the corporate supporters of CSR are large MNCs with international presence, and that leaves one wondering how these CSR precepts apply to small and medium-sized enterprises (SMEs) with much less public profile and which are primarily concerned with local issues. Although this literature review touches on many facets of CSR, the focus of this thesis is an attempt to describe the concept in the context of the oil and gas corporations operating in Nigeria and how such operations impact people and the environment, and ultimately, the consequences of same on global climate change. The next chapter provides an overview of the country, Nigeria and brief overview of the case corporations.

# CHAPTER 3

# CONTEXT AND BACKGROUND: NIGERIA AND THE OIL & GAS INDUSTRY

## 3.1 CHAPTER OUTLINE

The previous chapter discussed the concept of CSR and how it is practiced by oil and gas corporations in Nigeria, including the incentives for its adoption. Additionally, it presented debates and arguments related to climate change issues and whether the case corporations discharge accountability to stakeholders through CSR. This chapter provides a general overview of Nigeria and the oil and gas industry, alongside an overview of the Niger Delta Region (the oil producing region of the country). The chapter partly highlights the essence of the study previously discussed in Chapter 1. The rest of the chapter is arranged in the following order: Section 3.2 provides an overview of Nigeria; followed by Section 3.3 that discusses the oil and gas industry in the context of Nigerian economy. Section 3.4 covers a background of the Niger Delta Region, including the negative impacts of oil activities. Section 3.5 provides a brief description of the two types of entities in the industry and for empirical purposes.

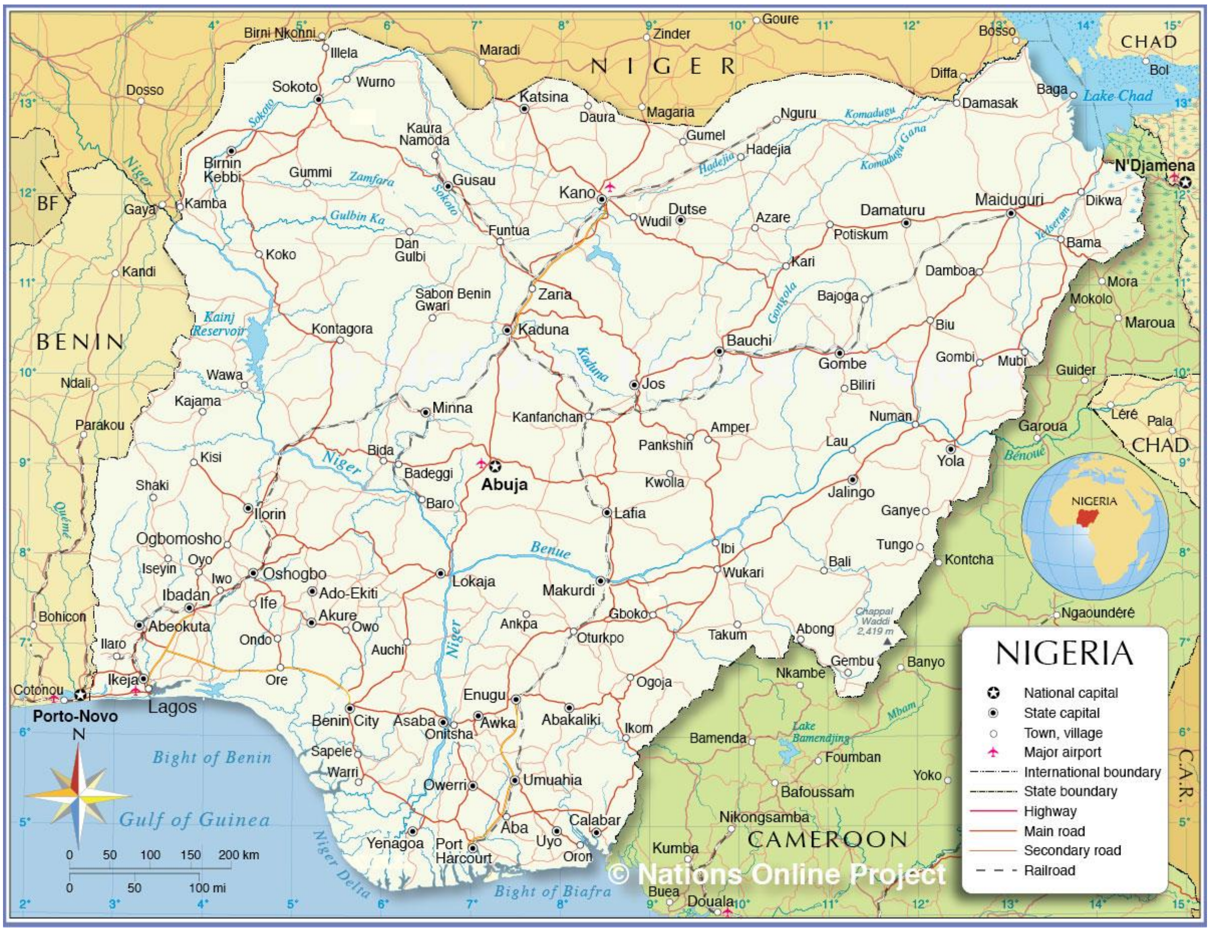
## 3.2 OVERVIEW OF NIGERIA

Nigeria is a country in West Africa, with a land coverage area of 910,768 square kilometres (km2), water area of 13,000 km2 for a total coverage of 923,768 km2. It borders Benin to the West at 802 km; Cameroun to the East at 1975 km; Chad to the Northeast at 85 km; and Niger to the North at 1608 km (See Figure 3-1: Map of Nigeria) (Central Intelligence Agency, 2023). It also shares maritime borders with Equatorial Guinea, Ghana, and Sao Tome and Principe (NationsOnline). The country ranks sixth in the world's population, and it is the most populous in Africa with an estimated population of 225,411,811 as of October 2023 (Worldometer, 2023). . With its capital at Abuja, Lagos state is the commercial nerve centre of Nigeria. Major urban population are: Lagos – 14.368 million, Kano – 3.999 million, Ibadan – 3.552 million, Abuja – 3.278 million, Port Harcourt – 3.020 million, and Benin City – 1.727 million (Central Intelligence Agency, 2023). The country has also recorded an increase in severe and frequent weather events like floods and heat wave especially in the north of the country. As a result of these climate risks, food production per capita has been declining, so that by 2020 undernourished population grew to 12.7 percent, from 6.5 percent in 2004 (World Bank, 2023c).

Nigeria, a sub-Saharan African country, is endowed with several mineral resources as: natural gas, petroleum, tin, iron ore, coal, limestone, niobium, lead, zinc and arable land (Central Intelligence Agency, 2023; Udok and Akpan, 2017). Since discovering oil in commercial quantity in 1956 (Stakeholder Democracy Network, 2020), the country has relied heavily on it as its main source of foreign exchange earnings and government revenues. Other areas of economic growth since the global crises of 2008 – 2009 are agriculture, telecommunications, and services. However, even with this diversification and growth, millions of the population still lives in severe poverty (Central Intelligence Agency, 2023; World Bank, 2023c). Regulatory constraints and security risks limit new investment in oil and natural gas industry, and Nigeria's oil production had been contracting every year since 2012. In 2016, the country went into recession because of lower oil prices and production, further worsened by militant attacks on oil and gas infrastructure in the Niger Delta region (Central Intelligence Agency, 2023).

Macroeconomic stability weakened amidst declining oil production, costly petrol subsidy which consumes a large share of gross oil revenues. In addition, there are exchange rate distortions, fiscal deficit monetization, and high inflation (World Bank, 2023c). Based on current trends, Nigeria's population growth will continually outpace poverty reduction, which will result in 13 million more Nigerians living below the national poverty line by 2025 (World Bank, 2023c). In spite significant steps forward in consolidating democracy, the country still faces terrorist attacks, inter-communal conflicts, crime and kidnapping, and public mistrust of government. The country lacks effective systems to address corruption, poverty, and inefficient social services (US Department of State, 2017). The oil industry’s connection to Nigeria’s economy is discussed in the next section.

*Figure 3-1: Map of Nigeria*




Source: Nations online 2020 (nationsonline.org)

### 3.3 THE OIL AND GAS INDUSTRY AND NIGERIAN ECONOMY

The oil industry is largely export-based and a major contributor to the Nigerian economy. It accounts for about 90% of export earnings and approximately 70% of government revenue (Nwoke, 2021; Resolution Law Firm, 2020a; Udok and Akpan, 2017). The first commercial oil was discovered in 1956 in Oloibiri, Bayelsa state (Stakeholder Democracy Network, 2020). The industry has remained the mainstay of the Nigerian economy since the 1970s, and despite efforts to diversify the economy. In recent years, the industry has faced significant challenges, including falling oil prices, security concerns, and regulatory issues (Yeboua *et al.*, 2022; see also Bakre et al., 2017). Prior to 2010, the industry was dominated exclusively by multinational corporations (MNCs). To encourage local participation and empowerment, the Federal government introduced the local content development Act on 22nd April 2010, in response to its local capacity developmental needs (African Examiner, 2021a; Resolution Law Firm, 2020a). The Act provided the modalities for increasing indigenous participation in the oil and gas industry; the aim of which was to empower Nigerians and increase local employment and development (Osagie, 2013).

Government's efforts on the promotion of local participation and empowerment in the industry have had mixed outcome and impact, depending on specific initiatives and measures. Ovadia (2013) argues that it is difficult to evaluate progress, given the difficulty in understanding how local content should be measured. However, Adedeji *et al.* (2017) find that regulations on licencing and ownership are the most important gauges for assessing the local content policy. According to the authors, over 80 percent of the policy's target was reportedly achieved in 2015, against 60 and 45 percent in 2010 and 2006 respectively. In terms of indigenous oil company ownership and participation, issues of foreign corporations using indigenous ones as fronts have been largely overcome (Ovadia, 2016).

The primary goal of the local content policy is to increase local participation, develop indigenous corporations' capacity in oil and gas, create jobs and reduce poverty (Osagie, 2013). As a result of successful implementation of the local content policy, Monday (2015) finds significant positive impact on human capital development and indigenous corporations' business performance. Nonetheless, it is noteworthy that the industry is exposed to several challenges, like security and corruption issues which may sometimes hinder the intended positive impacts of indigenous participation and empowerment campaign.

The industry has continually battled several challenges, including, but not restricted to regulation, community crisis, crude theft, vandalizations, and corruption (Archinike, 2021; Eze, 2019). Despite the challenges facing the industry, Nigeria remains a significant player in the global oil and gas market. Nigeria will play an important role in meeting the world's growing demand for oil and gas over the next decade, according to a report by the International Energy Agency (IEA, 2022; see also OPEC, 2022). In spite of the country's abundant natural resources, poverty remains a significant problem (Bakre *et al.*, 2017; Yeboua *et al.*, 2022). The Nigerian government is taking steps to address these challenges and improve the performance of the industry. In 2021, the government passed the Petroleum Industry Act (PIA), which aims to reform the sector and increase investment in the industry (PIA, 2021). The PIA is expected to create a more transparent and efficient regulatory framework, reduce bureaucracy, and increase investor confidence. It is also expected to boost exploration and production activities in the country, leading to increased production and revenues for the government (PIA, 2021; Resolution Law Firm, 2020a).

## 3.4 BACKGROUND OF NIGERIA’S NIGER DELTA AND GAS FLARING

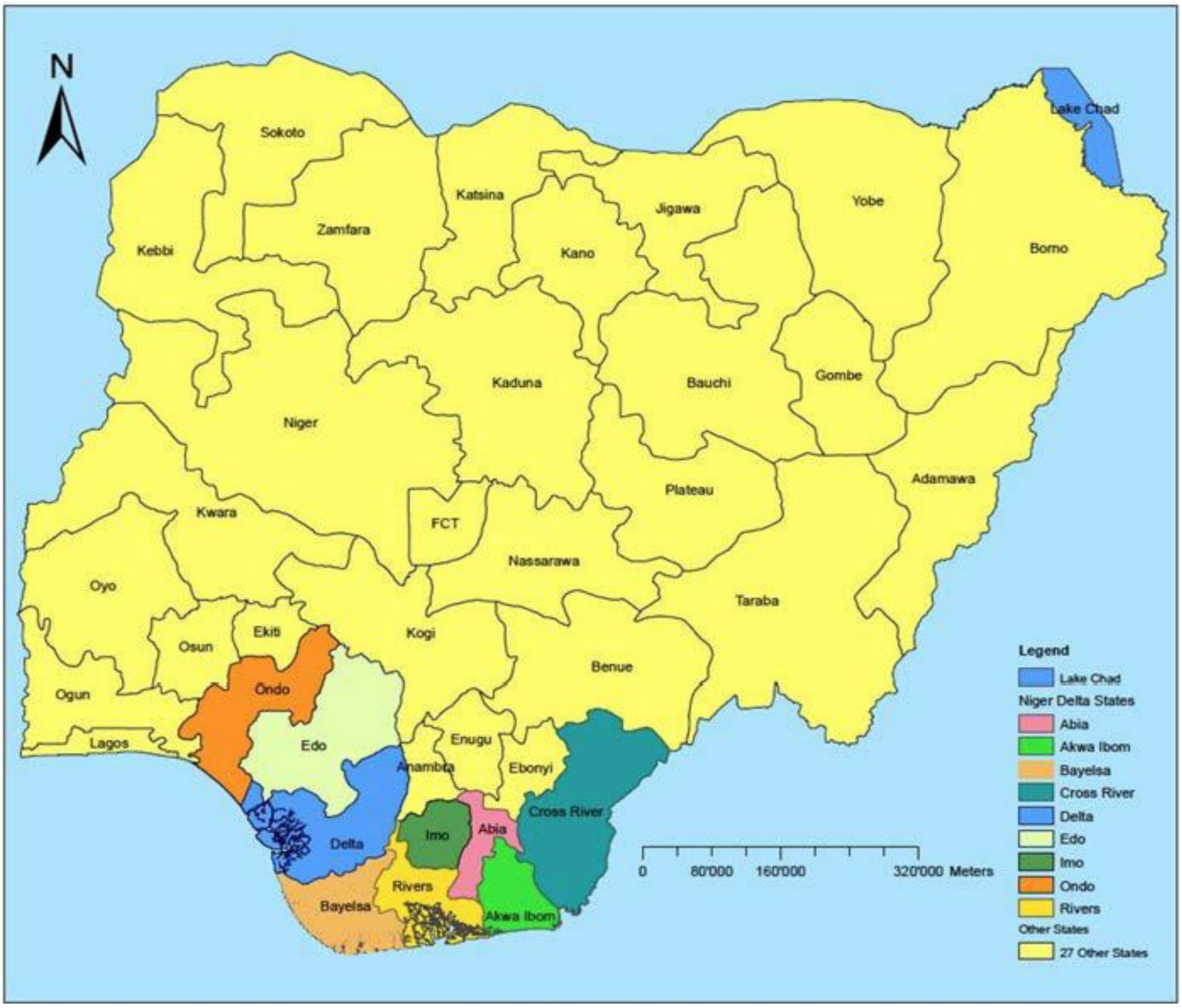
The Niger Delta Region of Nigeria is the central area of oil exploration activities and comprises nine states: Abia, Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers (see Figure 3-2). The region has a population of approximately 30 million people, with agriculture and fishing as the dominant occupation for livelihood (Stakeholder Democracy Network, 2020). The oil and gas industry which holds the most resources in this region, is a key driving force behind the Nigerian economy. The government of the Federal Republic of Nigeria regulates and actively participates in this industry through its national oil company - the Nigerian National Petroleum Corporation (NNPC). To carry out its commercial and legal responsibilities the NNPC has 13 subsidiaries, including other ventures, through which it executes such functions (Aye *et al.*, 2019).

In October 1960, Nigeria became a federation of three regions: northern, western, and eastern governed by a constitution. All three regions retained substantial self-government under the constitution (US Department of State, 2017). These divisions were created along majority ethnic lines – the Hausa Fulani of the north; Igbos of the east; and Yorubas of the west. Several minorities in the central south, particularly the Ijaws, were ostracized from the mainstream majority agendas (Stakeholder Democracy Network, 2020). This caused tensions as the people of the Niger Delta were unable to participate with major groups, which led to a significant reduction in economic, political and social opportunities for them, hence caused a sense of inequality and resentment among the people (Stakeholder Democracy Network, 2020). Gas flaring from oil activities is a consistent problem in the region.

As discussed in Chapter 2, the oil industry is one that contributes significant human-induced emissions to the environment, hence climate change (McEvoy and McGinty, 2018; McKibben, 2012). Gas flaring in the Niger Delta region occurs in sites that are within 300 meters of the closest residential home (Udok and Akpan, 2017). According to literature oil activities in the region have caused untold hardship on local community stakeholders, in terms of health impact, environmental pollution (Udok and Akpan,

2017) and the loss of livelihoods, primarily farming and fishing (Uduji and Okolo-Obasi, 2017; Yeboua *et al.*, 2022). Therefore the region, although so highly endowed with oil resources and very relevant to the nation's economy has a high prevalence of poverty, water-borne diseases, and poor sanitation (Ite, 2004). Notwithstanding efforts by the oil and gas corporations that contribute minimally to host communities through CSR, many communities still suffer impacts from oil activities, like gas flaring, oil spills, and violence (Ekhator and Iyiola-Omisore, 2021; Udok and Akpan, 2017; Uduji and Okolo-Obasi, 2017). The peculiarity and developmental needs of the Niger Delta has always been established, however, different Nigerian government's attempts to alleviate the suffering in the area frequently ended in futility (Ite, 2004).

*Figure 3-2: Map of Nigeria Showing the Oil Producing States in Niger Delta Region (excluding offshore production beyond the lower limit of the continental shelf)*




Source: Ite et al. (2013)

Three significant initiatives in that respect are: the Niger Delta Development Board (NDDB) set up by the Federal government in 1960, based on the recommendations of the Willink Commission in 1958 (established by Her Majesty in the 1950s to recommend best strategies for development of the area). This board, responsible for agricultural development projects in the Niger Delta was already declining before the outbreak of the Nigerian civil war in 1967. Next in line was the oil minerals producing areas development commission (OMPADEC), created in 1993. This commission also endured multiple challenges, like the lack of a master plan, inadequate funding, recklessness, corruption, and unfavourable political climate (Ite, 2004). With development projects spread across the Niger Delta, OMPADEC was discarded in 1999 for its inability to deliver development to the Niger Delta communities (Suberu (1999, 2001) cited in Ite, 2004). The third formation was the Niger Delta Development Commission (NDDC), established in 2000 by an Act of the Nigerian National Assembly, in replacement of OMPADEC. Its broad mandate was to provide infrastructural development in the Niger Delta region and generally facilitate socio-economic development in the region. The commission had a master development plan for the area and mechanisms for accountability to other levels of government but again, it did not meet the community demands for greater resource control (Ite, 2004).

The preceding shows that the Niger Delta region has had a long history of non-performing development institutions, which has culminated in the high incidence of underdevelopment and poverty in the region. The government has been unable to implement a sustainable solution in the area, due partly to poor governance, corruption, and lack of accountability in the political system and public administration (Ite, 2004). In terms of regulating the industry, the government of Nigeria has over the years passed different regulations (explored in Chapter 7) to guide and monitor the operations of the industry for the benefit of the country at large. However, not much has been achieved in the interest of local community stakeholders in the Niger Delta region who continually endure environmental devastation and hardship mostly resulting from oil exploration activities.

The several years of neglect and hardship have warranted the frequent threats of violence in the region, as indicated by agitation, community conflicts and protests (Frynas, 2001). Despite its abundance of natural resource wealth, several areas of the Niger Delta are deprived of basic amenities, such as power, primary health care, sanitation, and education. The region also has high unemployment rates (Stakeholder Democracy Network, 2020). In the region, as in many rural areas, the poverty rate is 52.1 percent, compared to 18 percent in urban areas (Yeboua *et al.*, 2022). However, it is anticipated that the PIA, discussed in Chapter 2 and in Section 3.3 of this Chapter will mark the beginning of a new era for the Niger Delta Region. The Act requires oil operating corporations to create a host community development trust (HCDT) fund towards the developmental needs of community stakeholders. They are mandated to make 3 percent of each previous year’s annual expenditure to the fund (PIA, 2021).

## 3.5 CHARACTERISTICS OF THE CORPORATIONS STUDIED

This section provides a brief description of the two types of entities that are used in this study (multinational and indigenous oil and gas corporations). Multinational corporations (MNCs) are companies with headquarters in one country and subsidiaries or branches in others (Eurostat, 2019). The international operations of these companies typically generate a significant portion of their revenue and have potential impact on the economies and societies in which they operate. For the indigenous corporations, they include those that meet the local content requirement. The Act determines a Nigerian corporation as one with 51 percent minimum equity held by Nigerians (Aye *et al.*, 2019). The two types of entities are used for empirical purposes as we see in Chapter 5.

## 3.6 CONCLUSION

This chapter set out to provide a background of Nigeria, in terms of its social, economic and topography settings and the oil producing region, the Niger Delta region of the country, including the incessant flaring of associated gas from oil production and its impact on the regions community stakeholders. It concludes with a brief introduction of the two types of oil corporations that constitute the industry in Nigeria and used for data collection purposes. The next chapter introduces the theories that guide the thesis and provide the bases for the arguments and discussions in the empirical chapters. The next chapter introduces the theories that will guide the thesis and provide the bases for the arguments and discussions in the empirical chapters.

# CHAPTER 4

# BUSINESS CASE, STAKEHOLDER ACCOUNTABILITY AND CLIMATE JUSTICE THEORIES

## 4.1 INTRODUCTION

In Chapter 3, I provided an overview of Nigeria, including a background of the country's oil and gas industry. It also covered the oil producing region, the Niger Delta region and the impacts of oil activities on local community stakeholders. This chapter introduces the theories (climate justice, business case and stakeholder accountability) employed in the study to explain the case corporations' perception of climate change induced by their gas flaring activity. In particular, climate justice theory provides a holistic and transparent means of contextualizing climate change and its impacts on community stakeholders and the environment. It is the overarching theory used in the empirical chapters (Chapters 6 through 8) to decipher how the case corporations understand climate change, gas flaring and CSR in relation to community stakeholders. Climate justice theory is juxtaposed with business case and stakeholder accountability approaches to demonstrate their inadequacies in addressing climate change issues. A theory is defined as:

> an interrelated set of constructs (or variables) formed into propositions, or hypotheses that specify the relationship among variables (typically in terms of magnitude or direction). A theory might appear in a research study as an argument, a discussion, or a rationale, and it helps to explain (or predict) phenomena that occur in the world (Creswell, 2009, p. 51).

This research on CSR and climate change is located essentially within the social and environmental accounting literature, so it is appropriate to rely on social theories for such inquiry. Social theories are theories that describe the way society operates, how people relate to one another, and what influences social behaviour (see Deegan, 2019). Examples include stakeholder, legitimacy, climate justice, institutional theory etc. Some prior studies in this area have relied on a multi-theory approach. For example, Comyns (2016) combines stakeholder, legitimacy and institutional theories to assess greenhouse gas (GHG) reporting practices of multinational oil and gas companies. Doh and Guay (2006) use stakeholder and institutional theories to interpret case study results. Others have used a single theory, like social justice theory (Joshi, 2014; Popke *et al.*, 2016; Shawoo and McDermott, 2020); stakeholder theory (Rashid, 2015); legitimacy theory (Deegan *et al.*, 2002; O'Dwyer, 2002) or institutional theory (Amaeshi *et al.*, 2016a; Brammer *et al.*, 2012). Each of these social theories has relevance to the roles of, and interactions between, different social actors in society.

This chapter therefore analyses the relevant theoretical perspectives that underpin the research and how the concepts within them relate to one another and also guide the design and process of the work. These include the business case and stakeholder accountability approach. Both theories are used in conjunction with the principles of climate justice as an underlying concept, considering that issues of justice commonly permeate every aspect of social and environmental interactions between different actors, even if latent. These theories are adopted to provide varying layers of understanding and perspectives in assessing how multinational corporations (MNCs) and indigenous oil and gas corporations in Nigeria conceptualize CSR and climate change challenges. They provide theoretically informed explanations to the empirically observable phenomena in the attempt to answer the research questions, relying on insights from them.

The rest of the chapter is organised in the following manner. It begins by reviewing the business case approach. Section after that is the stakeholder-accountability perspective. Following that is climate justice theory. Next is the penultimate section which synthesizes and links them all to the research questions. Finally, conclusion ensues.

## 4.2 BUSINESS CASE

The **business case** approach is discussed in Sections 1.3 and 2.5. Legitimacy and stakeholder theories are framed under this approach (Brown and Fraser, 2006) and are further discussed in the sections following.

### 4.2.1 Legitimacy Theory

Corporate legitimacy is attained when there is harmony between the corporation's activities and the norms agreeable in the wider society within which it operates (Dowling and Pfeffer, 1975). Such conformity implies 'social contract', a subtle term that represents concordance with community requirements and expectations of the corporation, whether so expressed or implied (Deegan, 2002). Legitimacy theory is a theory that relies on views or perceptions because it reflects how people see the corporation, and thus how they react to it (Suchman, 1995). Zyznarska-Dworczak (2018) suggests that legitimacy theory makes for better understanding of firm's behavior as regards the development, implementation, and communication of its CSR policies. Stakeholders' role in the attainment and maintenance of legitimacy is reflected in the support of the corporation's CSR practices (Mitchell *et al.*, 1997), and their expectations are driven by the message conveyed by a responsible image of the corporation. They commonly rely on disclosure of information to society or relevant stakeholders (Burlea and Popa, 2013). Consequently, stakeholders have an important role in preventing and reducing illegitimate risks and corporations adapt at all levels of legitimacy that depend on changes as reflected in the values and expectations of society or stakeholders. (Burlea and Popa, 2013).

One of the ways corporations demonstrate their legitimacy and obtain community accord is by producing information on their activities that affect society. Such information is usually disclosed through social and environmental reports to reflect compliance with social contract or licence to operate, thus legitimising the corporation (Brammer and Pavelin, 2004; Deegan, 2002; Islam, 2017), and are made to appear more credible when they are audited (Owen *et al.*, 2000). However, some people do not see these reports as being representative of real corporate activities (Owen *et al.*, 1997). Such disclosures by corporations might then serve as legitimisation tools for management's own desire to secure legitimacy (Burlea and Popa, 2013; Matten and Moon, 2020), given that management of organisations discloses social and environment information many times when concerns are raised by stakeholders, or news media. That implies that disclosures are not usually directly based on management's demonstration of corporate responsibility or accountability (Deegan, 2019).

In itself however, CSR reporting would seem to provide an incentive for reporting manipulation, considering that CSR is a voluntary activity and legitimation strategies, that is, those targeted towards acquiring, sustaining or repairing legitimacy commonly rely on targeted disclosures (Alshbili *et al.*, 2019; Deegan, 2007). The implication of it is that information disclosure by corporations is for strategic reasons and not for the feeling of responsibility to stakeholders (Deegan, 2002). This opinion is further enforced by the whole idea behind legitimation process being to gain and sustain the approval of stakeholders (Burlea and Popa, 2013). It would seem logical to insinuate that corporations sometimes use disclosure to manipulate society (see Muttakin *et al.*, 2018; Noah *et al.*, 2020), since several strategies adopted by managers, (like reporting on social and environmental impacts), are geared towards managing the society's impression of the corporation (Deegan *et al.*, 2000).

Furthermore, CSR is a loosely used term that is not only ambiguous, but also not specific (Clarkson, 1995; Matten and Moon, 2020). Clarkson (1995) questions what corporations should be responsive about, to whom such responsibility is and by whom and what standards such performance are assessed. While these questions remain unanswered, corporations will hardly be held accountable to a non-existing obligation and plausibly exhibit strategic behaviour to maintain their legitimacy status in society, without necessarily matching image-enhancing rhetoric with commensurate actions. Legitimacy is thus a resource that a corporation has the ability to manipulate by employing different disclosure strategies (Deegan, 2007). In essence, organizational legitimacy is not sought by the actual conduct of the organisation, but by society's knowledge or perception of the organization (Deegan, 2007). Some noted assumptions and shortcomings of the legitimacy theory are described below.

Legitimacy theory has the underlying assumption that the activities of the corporation are socially desirable, proper, or appropriate (Suchman, 1995). However, that would seem far-fetched, because the theory assumes a pluralistic society, whereas, power imbalance that exists seem to suggest that the legitimation of certain institutions in society would normally be beneficial to some whilst being detrimental to others (Deegan, 2019). Amongst several other assumptions, Deegan (2019) notes that legitimacy is dependent upon corporations' conformance with societal expectations, as enclosed in 'social contract'. In essence, the negative or unfavourable publicity of major social or environmental crises illustrates the divergence between corporations and society's values, creating a legitimacy gap (Deegan, 2019; Qian and Schaltegger, 2017). Managers will address this by taking actions to align corporate value systems with society's values (Bui *et al.*, 2020; Deegan, 2019; Islam and Deegan, 2010).

Legitimacy gap is the disparity between a corporation's activities or actions and society's expectations of these activities (O'Donovan, 2002). It exists when there is divergence or disparity between a corporation and society's ideals or values, so that society's perception of the corporation is affected and hence, corporate legitimacy. In defining legitimacy gap. Deegan (2002) refers to "relevant publics" expectations in explaining the disparity between society's perceptions of the corporation. Here again, the idea of society being typically represented only by the powerful or influential ones is buttressed, especially given that these are the groups that can instigate the withdrawal of legitimacy whenever necessary (O'Donovan, 2002). Those from whom corporations seek legitimacy, the stakeholders, are considered next.

### 4.2.2 Stakeholder Theory

Freeman's 1984 definition of stakeholder has been popularly adopted in contemporary literature and republished over time. He defines it as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 2010, p. 46). Stakeholders are those who experience or anticipate experiencing harm or benefits as a result of a firm's (in)actions (Donaldson and Preston, 1995). Managers and scholars use the theory to understand the relationships between firms and their stakeholders. Furthermore, it helps them understand how these relationships affect performance (Jones *et al.*, 2018). These two definitions will guide all reference to stakeholders in this thesis.

The concept of corporate social responsibility (CSR) refers to the corporation's environmental and social responsibilities, which are to its various stakeholders. Thus, the notion of stakeholders is more or less the wider idea of shareholders who are entitled to distinct claim on the corporation (Gul *et al.*, 2020). The idea here is that in the same manner some stakeholders – the shareholders, have the right to make claims on the corporation, so also do the other stakeholders have the right to request certain actions of managers (Freeman, 2001). Society provides the corporation the right to build its corporate and other facilities, and in exchange gets social and economic contributions, including tax payments, connoting implicit social contract (Freeman, 2001). In effect, the corporation gets legitimacy or its social license to operate, as legitimacy involves an exchange relationship that develops over time (Hill and Jones, 1992; Jones *et al.*, 2018).

Social license to operate is a term used to establish the existence of trust and co-operation between corporate stakeholders and their host communities. However, (Manteaw, 2008) argues that extraction industries are the biggest perpetrators of deteriorating environment and have sometimes created long-term health problems for individuals and communities, particularly in developing countries. This makes local community stakeholders that are closest to their facilities worse off and desperate for help. Thereafter, the same corporations jump right in as friends of the people, the environment, and allies in poverty eradication. According to the author, this is how most corporations perceive CSR and it also creates the illusion of social license to operate. The data analysis chapters shed more light on this.

The environment is also considered a stakeholder as these natural environmental entities also affect (by way of energy, raw materials, hurricanes, earthquakes) or are affected by human activities, as contributors to environmental problems like climate change and depletion of resources (Starik, 1994). The stakeholder theory focuses on the decision-making structure and power relations within corporations by providing a way to reassess the approach of governance, hence, the redistribution of wealth while also considering stakeholders it interacts with and those that exert influence over it (Bonnafous-Boucher and Rendtorff, 2016). The theory clarifies and governs the design of the corporation with these multiple and diverse stakeholders (Donaldson and Preston, 1995). Therefore, it provides an essential basis for effective management and a more beneficial, complete firm-society theory (Mitchell *et al.*, 1997).

Considering that legitimacy derives from society's perceptions of the corporation, and the corporation uses social and environmental reporting and disclosure to inform society of its CSR actions or activities, there is the assumption that managers strategically manage such disclosure (Muttakin *et al.*, 2018), by providing incomplete, selective and poor quality information to the stakeholders (Brown and Fraser, 2006). Nonetheless, the stakeholder theory reveals the ways the managers of corporations communicate with stakeholders, including NGOs and government (Doh and Guay, 2006). The main focus of the corporation is in its dealings with employees, customers, suppliers, communities, shareholders and managers, such that win-win position is created for everyone in the long run (Freeman *et al.*, 2004). This would seem to imply a proper stakeholder management for the benefits of all.

Clarkson (1995) specifically refers to wealth and value creation and distribution to primary stakeholders, because going by Freeman's (1984) definition of stakeholders, it becomes cumbersome for managers to even conceive the idea of the vast majority of inclusive stakeholders, let alone meet their various and conflicting needs, without jeopardizing the continuity of the corporation. However, wealth creation and distribution does not rest with only the primary stakeholders since all stakeholders' interests have intrinsic value (Weitzner and Deutsch, 2019). Managers have to device the means or the framework for prioritizing and balancing these multiple stakeholders' claims (Currie *et al.*, 2009; Smith *et al.*, 2013). The corporation is a statutory legend that represents a central point for managing the complicated series of actions with a view to balancing various conflicting interests within the network of contractual connections (Jensen and Meckling, 1976; Valentinov *et al.*, 2019); and the stakeholder theory asserts that management has to consider the legitimate interests of those stakeholders that can affect, or be affected by, the activities of the corporation (Donaldson and Preston, 1995; Freeman, 1984). Instrumental and normative strands of the theory follow.

#### *4.2.2.1 Instrumental Stakeholder Theory*

The instrumental perspective of stakeholder theory is considered in Sections 1.3 and 2.2. By virtue of its importance, the corporate social responsibility pyramid by Carroll (1991) and Visser (2006) recognize that the economic aspect of CSR is paramount.

However, any use of instrumental stakeholder theory that takes no cognisance of morally irreproachable normative base breaches the premises of stakeholder theory and will also be deficient (Jones and Wicks, 1999).

#### *4.2.2.2 Normative Stakeholder Theory*

The normative strand of stakeholder theory considers all persons or groups of stakeholders (Mitchell *et al.*, 1997). The normative perspective specifies the moral obligations that managers have to shareholders and other stakeholder groups (Clarkson, 1995). This research is based on the normative stance of stakeholder theory, which contends that managers should consider the interests of all stakeholders, and not only those of shareholders or of other stakeholders with perceived wieldable power and/or other named attributes. Akin to this is the proposition that all stakeholder concerns have some substance and deserve attention, each on its own merit, as Donaldson and Preston (1995) argue. Like Blowfield and Frynas (2005) also argue, some stakeholders get ignored or marginalized even when they have legitimacy of some sort. Such incidence would appear to connote undue oppression of the less influential stakeholders.

Although the stakeholder theory typically recognizes the interests of all stakeholders, the normative aspect of it does so to a greater extent: it considers all stakeholders' interests as having intrinsic value rather than dedicating more attention to shareholders and other stakeholders from whom the corporation will equally benefit (see Weitzner and Deutsch, 2019). This normative stance is based on the principle of justice and fairness. The indisputable consensus that the economic aspect of CSR is paramount sufficiently supports the assumption that the instrumental aspect of the theory is core (explicit or not) to the corporate agenda. Jones and Wicks (1999, p. 210) propose that "the shared values and shared understandings driving stakeholder research render fundamentally incomplete any theory that is either exclusively normative or exclusively instrumental". It is therefore crucial that managers device appropriate models that will seek to balance the interests of, and also aid them in their dealings with, the numerous stakeholders. Social dialogue appears to be critical to encouraging negotiation within organizations and ensuring fair relations among stakeholders when viewed normatively. Essentially, stakeholder dialogue transcends the more traditional dialogue with social groups dominated by unions (Bonnafous-Boucher and Rendtorff, 2016).

The stakeholder theory assumes that by championing effective stakeholder management, corporations will necessarily behave in socially and environmentally responsible ways or in ways that are in congruence with stakeholders or society's expectations. For example, Smith *et al.* (2013) suggest that the theory might be used to measure a firm's social legitimacy in the communities it aims to serve. While this is a possibility, effective stakeholder management could also mean management solely in the direction of the corporation's interest at the expense of stakeholders, by management's employment of some relevant response strategies, including disclosure. Although CSR supposedly means corporate responsibility for the good of some wider society, the fact remains that it is a voluntary activity (Matten and Moon, 2008). Thus, it seems reasonable to infer that irrespective of other variables at play, like institutional factors, CSR policies and initiatives will be mainly dependent on the ethical practices and judgement of managers or decision-makers (Clarkson, 1995). There is also the case that managers may be ignorant of, or inaccurately construe some noncontractual claims and harms arising from the possibility of not correctly discerning who their stakeholders are and how they are important, that is, if they were even important in the first place (Wood *et al.*, 2018).

Freeman (2001) contends that the over time, applying stakeholder management reduces the need for industrial policy and regulatory intervention from the government. However, with 'voluntary' and 'discretion' as keywords for CSR, it leaves one to question whether the fallout from corporate activities, like negative externalities of the oil and gas industry should be left to CSR, rather than to adequate and effective government regulation. As Deegan (2019) also argues,

> if successful in legitimising an organisation's operations, legitimising disclosures can also have the effect of reducing stakeholder pressure for the introduction of regulation that might alter or restrict an organisation's activities, which again is potentially in the interests of the organisation, but not in the interests of the broader society (Deegan, 2019, p. 2312).

Ultimately, effective stakeholder management can be economically and socially beneficial (Doh and  Guay, 2006). However, it is totally dependent on management having such values that are consistent with social responsibility and also acting upon them (Jones, 1999), because identifying stakeholders in the first place will largely depend on the values of those involved in the selection process (Yuksel, 1999 cited in Currie *et al.*, 2009). Although not enough in itself, stakeholders must first be recognized before being considered in any further capacity. For this study therefore, oil and gas corporations operating in the Niger Delta region of Nigeria must (as a prerequisite), recognise the local communities and their environment as stakeholders before they can even begin to assess their vulnerability and human rights and justice by the impacts of their oil activities on them, and offer appropriate response or restitution for harms caused. So, while the stakeholder theory is useful under this recognition criteria, it is not enough to contextualize the challenges of climate change. The normative strand of the theory is closely related to justice or ethics approach and is useful for the empirical analyses chapters to describe local community stakeholders.

## 4.3 STAKEHOLDER ACCOUNTABILITY PERSPECTIVE

Accountability refers to the right to information in a participatory democratic society (Gray *et al.*, 1997) and results from the acknowledgement of responsibility to stakeholders (Gray *et al.*, 2014; Lehman, 1995; Unerman and O'Dwyer, 2007). The stakeholder-accountability perspective is founded on the expectation that corporations have a responsibility to their multiple stakeholders. It targets to correct the power imbalance between corporations and stakeholders by information disclosure, and it is based on the expectation of corporations to provide account of the actions for which they are responsible (Gray *et al.*, 1997; Gray *et al.*, 2014). By implication, a corporation is accountable to its wider stakeholders because they are entitled to know what goes on (Brown and Fraser, 2006; Hossain and Alam, 2016) in order to apply rewards or punishment, as appropriate (Brown and Fraser, 2006). However, Cooper and Owen (2007) suggest that a prerequisite for ensuring accountability, is that stakeholders must have the capability to hold the account givers accountable. This empowerment could be made possible by institutionalized structures (Gray *et al.*, 1997; Hossain and Alam, 2016) with the capability to control and reward or punish behaviour in corporations (Gray *et al.*, 1997). Through mandatory non-financial disclosure, a corporation must interact with its stakeholders in order to increase accountability (Masiero *et al.*, 2020). Nonetheless, policymakers and regulators appear to be behind in advocating dialogue-oriented kinds of disclosures on non-financial information (Masiero *et al.*, 2020).

Owen *et al.* (2000) construe that accountability and transparency are secondary to management's benefit in the current corporate interest in social and ethical accounting, auditing and reporting (SEAAR), which raises concern for managerial capture: a term described as the ways management of corporations purposefully describe CSR to suit or align with their objectives of maximising shareholder wealth (Bebbington, 1997; Owen *et al.*, 1997). It also includes selecting how to engage with stakeholders and controlling the agenda of dialogue with them (Baker, 2010). Under the capture scenario, management decides who its stakeholders are and manages them accordingly, as well as strategically selecting the information it considers appropriate to disclose in furtherance of boosting corporate image rather than from actual accountability and transparency to stakeholders or society (Owen *et al.*, 2000, p. 85). Engagement with stakeholder often causes demands that are not in congruence with the demands of shareholder value (Baker, 2010), so it would seem to explain management's convenient and selective engagement strategy. Transparency connotes the act of openness or making things visible (Egbon *et al.*, 2018). Improved accountability will also increase transparency and possibly counter the claims that managers of corporations are accountable solely to shareholders (Unerman and O'Dwyer, 2006). In essence, accountability and transparency will build or enhance stakeholders' trust in corporations.

This accountability perspective acknowledges the benefits of mutually beneficial relationships between businesses and stakeholders. Social and environmental accounting, reporting and disclosure are the formal means a corporation uses in communicating its social activities with its stakeholders. However, Bebbington *et al.* (1999) argue that SEA has more values than that of further enriching shareholders and managers, and as such, any SEA that is not in the interest of the public negates its purpose. With too much emphases on the business and of managerial capture of social audit, the true meaning of CSR and accountability will diminish, so that the stakeholders that could be given attention are rather marginalized (Owen *et al.*, 2000). A social audit may be defined as the evaluation of a corporation's performance in terms of its social policies and goals (Islam *et al.*, 2018). It improves credibility of corporate accountability, transparency, and social responsibility. Nonetheless, the contention is that where conflicts abound shareholders are accorded primacy over other stakeholders. This further buttresses the point of corporations being more about their image and less about the actual substance. Hence, stakeholder-accountability theorists require that safeguards are put in place, through legislation of some sort, to protect the interests of other stakeholders from corporate abuse of power (Brown and Fraser, 2006).

The power imbalance between managers and stakeholders makes ways for managers to further the business case agenda, while also downplaying the divergence of interest between them and the stakeholders (Baker, 2010). However, Baker (2010) argues that power is not given or exchanged, but exercised; thus, power relations is unavoidable and therefore it is impossible to have a power-free dialogue. In recognition of that, even managers themselves may be caught in the broader power relations where they pursue acknowledgement and affirmation from higher management and shareholders (Baker, 2010). For example, O'Dwyer (2003) finds managers' definition of CSR to be limited in ways that concur with shareholder wealth maximization, thus displaying a form of managerial capture. However, there are few oppositions to this position among managers who claim to be constrained by structural pressure to the narrow idea of CSR, therefore making attempts at a wider CSR to be likely futile (O'Dwyer, 2003).

Increased accountability will stimulate stakeholder participations, which is the very essence of social and environmental accounting and differs from the traditional stakeholder theory where the corporation determines its stakeholders and manages them according to the powers they possess or lack (Mitchell *et al.*, 2016; Owen *et al.*, 1997). The current SEA practice is incomplete, selective in nature and is of poor quality and detached from sustainability matters (Boiral and Heras-Saizarbitoria, 2020; O'Dwyer, 2003; Owen *et al.*, 2000). Many countries require corporations to disclose their social and environmental compliance. The reporting may be mandated by law, regulations, or voluntary agreements. In general, there is a growing trend towards social and environmental transparency and accountability. It is also expected that companies will report on their progress in these areas. For example, the EU non-financial reporting directive requires companies with over 500 employees to disclose information on ESG issues.

The UN Global Compact, although a voluntary initiative, asks companies to commit to principles related to the environment among others and to report on progress. Essentially, in the absence of a real change in the governance structure of corporations, SEAAR could be reduced to little different from a mere strategic image management (Owen *et al.*, 2000). Even where assurance statements are provided, they lack clarity and simply clone the biased information of the corporation and boost assurance hyperbole (Boiral and Heras-Saizarbitoria, 2020). They are largely based on procedural, cursory approach, which has little relation to sustainability issues (Boiral and  Heras-Saizarbitoria, 2020).

Social accounting and reporting stretch corporate accountability outside the boundaries of traditional financial accounts to providers of finance, particularly the shareholders. Also, issues of social concern cannot be disentangled from those of environmental concern; and are therefore one (Owen *et al.*, 1997). However, Owen *et al.* (2000) contend that stakeholder accountability and transparency amount to managerial capture insofar as it does not include active feedback and follow-up with stakeholders. Essentially, movement towards stakeholder accountability appear to be in name only because efforts seem geared at manipulating stakeholders than discharging actual accountability to them (Brown and  Fraser, 2006). For instance, in the acclaimed stakeholder participation of stakeholder management, what level of participation is exhibited in practice? The way towards achieving stakeholder accountability is both by administrative and institutional reforms that empower stakeholders through increased participation (Owen *et al.*, 1997).

The stakeholder accountability approach has the major assumption that different stakeholders have rights to information from corporations to enable proper decision-making, and as protection from possibility of corporate misuse or abuse power. It does not assume the supremacy of shareholders (Brown and  Fraser, 2006). Considering the power imbalance between corporations and their stakeholders, as well as the shortcomings of stakeholder accountability and business case perspectives, we draw on climate justice theory which is morally embedded and is appropriate in understanding attitudes towards climate change. It is a well-suited theory in addressing the climate change concerns associated with the oil and gas operations in Nigeria. Say for instance, even if the case corporations attempted to discharge accountability for the impacts of gas flaring on community stakeholders through dialogue, CSR initiatives, and/or CSR disclosures, insofar as the community stakeholders lack the power to challenge or counter the supposed accountability, or to hold the corporations accountable for (in)actions, then the status quo prevails. This further underscores the need for an ethics or justice theory that offers an all-inclusive framework for the phenomenon under study.

## 4.4 CLIMATE JUSTICE THEORY

Climate justice is the means of acknowledging how climate change adversely impacts those that are least responsible for causing it and are mostly not included in decision-making for mitigation or adaptation process (Dolšak and Prakash, 2022; Newell *et al.*, 2021). Countries and communities that are most vulnerable to climate change mostly include the poorest and have the least resources to improve their present circumstances as well as their future climate vulnerabilities, thus they suffer disproportionately (Dolšak and Prakash, 2022; Kortetmäki, 2016; Lyster, 2017; Porter *et al.*, 2020).

Climate justice theory is properly suited to issues of climate change (in terms of causes and distribution of impacts) and solutions (in terms of mitigation and/or adaptation). Therefore, climate change is both an environmental and human rights and justice issue. By definition, climate justice involves acknowledging the different, uneven, and disproportionate ways that climate change impacts people, as well as redressing those injustices in a fair and equitable manner (Sultana, 2022). Climate justice framework has become vital in global climate action (Cheng, 2022; Mullen and Widener, 2022). It has been used in climate policy negotiations between developed and developing nations to address concerns of disproportionate distribution of greenhouse gas (GHG) emissions between causers and impact bearers of such emissions (Cheng, 2022). For example, almost all multilateral agreements on environmental protection differentiate state obligations in some way (Honkonen, 2009), in consideration of both the responsibilities and capabilities of nations, and the need for more capable nations to transfer funds and technology to the less capable or less endowed nations (Barral, 2020). Action to mitigate, adapt, or respond to climate change, must have fairness that involves equal access and benefits as core elements of the decision-making process (Muggambiwa, 2021; Schlosberg and Collins, 2014).

Mitigation efforts aim to reduce alterations to the climate system while adaptation aims for adjustments to institutions that help humans to cope with climate change (Caney, 2010). Mitigation strategies typically focus on how to reduce impacts of climate change, like investment in gas gathering technology, renewable energy and other technologies that potentially mitigate climate impacts. Nonetheless, research has also shown that climate policies through mitigation projects are also capable of infringing on human rights (Schapper, 2018). For example, mitigation policies like carbon taxes increase energy costs borne by consumers and could impose excessive economic hardship on the less privileged (Dolšak and Prakash, 2022).

Given the apparent dilemma of imposing carbon taxes, policymakers could introduce other countervailing measures (through revenue recycling) to mitigate the negative effects or lessen financial burden on underprivileged groups. These could take the form of tax credits, direct payments or other forms of targeted support. Revenue recycling entails returning tax revenues back to citizens to reduce the burden of carbon taxes (Dolšak and Prakash, 2022; Farrell and Lyons, 2016). Adaptation on the other hand, involves actions taken to alleviate the impacts of climate change. For instance, certain CSR practices of some oil and gas corporations in Nigeria might be considered by the corporations as a way of lessening the impacts of gas flaring on local communities (Ekhator and Iyiola-Omisore, 2021). However, it is unclear whether such practices make communities more climate resilient to climate impacts. The empirical analysis of this thesis offers some insights in this direction.

Climate adaptation is vital in efforts to avoid or attenuate the impacts of climate catastrophes, build resilience, and preserve capabilities, while countries and subnational units have enacted different policies to tackle climate impacts (Dolšak and Prakash, 2022). Adaptation policies are often designed in a ranked order that typically goes from international to national, regional, and then local levels, so governance concerns are of utmost importance (Lyster, 2017). However, even well thought through mitigation and adaptation policies often reproduce existing disparities by uneven distribution of costs and benefits between sectors and communities, despite their best intentions (Dolšak and Prakash, 2022). The capacity and effectiveness of governance at national levels and decision-making processes directly impact the options and implementation of adaptation (IPCC, 2022).

In addition to justice issues, the responses we make to climate change, like adaptation planning, also affect social inequality (Porter *et al.*, 2020). In Nigeria for example, an urban space in Lagos was designed for the affluent and constructed with storm surges and flooding in mind. However, the redesign of that space meant that the risk of storm surges was heightened in the adjacent and low-lying area that is mostly occupied by the poor, thereby worsening their existing vulnerabilities (Thomas and Warner, 2019). Generally, hazards exacerbate the vulnerability of socially vulnerable groups, regardless of whether they live in low-lying areas prone to flooding or displaced persons living in fragile conditions with limited resources (Cheng, 2022). Social vulnerability is the combination of exposure, sensitivity, and lack of adaptive capacity to hazards that characterize societies or respond to consequences (Cheng, 2022; Tucker *et al.*, 2015). Societies with high levels of inequity are less resilient to climate change (IPCC, 2022). Local communities in the Niger Delta region of Nigeria fit this description, given their exposure to the harmful effects of exploitation (Abe, 2016) and inadequate adaptive capacity. Those environmental risks increase their vulnerability.

According to IPCC (2022), although used differently in different contexts and by different communities, climate justice basically consists of three principles - distributive justice, procedural justice and recognition justice. Distributive justice entails distributing burdens and benefits equally among individuals, nations, and generations; procedural justice entails responsibility for decision making, and recognition justice means acknowledging all cultures and perspectives (IPCC, 2022; Juhola *et al.*, 2022; Kortetmäki, 2016). Although less prevalent and a relatively recent development, including in theoretical analyses, restorative justice has emerged as a fourth dimension of justice (Juhola *et al.*, 2022). These concepts are now discussed in turn.

Distributive justice is discussed in a subsequent section under international framing of justice. Procedural Justice concerns information and participatory rights in decision-making to include different values, viewpoints, and voices (Chu and Cannon, 2021). Schapper (2018) suggests that rights to information, participation, and access to justice represent the foremost procedural rights and incorporating local knowledge and participation into adaptation policies can enhance their effectiveness. It thus bears relevance to policy implementation. Recognition justice is the act of acknowledging that vulnerable, marginalized or oppressed individuals or groups deserve recognition and value in society for their identities, experiences, and contributions (Edwards, 2020; see also Honneth, 2004; Martin *et al.*, 2016) It also involves addressing systemic inequalities that caused their exclusion and assigning rights and responsibilities accordingly (Edwards, 2020). Injustice is typically measured as a lack of recognition that is considered legitimate (Honneth, 2004).

Recognition Justice provides the foundation for all three aspects of justice because in the absence of recognition, assigning rights and responsibilities through distributional or procedural means will end up reproducing societal injustice (Edwards, 2020). Therefore, it is reasonable to consider climate justice as multidimensional rather than the act of balancing the rights and responsibilities of different actors by distributional or procedural means (Edwards, 2020; Kortetmäki, 2016). The goal of climate justice movement is to strive to ameliorate the unequal burdens of climate change and advocate that people and communities are protected and included in climate actions (Mullen and Widener, 2022). Climate actions are the different efforts to combat climate change and its consequences. They are intended to limit warming to 1.5° Celsius above pre-industrial levels. An example is energy transformation to lower GHG emissions (UN SDGs, 2015a).

Restorative justice is the fourth and least developed aspect of justice (in theory and practice) following distributive, procedural, and recognition justice in evaluating climate impacts, vulnerability, and adaptation (Hughes and Hoffmann, 2020; Juhola *et al.*, 2022). It offers the means of making restitutions by recognizing the negative impacts of climate change, identifying the causers and impact-bearers, and then making restitutions or compensatory payments to redress impacted persons or communities (Robinson and Carlson, 2021). It is a non-judicial method, suggested as substitute for developed countries' unwillingness to accept responsibility for loss and damage on the basis of historical GHG emissions. Restorative justice (monetary or non-monetary) necessarily follows recognition justice or the acknowledgement of harm or injustice (Robinson and Carlson, 2021). In Nigeria for example, local communities in the Niger Delta region are exposed to the negative impacts of oil and gas activities of oil corporations operating in the region. The corporations possibly make restitutive amends to impacted persons or communities by monetary payments and/or remediation interventions, assuming they were first recognised as impact-bearers. The empirical chapters throw more light on this.

The fundamental idea of climate justice is its link between climate change and the protection of human rights and development (Muggambiwa, 2021; Robinson and Shine, 2018). Every facet of human and ecological interaction inevitably breeds issues of justice, entrenched in unequal power relations (Kortetmäki, 2016). In the context of climate justice, power and privilege are also paramount issues like they have long been in planning theory and practice (Porter *et al.*, 2020). So, unless we work to eliminate the patterns of representation, interpretation, and communication that systematically suppress some voices while simultaneously amplifying others, justice cannot be achieved because these patterns also bring forth and exacerbate injustice (Edwards, 2020). Climate justice thus creates or increases equity and justice by decreasing marginalization, exploitation, and oppression (Sultana, 2022), and the best way to recognize and operationalize the principles of justice is through formal structures, such as regulation (Derman, 2014). However, informal structures might also be accessed for serving justice. They provide cost-effective and timely resolution of disputes without the legal system. Some examples include mediation by a neutral third party, community justice, obtained through community-based volunteers and organisations, and restorative justice by dialogue and restitutive interventions (Robinson and Carlson, 2021).

Policy and regulation implemented by governments contribute to the climate change agenda and drive corporations' commitment and engagement in climate action (Littlewood *et al.*, 2018). However, issues of justice appear to be either moderated, or exacerbated by policy and regulation. In Nigeria for example, besides being culpable for environmental devastation (by virtue of its joint venture partnerships with oil corporations), the government instead of being an impartial arbiter employs excessive military force to subdue protests by the public (Adeola, 2009). It could be observed from the foregoing discussion that climate justice is multifaceted by nature. As such, conversations are typically framed under different perspectives, such as international, vulnerability, human and environmental rights, and transformational framings (Shawoo and McDermott, 2020). These are discussed in the subsections that follow.

### 4.4.1 International Framing

Justice under the international framing focuses on addressing the global inequalities in terms of both the causes and the impacts of climate change. Climate justice perspective provides an overview of the absolute inequities caused by wealth-induced climate change and shows two different groups of people. Fossil fuels and colonialism have enabled economic growth that has privileged those who benefited from them, whereas the second group, larger and more diverse, are impacted by climate change is a result of exploitation and sacrifice in the development process (Porter *et al.*, 2020). Countries that set emissions targets typically discuss their responsibility for climate change, and those that suggest adaptation or finance discuss the rights of assistance for themselves or other countries for the impacts of climate change (Edwards, 2020).
A major lingering and contentious debate on of the international politics of climate change is the issue of *distributive justice*. That is, justice that concerns the international distribution (uneven GHG contribution and impacts of climate change), and the costs associated with addressing same (Okereke and Coventry, 2016; Shue, 2014). Among the frequently used models are *polluter pays models* (based on historical responsibility), *fair share models* (based on equal allocation of emissions), and various *rights-based models* (like development rights, human rights, and environmental rights) (Moellendorf, 2012; Schlosberg, 2012).

Under the polluter pays principle, responsibility is assigned on the basis of causality. That is, the costs for preventing and controlling pollution are borne by the polluter (Honkonen, 2009; Lange *et al.*, 2007), and the agents that cause harm pay a price to restore the victims of such harm. It relates to the principle of restorative justice, rooted in the law of torts (Hazrati and Heffron, 2021). This model stems from the idea that climate impacts are likely felt more in developing countries, whereas rich countries have benefited from industrialization made possible from fossil fuels and have thus contributed most to the climate crises (Dolšak and Prakash, 2022). Therefore, industrialised nations or organizations that have gained more from fossil fuels and contributed more to climate change crises should also bear more of the abatement costs (Barral, 2020; Dolšak and Prakash, 2022; Honkonen, 2009). On a local level in Nigeria, the industry regulation that imposes fines on oil and gas corporations for flaring gas (Eze, 2019; Olujobi and Olusola-Olujobi, 2019) is also an economic model, but such fines are not paid in order to restore affected persons or communities to their prior states as supposed by the polluter pays models. It would serve its purpose if it was large enough to serve as deterrent to the corporations and to restore the environment and impacted victims or communities,

On the other hand, fair share model is based on the principle of equity. It entails agreement on the total allowable GHG emissions, which is then divided by the global population, thus, specifying an equal emissions allowance for everyone. Every nation is then permitted to emit the total of its population multiplied by the allowable emissions per person (Schlosberg, 2012, p. 447). Although the fair share model may promote or achieve equal emissions allowance for all nations, it may not reduce global climate impacts. Various rights-based models have been proposed and are discussed in sections 4.4.2, 4.4.3 and 4.4.4. Effective climate agreement that prevents dangerous climate change involves the consideration of rights, obligations, and fairness in distribution of climate responsibilities (Brandstedt and Brülde, 2019). Poor nations demand double or nothing, meaning the expectations that rich nations right/correct past injustices, and bear bulk of the financial burden to tackle climate change or secure nothing as the alternative. It is unclear what outcome such demand could have, considering the uneven power and resources at all levels. However, Shue (2014) suggests that notwithstanding how serious injustices may be, poor countries are better off not having injustice in negotiations to avoid complications. Instead, they should put climate action on a fast-track, especially as wealth transfer for injustice is unlikely to occur. For instance, according to Nigeria’s leader, President Muhammadu Buhari at the COP-26 climate change summit in Glasgow, the rich nations cheat, oppress, and lie to Africa, despite the continent emitting only five percent of global GHG emissions. “It's high time they walked their talk," he said, urging the rich nations of the commitment to provide no less than $100 billion a year to developing nations (African Examiner, 2021b).

Although the international framing is not used directly in the analyses Chapters (6 to 8), with climate change being a global challenge, the framing provides a general overview into the global arena of climate change conversations and policy negotiations between developed and developing countries. Moreover, justice under the international framing, like polluter pays, and rights-based models, typically transcend their local equivalents.

### 4.4.2 Development Rights Framing

Many industrialised nations became rich through carbon-intensive industrial activities that have greatly contributed to climate change, and they prefer that poor or developing nations avoid towing the same route to attain economic development in the bid to avoiding the global impacts of environmental devastation (Schapper, 2018; Shue, 1999). Furthermore, developing countries suffer more from extreme weather events, floods, and droughts due to climate change. Thus, a mismatch between the harm caused by climate change (mostly by developed countries) and the resources available to adapt to it (by developing nations) (Schapper, 2018, p. 280). In essence, to define justice or fairness, we need to go beyond vague abstractions. Our definition should instead, be both real and specific in relation to economic development in poor countries and environmental preservation worldwide (Shue, 1999). Human and economic development are also relevant on a local context and measure a country's overall development in terms of wealth and human welfare. For example, Adeola (2009) examines how the Niger Delta region of Nigeria has suffered underdevelopment, constant environmental injustices, poverty, and social and ecological instability as a result of classical colonialism and oil and gas activities. This thesis also explores how the oil and gas corporations in Nigeria engage with local community development issues as a way of making restitutions for the impacts of their operations.

### 4.4.3 Human Rights Framing

Human rights are the moral notion of safeguarding individuals and groups and providing them with the basic elements of freedom and entitlements for a decorous life (Robinson and Shine, 2018; Schapper, 2018). A human rights perspective to climate change recognises and highlights human dimensions, including how systemic inequality causes and worsens vulnerability, and considers the implications of climate justice in climate governance. This approach examines how climate change affects individuals and communities' rights and challenges the power structures that have caused the climate crisis when they seek to influence government, corporations, and NGOs (Jodoin *et al.*, 2021).

Human rights to life, health, and subsistence are threatened by climate change (Caney, 2010). So, a rights-based approach highlights the human aspects of climate change by concentrating on the various impacts on the safety, health, and lives of global populations (Schapper, 2018). Participation, information access, and access to justice are essential components of rights-based approaches to climate decision-making (Jodoin *et al.*, 2021). The right to a healthy environment can be viewed as the most comprehensive in efforts towards achieving justice between nations, within societies, and between generations. At the international level, it provides assistance; at societal levels it upholds rights of individuals or groups; and guarantees clean air, water and land that also benefits future generations (Hiskes, 2005; Schapper, 2018). The growing recognition and connection between climate change and human rights on a global scale underscores the significance of integrating the impact on human rights into climate action designs (Caney, 2010; Olawuyi, 2016). Oil and gas corporations in Nigeria are aware of the human rights ideology and may also have integrated same into their corporate strategies and climate action plans. The data analysis section elicits the extent of such integration.

### 4.4.4 Environmental Rights Framing

Environmental rights are human rights to clean air and healthy environment. The natural environment plays an important role in allowing physical health capabilities. To maintain health and sustenance, ecological systems must function at a level that allows soil, water, and atmospheric temperature to support agricultural production and soak up wastes created by human (Holland, 2008). “An international human right to a clean and healthy environment is an important and comprehensive way to diminish climate injustice, understood as inter-national, inter-generational and intra-societal injustice”

(Schapper, 2018, p. 276). These issues have generated the interest of environment movements. Environmental movements are concerned with threats to daily life posed by hazard from the environment, including indigenous perceptions of human interaction with nature (Schlosberg and Collins, 2014). Considering how dependent humans are on the natural environment, certain environmental entitlements should be considered as basic human rights, hence a matter of environmental justice (Holland, 2008).

Environmental justice is “the fair treatment and meaningful involvement of all people regardless of race, colour, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies” (US EPA, 2015). As part of the mechanisms for fair treatment, the EPA laid out the Agency's goals (EJ 2020 Action Agenda) for advancing environmental justice over the next five years. It addressed three key areas: improving its ability to address environmental justice issues; incorporating environmental justice concerns into EPA's programmes and policies; and working with partners to advance environmental justice (US EPA, 2016). However, it is common for national, transnational, or global actors in alliance to be directly implicated in environmental injustice in a developing country like Nigeria (Abe, 2016; Adeola, 2009). For example, the government is responsible for environmental issues from oil and gas exploration, not just of its joint partnership venture arrangement with all oil corporations in Nigeria, but also of its regulatory powers over the industry. Environmental justice framing is used in conjunction with human rights to explore how the case corporations consider the connection between gas flaring and human rights violations, including the role of Nigerian government on the issue.

### 4.4.5 Vulnerability Framing

Vulnerability explains the underlying features and circumstances of people and their environments that lead to adverse conditions and impacts when exposed to danger (Cheng, 2022). White-Newsome (2016) notes that communities already saddled by pollution, poverty, political powerlessness, and inadequate access to health care are even more vulnerable due to the impacts of climate change. Climate justice debates often focus on the distributional effects of climate change, stating that the most vulnerable and poorest are disproportionately affected (Porter *et al.*, 2020). This requires that such group be recognized, and their plights taken into consideration in actions that target the consequences of climate. Communities lacking appropriate coping capacities are likely to be more susceptible to the adverse effects of climate change uncertainty and extreme variation. Thus, vulnerability framing is crucial for risk and disaster management and for improving adaptive capacity (Cheng, 2022).

Cheng (2022), Lyster (2017) and Schlosberg (2012) describe capacity as a measure of human ability to accomplish established goals through the integration of the resources at its disposal. In addition to social, economic, psychological, cultural, and natural resources, these conditions and characteristics determine access to and use of resources by society. They also include institutions of governance required to address disaster risks and reduce vulnerability (Lyster, 2017). Capabilities approach to climate justice centres on the basic needs and capabilities that humans need to function and offers a practical way to make sense of impact and vulnerability (Holland, 2008; Schlosberg, 2012). Combining the approach with vulnerability framing can reconcile the difference between ideal and abstract conceptions of climate justice, including the realities of policymaking for adaptation (Schlosberg, 2012). The empirical chapters elucidate information on the role of industry corporations in addressing local vulnerability of the Niger Delta communities.

### 4.4.6 Transformational Framing

Transformational justice is the framing that calls for a total shift from the commonly accepted market-based economies (Kortetmäki, 2016; Shawoo and McDermott, 2020). A critical component for understanding and engaging with climate justice from this perspective must be rooted in the analysis of power in all its forms. Thus, it is necessary to address the social relations and institutional inequalities that produce climate change and greatly influence responses to it (Newell *et al.*, 2021). A framework for climate justice examines the connection between climate change and structural inequalities (Porter *et al.*, 2020), whereas the transformational framing emphasizes the need to radically change the power structures and decision-making processes that perpetuate climate injustices (Kortetmäki, 2016; Mummery and Mummery, 2019; Newell *et al.*, 2021).

Apart from international climate justice debates, climate justice and the needs of vulnerable populations are equally important at the local levels (Cheng, 2022). Within domestic and national domain, climate justice considers alternative framings to those in the context of international negotiations (Shawoo and McDermott, 2020). This means there might be other informal approaches (other than or in addition to government regulation) available for recognising vulnerable stakeholders at the local levels. For example, by ensuring community stakeholder participation, by way of access to information and dialogue in decisions-making to address climate change. Although this might also pose the problem of adequate community stakeholder representation, given power inequality among stakeholders. This emphasizes the need to transform power structures that enable climate injustice (Kortetmäki, 2016; Mummery and Mummery, 2019). Being in a local context, this thesis uses local vulnerability (Joshi, 2014) and human rights' (Okereke and Coventry, 2016; Robinson and Shine, 2018) framework to evaluate climate justice for local community stakeholders in the Niger Delta region of Nigeria, including assessing government's role in promoting climate (in)justice through its regulation of the oil and gas industry.

Although climate justice theory is the underlying framework for this research, it is not without limitations, some of which follow.

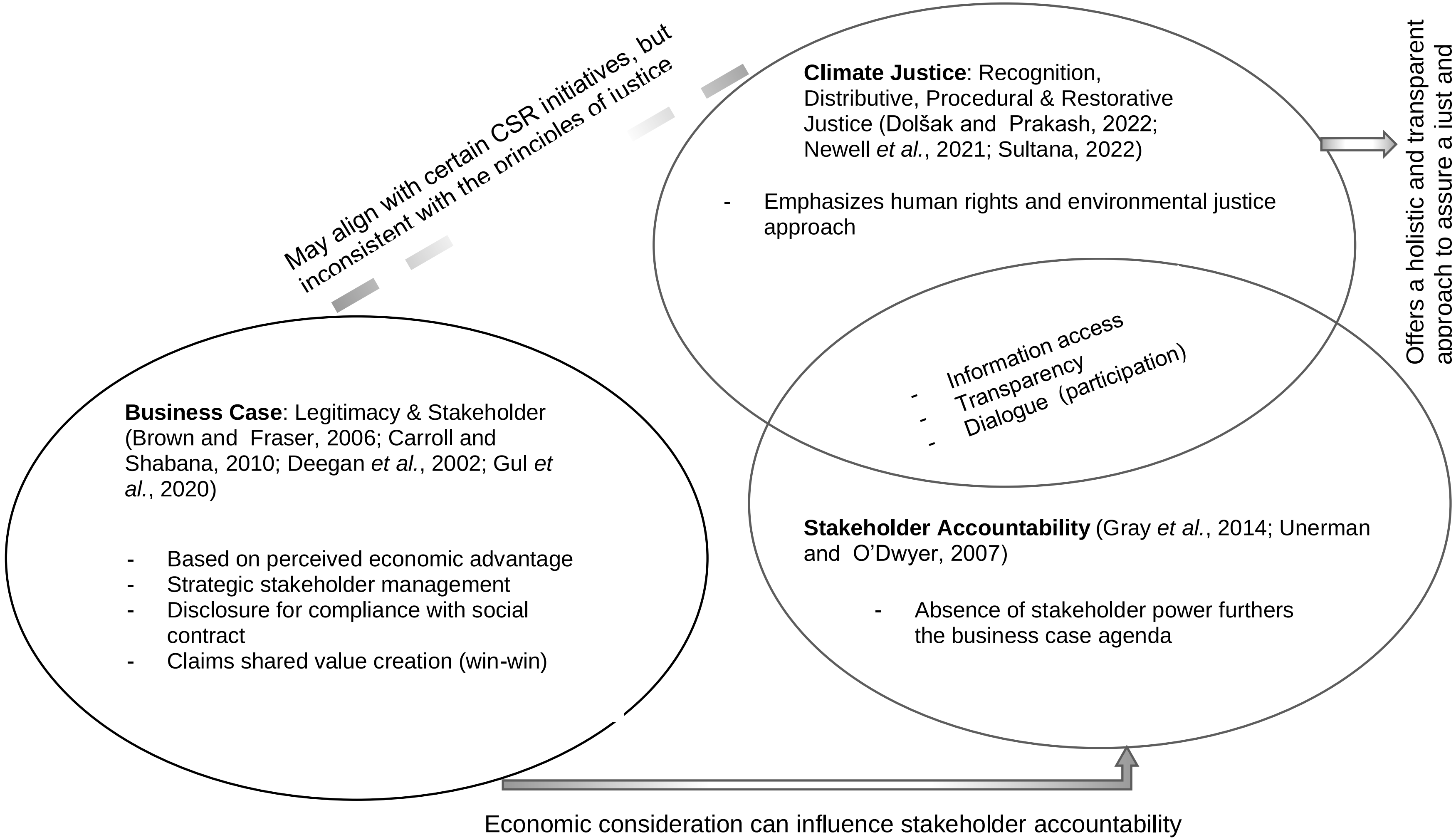
- As discussed in Section 1.2, although the impacts of climate change are global, the causes (causers) and consequences vary among regions and communities. Therefore, it may be challenging to establish the meaning of justice in every case.
- Different cultures and acceptable practices make it challenging to have a common understanding of what constitutes (in)justice.
- As (Cheng, 2022) notes, climate change often worsens existing social and economic vulnerabilities of vulnerable groups and communities, not addressing these issues alongside any adaptation and/or mitigation efforts will reproduce further injustice.
- It may be difficult to hold causers (countries and corporations) accountable for their contributions to climate change, even though international agreements exist.
- Countries and communities have different access to finance and technology needed to address or respond to issues of climate (in)justice.

These limitations and challenges are by no means exhaustive, but they demonstrate that concerted efforts at both international and national levels, including all sectors therein are required to address climate change as the global challenge that presents. The next section synthesizes the theories and links them to the research questions.

## 4.5 SYNTHESIS OF THE THEORIES AND LINK TO RESEARCH QUESTIONS

This following section evaluates and synthesizes the theories discussed in preceding sections in relation to the research questions this thesis seeks to answer. They also provide the structure for the thesis and guide the process, understanding and design of the research (see Figure 4-1: Conceptual Framework). Specifically, they frame the researcher's thinking about the phenomena under study. The section continues by first describing the relationship between the theories and how they explain or tie to the research questions.

Figure 4-1: Conceptual Framework




Source: Own Illustration

### 4.5.1 Relationship Between Theories

All theories described above have some sort of interconnectedness, such as the idea that economic considerations can affect stakeholder accountability, which in turn fosters transparency, stakeholder dialogue and access to information, all of which are consistent with rights and justice approach. Together the theories give meanings to the phenomena under study. As depicted in figure 4.1, although the business case may align with CSR programmes, the approach is inconsistent with the principles of justice. However, given the importance of the economic aspect of business, such considerations can influence stakeholder accountability, which is consistent with justice principles if stakeholders had the power to hold corporations accountable. So, although economic conditions affect the extent of corporate social responsibility, the relationship is mediated by varying institutional factors (Campbell, 2007). Essentially, a properly instituted justice principles incorporated into corporate strategy ensures a more just society, by the creation of a fair economic and social environment. Climate justice is the overarching theory in this research, and it guides the generation of themes in data analysis. It continues to be elusive in climate change research, policies, and actions to mitigate and adapt to the changing climate (Widener and Rowe, 2018). The authors argue that climate change education focuses on climate consequences, but ignores the causes, the political economy of emissions, pro-growth ideologies, human privilege over nature, and the privilege of being middle-aged.

Climate justice is also incongruent with the business case approach (BCA), because the BCA prioritises the interest of shareholders over other stakeholders. Since the BCA is underpinned by cost-benefit analysis, it could lead to outcomes in which some stakeholders suffer greatly while the significant benefits to others outweigh their suffering (Caney, 2010). Conversely, climate justice which emphasises the human rights perspective deems it unjust for the privileged stakeholders to expose the vulnerable ones to risks that threaten their basic wellbeing (Caney, 2010), like the issue of gas flaring in Nigeria. So, the BCA claims to adopt a win-win situation when in reality it prioritises shareholders' interest. It will be inadequate to contextualise climate change problems induced by gas flaring on community stakeholders. Theories under the BCA also inform the generation of themes in data analysis. They are sometimes used in conjunction with climate justice principles to demonstrate the (in)consistency between them and the climate justice. For example, flaring of associated gas from oil production by oil corporations may be assessed both as a climate justice and as a business case issue. It is framed under human rights and environmental justice as a human rights' violation and under the business case justification, it is legitimised as a way of meeting demand for oil (economic purpose).

The stakeholder accountability approach is closely related to climate justice theory, particularly the aspect of procedural justice, in the sense that they both promote access to information, transparency, and participation of stakeholders. Access to information and to judiciary and administrative systems in environmental decision-making increase community participation and are capable of reducing injustices at societal levels (Schapper, 2018). A corporation that is accountable to its stakeholders, will expectedly take cognisance of the stakeholders' rights and acknowledge its operations impacts on them. For example, the corporation can achieve this by paying particular attention to the plights of the vulnerable communities (recognition justice) in relation to gas flaring which is linked climate change. The stakeholder accountability theory also informs the generation of analytical themes. For example, corporate-community dialogue, induced from data, is assessed under stakeholder accountability as a form of procedural justice.

To ensure fair consideration and respect for other viewpoints or values, recognition is crucial (Kortetmäki, 2016). According to Edwards (2020), adopting the approach of recognition, guarantees that stakeholders with rights to certain actions and who might ordinarily be overlooked or excluded from them are recognized. This apparently imposes a responsibility on the government to ensure those rights through distributive and procedural means. Recognition justice also forms the basis for planning and execution of restorative justice (Robinson and Carlson, 2021). Therefore, climate justice theory in its various frames provides a more inclusive approach to contextualize climate change and its impacts on community stakeholders.

While theories in research help to explain or predict the research phenomena (Creswell, 2009), this research relies on these adopted theories to answer the stated research questions. The research also considers some of the assumptions upon which the theories are based as previously discussed. The next section begins first by describing the theoretical positioning of the research and then making the connections between them and the research questions.

### 4.5.2 Theoretical Stand of the Research and Link to Research Questions

Through the theories adopted in this study, insights are gained into how the case corporations perceive and respond to climate change. Studies that use multiple theories are capable of improving our understanding of CSR and climate change in ways that a single theory is incapable of doing (Frynas and Yamahaki, 2016). This research has employed the multi-theory approach to gain better insights into the complexities faced and mostly created by corporations and their social environment. The set-up of the research context (the oil and gas corporations of Nigeria) is such that the Federal government of Nigeria, represented by the Nigerian National Petroleum Corporation (NNPC) has presence in the industry as a stakeholder, shareholder, management, as well as a regulator. This position suggests a strong influence on the industry. This resonates with Frynas (2009a, p. 52) argument that “political decisions directly influence the day-to-day operations of the oil and gas industry, particularly if the state has a shareholding interest in a company”. To assess the MNCs and indigenous corporations’ understanding of the impact of their operations on society and the environment, the adopted theories provide the theoretical bases for making the connections between existing knowledge and the questions that this research seeks to answer by analysing research data.

The following are multi-theory explanations of the research questions. The theories provide a good way to understand the frames under which the corporations use for engaging and dealing with their various stakeholders. Guided by the theories adopted in this study, the first research question seeks insight on how these corporations perceive climate change. If climate change is seen as posing a local challenge, that is, as having local impacts, such understanding can affect how it is addressed in the interest of local stakeholders. See Figure 4-2 for illustrative diagram.

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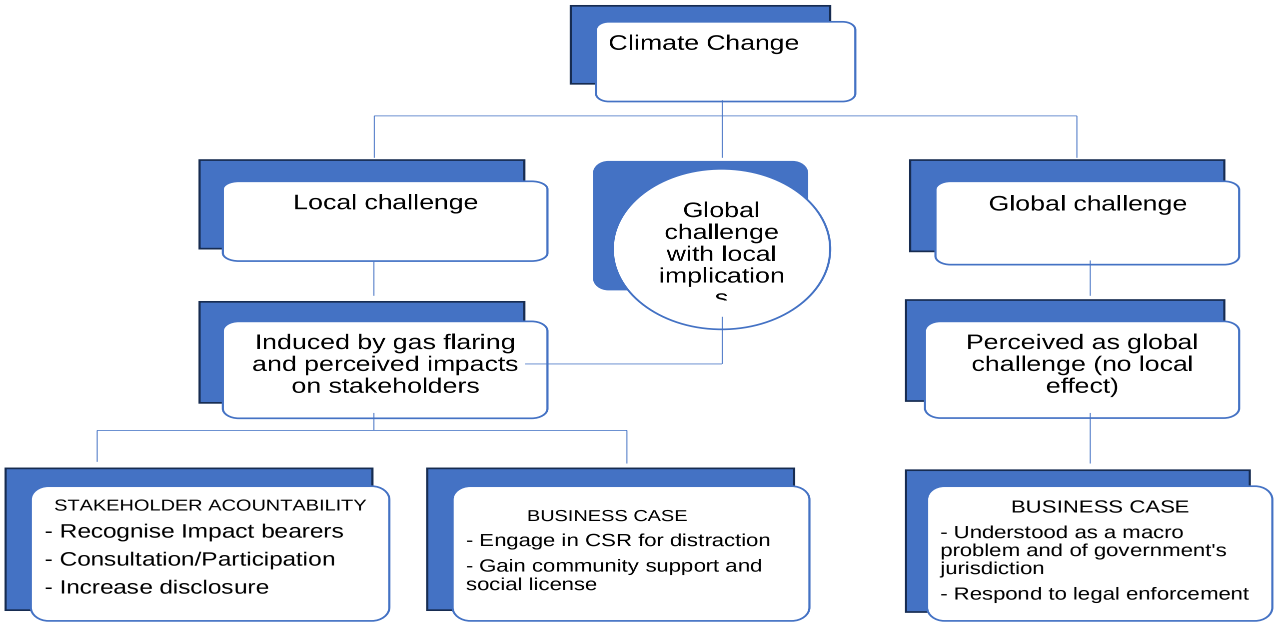
*Figure 4-2: Question 1 (Climate Change as local and/or Global Challenge)*




Source: Own Illustration

Considerations of this sort may border on how the local people and their communities are perceived to be affected by such climate change-impacting activities of the corporations. On the other hand, if climate change is considered as having a global effect (without considering the local effect), that will also determine whether and how it is (un)addressed. As discussed under the business case and stakeholder accountability approaches (Sections 4.2 and 4.3), the profit-making aspect of for-profit corporations is always acknowledged. The various critiques are usually just about the degree of placing such pursuits against all else - corporations have a right to profits, but profits should not be the main determinant of discharging responsibility to stakeholders (Lehman, 1995). It thus seems logical to accept that a properly planned system that takes both the profit and moral aspects into consideration is paramount. Essentially, other stakeholders possess inherent values to be assessed, each on its own merit alongside the shareholders' consideration.

Consequently, corporations that consider climate change as a local issue and believe that corporate activities have contributory effect on climate change will react in one way or another. On one hand, such corporations may be more inclined to targeted or deliberate efforts at properly dealing with the fallouts of such impacts within their immediate environment. In other words, the local communities will likely be recognised as the impact bearers of corporate externalities and be considered in terms of how they are affected by the impacts of climate change induced by gas flaring. Such recognition should entail community stakeholder consultation and participation, thus involving them in remedial processes, including enhancing their adaptive capacities.

On the other hand, the corporations, even with realization of adverse impacts on local communities, may engage in other activities, like CSR investments, in such communities to divert community attention from issues around climate change while at the same time gaining community support and social license to operate. At the other end of the spectrum, corporations that perceive climate change as a global-only challenge, will likely also have the opposite take; even if they believed their activities could have a contributory effect. Especially so, because individuals or corporations can hardly be held responsible for climate change issues, given that such challenges are not easily traceable to individual causers. More so, the capital-intensive nature of transforming processes from gas flaring to pollution reduction technology alternatives makes it hard for corporations to prioritize such changes (Sprengel and Busch, 2011; Tavakolifar *et al.*, 2021). Therefore, corporations in this arena will consider remedial actions on climate change as a macro problem and of the government's regulatory territory, not minding that even those require conscientious effort at every level of the society. The corporations are likely to respond only to pressures when such are legally enforceable by the state through regulation.

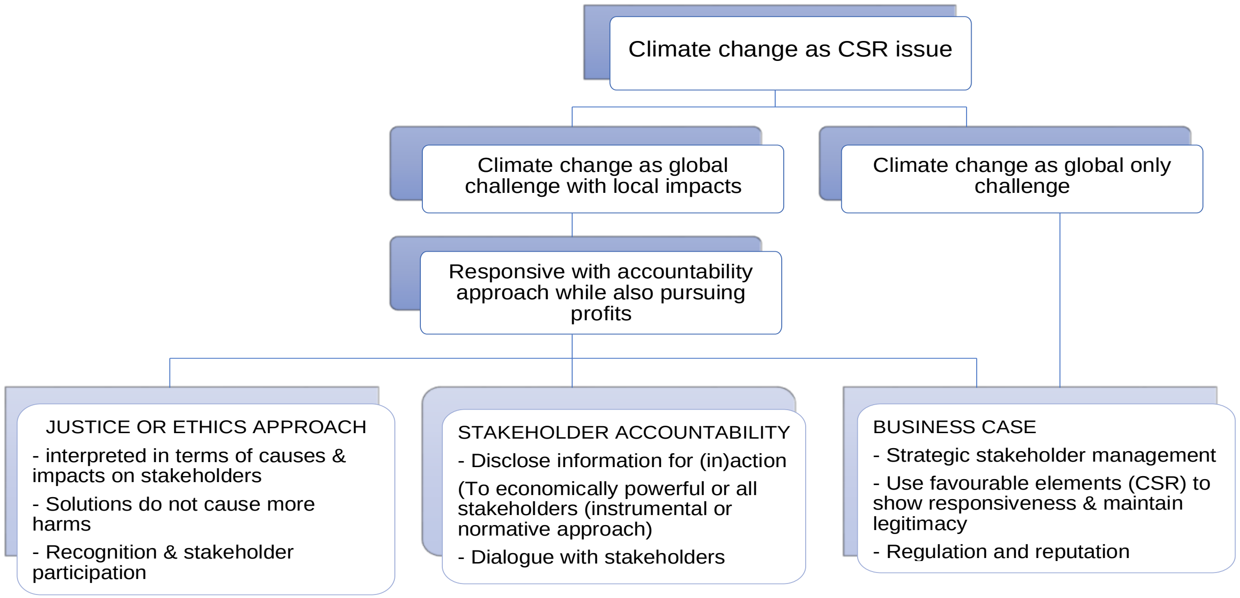
For research question two, how the corporations make sense of climate change, and its impacts is crucial. As described for question one above, how these corporations perceive climate change, and the accompanying challenges determines their responsiveness or otherwise. Gasbarro and Pinkse (2016) argue that the way corporations make sense of climate events determines the strategies they adopt to adapt to such climate-induced changes.

Such strategies will also include how they deal with the adverse impacts of their operations on stakeholders, especially the vulnerable communities. For example, corporations that understand climate change induced by gas flaring by the way stakeholders are impacted are likely to articulate climate change using a more modest, rather than radical justice perspective (that is, if they did at all), because in the absence of a mandatory framework and existing power inequality would mean that the corporations would take an approach that does not significantly impact their bottom-line. The profit-oriented aspect of a corporation cannot be overlooked. So, even if a corporation understands these impacts, its strategies for dealing with them could be viewed as part of a continuum between the business case and climate justice, with stakeholder accountability lying in between. In this instance, such corporations will likely employ strategies that consider how the stakeholders are affected in planning and designing appropriate responses or actions. Such strategies will likely be based around the principle of recognition that acknowledges and ensures stakeholder participation and protection of stakeholder rights. The corporations will ultimately be accountable to their stakeholders and uphold their rights to information and participation in decisions that concern them.

For the third research question, should the corporations consider climate change as a CSR issue, their responsiveness or otherwise will again be determined by how they understand climate change and its associated impacts. That is, whether climate change is considered as having a local or global impact. If considered as CSR and a local issue, they will likely be more ardent towards social responsiveness and climate justice approach, while concurrently pursuing profits. See Figure 4-3 for illustration Essentially, these corporations will likely use strategies that reflect their adopted stakeholder perspective. If dealing with stakeholders on the business case approach, then they will likely manage those stakeholders strategically in ways that align with such approach. For example, a corporation that considers the impacts of gas flaring-induced climate change on local communities under the business case perspective and deems it a CSR issue will likely manage the stakeholders strategically by engaging in other initiatives. Such initiatives, however, may be remote from solutions to gas flaring and climate change, so long as they are favourable to the corporation. In other words, the corporation will use favourable elements to show that they are responsive to issues, thus maintain legitimacy while retaining current business as usual (Bebbington, 1997; Megura and  Gunderson, 2022).

Alternatively, should they consider such issues under the stakeholder accountability perspective, and irrespective of the CSR initiatives deployed, they will likely be more open to, and provide information or account of their (in)actions to their stakeholders, including explaining inactions, especially when those are contrary to stakeholders' expectations, the reasons for them and prospects or plans for rectification in the future. Meaning that even when a CSR initiative does not directly address the issue of gas flaring and climate change challenges, the corporations will at least acknowledge their existence and discuss same with the stakeholders. The normative stance of stakeholder theory is in congruence with both stakeholder accountability and climate justice theories. The latter focuses on impacts of climate change induced by gas flaring on all stakeholders, particularly the local communities who are most vulnerable to such impacts.

*Figure 4-3: Question 3 (Climate Change as a CSR issue)*




Source: Own Illustration

From the preceding, it is evident that stakeholder theory is relevant in the analyses. Managements' perception of climate change and of the fallouts from their corporate activities invariably determines how they deal with local community stakeholders within their areas of operations and the environment. Equally important in the determination is the approach adopted by the corporation. That is, stakeholder management, stakeholder accountability, or ethics/justice approach. See Figure 4-1. This further underscores the importance of climate justice theory. In this sense, irrespective of the corporations' stance on climate change and how the views may differ between the two types of entities, as long as climate change is interpreted in terms of its causes and impacts on their stakeholders, then solutions (by mitigation and/or adaptation) will necessarily be planned and implemented in ways that do not cause them further harm. Furthermore, such corporations, by reason of acknowledging climate impacts induced by gas flaring, may (should) recognise the plights of community stakeholders and ensure their inclusion or participation in planning and effecting remedial actions.

## 4.6 CONCLUSION

Climate justice, business case, and stakeholder accountability theories all fit together for the context of this thesis and are used to address the research questions as explained in Sections 4.5.1 and 4.5.2. Climate justice theory is the umbrella under which all the other theories could function more effectively as the means of assuring a just and equitable society. The theory ties in closely with the stakeholder accountability theory considering that they both promote stakeholders' rights to information, transparency, and participation. Cheng (2022) argues that the need to address climate justice on a local scale and to improve community stakeholders' resilience is a vital means of attaining sustainable development in any city. The theory provides the mechanism for recognizing that climate change adversely affects those who are least responsible for its causes and are generally excluded from decision-making actions to redress same (Sultana, 2022). Considering the shortcomings of the business case approach and the imperative for stakeholder power (which is often lacking) for meaningful stakeholder accountability, climate justice remains the theory most suitable for addressing gas flaring and climate change concerns.

The chapter that ensues describes the research methodology adopted in the study. It discusses the methods of data collection, description of sources of data, and the procedure used in data analyses.

# CHAPTER 5

# RESEARCH METHODOLOGY

## 5.1 INTRODUCTION

In Chapter 4 I discussed the various theories that shape the understanding of this research and guide the empirical analysis process. It is of utmost importance that a researcher understands the nature and purpose of his/her research (Saunders *et al.*, 2009), so that the approach adopted is appropriately targeted at the research objectives. To this end, this chapter is focused on the specific research design, methodological approach, and process employed in the attempt to answer the research questions. It shows how connections are made between preceding Chapters 2 and 4 (literature and theory chapters) and the empirical Chapters 6 through 9 (corporate perspectives on gas flaring and climate change, industry regulation, and corporate understanding of the link between climate change and CSR practices and disclosure).

Essentially, this chapter demonstrates the processes used towards addressing the research questions (Chapters 6 to 8) and a summary of findings and conclusions in Chapter 9. Research is a systematic, scholarly, and scientific study designed to establish facts or principles, or to collect detailed and reliable information on a subject (Habib *et al.*, 2014). Therefore, research methodology is that system or strategies and processes adopted for carrying out the research. In this instance, the study collected corporate documents and respondents' opinions and views on CSR and climate change to ascertain how the oil and gas corporations in Nigeria understand the impact of their gas flaring activity on climate change and on the local communities. It also sought to know whether climate change is seen as a CSR issue.

The remainder of this chapter is organised under 8 main sections as follows: the first section explains the philosophical (ontological and epistemological) underpinnings of the study. This section is followed by the methodology; and the general limitation of qualitative research comes right after. Next is the methods for data collection and analysis. Following those are the descriptions of sources of data. Next are reflexivity and analytical procedure. Last is conclusion.

## 5.2 PHILOSOPHICAL UNDERPINNINGS OF THE RESEARCH

Research philosophy is the system of beliefs and assumptions pertaining to knowledge development in a particular field (Saunders *et al.*, 2019, p. 130). It is usual to make philosophical (ontological and epistemological) assumptions in research. As such, this study contains such assumptions as informed and shaped by how the study was conducted (Lancaster, 2005). Saunders *et al.* (2009, p. 108) opine that the research philosophy a researcher adopts has important assumptions concerning the way he or she views the world, which also informs the basis of the research design, as well as the methods selected as part of that design. Thus, the research paradigms applicable to this research represent the basic belief system that essentially informs the inquiry.

Ontology is that concept or idea concerning the nature of existence or reality, while epistemology is the branch of philosophy about how that knowledge is acquired (Blaikie and Priest, 2018). Ontological assumptions are those about the nature of reality to be encountered in the research; epistemological assumptions are those that concern human knowledge; and axiological assumptions are the ways and degree to which the researcher's values influence the research process (Saunders *et al.*, 2019). The ontological basis for this research is subjectivism. This implies that participants construct reality in the context of the research settings, and these are based on the multiple beliefs and assumptions of respondents in the research. Essentially, it is very subjective, given that in contrast to the concept of one 'real reality', constructivism assumes that there are multiple social realities operating simultaneously (Hallberg, 2006).

The epistemological stance of the research is interpretivism, which is guided by the knowledge, experiences, and biases of the respondents; as well as my own assumptions, understanding and interpretations of those responses. Interpretative approaches are not the only ones that pay attention to meanings. For example, ethnography also pays attention to meanings. In ethnography, the researcher seeks to understand the meanings that people ascribe to their experiences by immersing the researcher in the culture being studied. Unlike other approaches, interpretive approach emphasizes meanings as a way of grasping actions (Bevir and  Rhodes, 2006). This approach seems properly suited to this research because it provides the sought clarifications and explanations to the research objective. More so, other researchers, like Cantrell *et al.* (2015) and Edino *et al.* (2010) in their studies with somewhat similar inquiries adopted similar philosophical positions.

I assumed these philosophical perspectives because they are well suited to this study's approach, rather than the positivist objective ontology and empiricist epistemology of quantitative or some other methods. Given that the main objective of this study is to gain understanding of multiple stakeholders' perspective on the phenomena under study, their narratives are essential to getting those perspectives. Meaning that this the study is subjective and assumes multiple social realities of respondents. More so, I as the researcher could not be detached from the research process, considering that personally conducted the interviews, hence, the subjective nature of the research process. "Interviews are a social process in which both the researchers and the subject take part" (Scapens, 1990, pp. 274-275).

On the other hand, "quantitative research is an inquiry into an identified problem, based on testing a theory, measured with numbers, and analysed using statistical techniques" (Habib *et al.*, 2014, p. 8). This research methods deal with the statistical occurrences of specific population, but they do not necessarily provide explanations of individual cases. Conversely, qualitative approach to research uses theory to explain specifics rather than striving to generalise theories; they demonstrate observations made (Scapens, 1990). Qualitative research "may be more concerned with the individual's personal experiences of the problem under study. It is the collection, analysis, and interpretation of data by observing what people do and say" (Habib *et al.*, 2014, p. 9). The next section describes the approach used in this research process.

## 5.3 METHODOLOGY

This research adopts a case study approach. The multi-step process is depicted on Figure 5-1. Baxter and Jack (2008) describe a case study research as one that involves using various data sources to examine a phenomenon within a particular context. Through different lenses, it reveals multiple aspects of the phenomenon. It is worthy of note that there is no one best technique to carry out a research, but rather an awareness that the selected routes will determine what findings can be reached from them (Saunders *et al.*, 2009). In this respect, the chosen methods have to be capable of providing purposeful insights such that the research questions are adequately addressed. Essentially, it depends on the research questions and the level of depth required to address the study's objectives. As my research objective was to have a thorough understanding of how social actors made sense of the phenomenon under study, the philosophical assumption was the existence of multiple realities (that is, constructivist ontology). This differs from the notion of one 'real reality' of the positivist researcher that adopts quantitative or some other methods.

Qualitative method is better suited to my inquiry because it is concerned with participants' views and/or experiences of the problem under study. It involves the collection, analysis and interpretation of non-numerical data to address research objectives. This section describes the research design used in getting answers to the research questions. To develop a better and robust understanding of oil and gas corporations understanding of climate change and its impacts, data from two different sources were used, thus a triangulation of sources. Triangulation entails the use of multiple data sources and/or methods to substantiate interpretations. To increase the dependability, credibility and robustness of findings, I triangulated my data by using both primary and secondary data. These included interviews from four relevant stakeholder groups and documents from the companies and other useful websites, like the Department of Petroleum Resources (DPR), now the Nigerian Upstream Petroleum Regulatory Commission (NUPRC).

Overall results seem to be deeper and broader as a result of different data collection and analysis techniques. From them researchers can make more accurate and credible inferences (Jogulu and Pansiri, 2011). Combining different methods of gathering information helped me to minimize the impact of the limitations of one or the other method, and consequently arrived at more credible findings. Hammersley (2008) proposes that data gathered from different sources with varying potential threats to validity have the possibility of minimising the chances of arriving at false conclusions. However, there is still a possibility of two or more sources of data being biased in the same direction, so that inconsistencies may signal the need for further investigation in to the validity of descriptive inferences made (Hammersley, 2008). The mix of interviewee groups and documents for this research minimises such potential threats. For example, Miles *et al.* (2014, p. 47) suggest that examining every element in a population increases confidence in analytical findings on the basis of representativeness.

This research is qualitative and adopts interpretive approach because it focuses on understanding and interpreting the diverse and subjective meanings that people make of their experiences, actions and social environments. It addresses the research questions using two sources of data (interviews and texts) and combines both deductive and inductive methods in analysing data as I describe in Section 5.8.3. This research method provides a rich view of the complicated reality of a corporation and reveals the differences in contexts and individual experiences (Saunders *et al.*, 2015, p. 127). The study explores in-depth and context-specific understanding and interpretations that different stakeholder groups give to the phenomenon under study, based on their experiences. Bakre *et al.* (2017) and Noah *et al.* (2020) used similar qualitative methods in their exploratory studies. I did not consider adopting a quantitative methodology because the qualitative research process provides a better fit to this research as it enabled me collect and analyse data from which to answer the research questions (Hallberg, 2006). Saunders *et al.* (2019) suggest that quantitative research is unlikely to provide the rich and complex view of corporate realities, neither is it able to recognize divergencies in individual contexts and experiences, even though its findings may be considered objective and generalizable. Although, I adopted the qualitative research methods, it is not without its limitations. Some of those are discussed next.

## 5.4 LIMITATIONS OF QUALITATIVE RESEARCH

Before moving along, it is worthwhile to explain the boundaries of qualitative research. That is, to clarify what a qualitative inquiry of this sort can and cannot do, including the assumptions and/or interpretations that can be made from such results in applying them elsewhere or to other settings (White *et al.*, 2003). A qualitative inquiry transmits diversity by capturing the views and opinions of different respondents, rather than the general or average occurrences as a quantitative research do. This is of particular relevance because, although some data results may not fit the general, thus, the outliers. Nonetheless, they may be very relevant to the purpose of the research or to providing useful insights to the research questions we seek to answer. Outliers in this research context are the responses that are new or of a different perspective from the typical responses of other participants in a group. While outliers may sometimes be misleading or irrelevant (e.g. when completely detached from the phenomena under study in relation to the research objectives), they can provide unique or exemplary insights and perspectives that may have been overlooked or unrepresented in data. Relevant contextual factors can be gleaned from them.

Qualitative research methods are typically associated with interpretive research (Rashid *et al.*, 2019). Usually, “qualitative research data are descriptive, in the form of interview notes, observation records, and documents; and data are analysed inductively” (Mohajan, 2018, p. 7). However, this research method also has limitations in that it depends on interpretations by both the research participants and the researcher and is therefore subjective. It is affected by the beliefs and biases of both the participants and the researcher. Noah *et al.* (2020) and Bakre *et al.* (2017) adopted this research approach in their work. Both studies used qualitative approach because they were exploratory studies and relied on data from interviews and document sources. Some limitations of interpretive research methods include:

- Interpretive research analysis can be both cumbersome and a time-consuming process
- Researcher preconceptions and bias may influence data interpretation.
- It is difficult to establish credibility or trustworthiness of findings; the subjective nature of interpretive research means that different researchers may arrive at different findings with the same data set.

Notwithstanding these shortcomings, interpretive research methods can offer in-depth understanding of complex societal issues described by human experiences like this study entails.

## 5.5 METHODS OF DATA COLLECTION AND ANALYSIS

In addition to interviews and observations, qualitative research may also involve case studies, surveys, and archival analysis (Mohajan, 2018). This section explains the step-by-step approach used in gathering necessary data that addressed the aim of this study and aided me in providing answers to the research questions. The participants of this research include some staff of the selected oil and gas corporations (multinationals and indigenous), regulators of the industry, and NGOs, and members of the host community stakeholders in the Niger Delta. Below is a description of data sources and the means of gaining access to the participants. Following those are the methods used for gathering, recording, and analysing the data collected, such that they enabled me to answer the research questions.

### 5.5.1 Data Sources

I gathered data from different sources, so that one complemented the other for better and well-rounded understanding and interpretations, resulting in more credible findings. Using multiple data sources results in a broader understanding of the phenomenon, as each contributes one piece to the puzzle (Baxter and Jack, 2008). Evidence was sought from documents of three MNCs and three indigenous oil and gas corporations. Other data sources were interviews with participants from the corporations, the department of petroleum resources (DPR) - regulators of the industry, seven host communities within where oil corporations' field operations occur in the Niger Delta area of Nigeria, and representatives of three NGOs.

### 5.5.2 Negotiating Access and Participants' Consent

To access participants for the research, I initially approached some of the companies, NGOs, and the department of petroleum resources (DPR) directly by emails, using addresses found on their corporate websites. Except for the DPR and one NGO, this recruitment method was futile, so I had to improvise. Most of the interview participants were recruited through networks of family and friends that knew one or more contacts in any of the corporations or in the local communities that host their exploration and/or production activities. Thereafter, these first contacts referred other contacts who could be interested and willing to participate (snowballing technique). A possible weakness of this recruitment approach might be the likelihood of not getting the most desirably intended participants, such as the most senior management members. However, this was overcome by the fact that most times I was referred to another colleague who was more conversant with the interview guide and better suited to conduct the interview if my first contact was unable to do so. Further recruitment for each group was done by snowballing technique.

All prospective participants were made aware of and required to sign the informed consent form before continuing any process. Two participants signed written consents and 23 provided verbal consents. They were also made aware of the fact that they could change their minds and withdraw from further participation at any time if they chose to, and without offering any explanations for withdrawing. The plan to rely on referrals for this process was especially necessary, considering that I had to conduct this research remotely because of Covid-19 pandemic lockdown. By this means I had access through contacts that did not necessarily come from the communities or companies but had links to someone from within who could be of assistance in that respect.

Any participant introduced through a personal contact was also made to know that they were under no obligation to participate simply because of the feeling of loyalty or commitment to the referral as the decision to participate or not was solely theirs to make. This information was passed on to ensure that no one felt coerced in to participating in research that they would not otherwise be interested to participate in.

### 5.5.3 Access Issues on Data Collection

I had no challenge in accessing documentary data as they were publicly available on the corporate websites of the case corporations. For interviews, data was sourced from 25 willing participants. I could have conducted over 25 interviews, but some potential participants did not follow through probably because they were no longer interested, or they just did not have the time. Also, a potential corporate participant took ill and was admitted into a hospital before the scheduled interview date. They eventually passed on. Some local community stakeholders also hinted that they would participate only if offered financial rewards.

Identifying the right participants was also a potential problem. However, the initial gatekeepers always pointed me in the right direction or department upon seeing the interview guide. There was also the issue of not getting responses from some potential interviewees. However, additional efforts and recruitments made up for that.

### 5.5.4 Participants and Sampling Technique

As I describe later in Section 5.6.1, the sample was sourced from personnel of six oil and gas companies, representatives of three NGOs, personnel from the industry regulators, DPR (NUPRC), and representatives from seven local communities in proximity of the exploration activities of the corporations. A total of 25 participants were recruited for the research. Qualitative research usually focuses on small samples within the context for more in-depth study (Miles *et al.*, 2014), implying that it is not exactly about the number of participants but rather about the quality of data collected and the ability to connect same directly to the research questions. I recruited participants on the recommendations of initial participants recruited directly or through personal contacts as noted in the preceding paragraph.

The snowballing technique used for recruiting respondents is purposive sampling, a non-probability sampling technique that it is targeted and more convenient. Amaeshi *et al.* (2016a) and Amoako *et al.* (2022) used similar sampling method in their studies. Miles *et al.* (2014) suggest that qualitative sampling is often based on explicit theory, either pre-determined or progressively as in grounded theory. Because purposive sampling is intentionally purposeful, I considered relevance to the research objectives and questions in selecting the interview groups. According to Patton (2014), the preference for participant selection is that the selected population should possess values that approximately represent characteristics common to the population. In other words, in choosing interview participants, I considered groups with material knowledge or information relevant to the research objectives. Thus, this justifies the use of purposive sampling and snowballing recruitment method. The stakeholders selected were considered most appropriate for the purpose of this study because of their relevance to the theories that underpin the study. They were also important for gathering the necessary data for questions the research sought to answer. First, the participants from the corporations selected for the study provided the desired understanding of corporations' views of the phenomena under investigation and the lenses through which they made sense of the phenomena as associated with their operations.

The local community stakeholders' views were also important, considering that they are the ones mostly exposed to the adverse impacts of the gas flaring activity of the case corporations. They are also, for the most part, the subjects of the CSR programmes initiated by these corporations. In essence, this set of participants provided an understanding of how they were affected by the gas flaring activity of the case corporations. They also disclosed their expectations as stakeholders of the corporations and whether these expectations were being met by way of CSR from the corporations. Perspectives of the regulatory stakeholders were also necessary to gain insights on how their role as industry regulators affect corporate discharge of accountability on climate change issues. The NGOs were also considered relevant, because they usually act as watchdogs and sometimes as intermediaries or liaison between the corporations and the communities, implying that they also had a wealth of knowledge on the sought information.

### 5.5.5 Data Collection

To address the research questions, I sought empirical evidence from corporate documents, websites texts and interviews. A complementary approach leads to a deeper understanding and interpretation, resulting in more credible findings. Details of both sources follow.

#### *5.5.5.1 Documents and Texts*

Having determined the corporate entities for data purposes (described in Chapter 3), I reviewed their corporate websites. I gathered documents, such as CSR or Sustainability reports and other relevant texts from the websites as available. The reports used were restricted to 13 in total from 4 corporations, not including texts from the websites (See Section 5.6.1 for detailed description). I relied on this evidence source as previous studies also used documentary evidence in their work (see Bakre *et al.*, 2017; Noah *et al.*, 2020; Nwoke, 2021). Corporate documents provided complementary evidence to interview transcripts and reviewing them allowed for a thorough analysis of the case corporations in terms of their overall perceptions and ideologies. Specific area of interest was the CSR reports of the corporations, which were useful in understanding how the CSR policies translated into actions and practices with regards to the effects of their activities on communities and the environment. These documents also provided a basis for comparison of CSR policies between the multinational and indigenous corporations being studied in this research. Some possible limitations of documentary data include:

- Not all information relevant to the research topic is made available in corporate documents.
- Documents are one-way communication, as they offer no provision for dialogue that allows for clarity or better understanding.
- They may reflect the perspectives and opinions of the corporations that produce them; thus, they can be subjective.

- Selecting documents to include in analysis may also be subjective as there is no selection guide or rule.
- Documentary data may not always contain up-to-date information.

Notwithstanding these shortcomings, combining this data source with data from interviews minimises the impact of the limitations.

#### ***5.5.5.2 Interviews***

In total, I conducted 25 interviews across the different stakeholder groups (see detailed description in Section 5.6.2). Issues with recruiting more participants is discussed in Section 5.5.3. While 25 interviews may appear small, they were the number of people that willingly accepted to take part in the research. Saturation occurred, given that all pre-determined themes were exemplified by data. As with a priori thematic saturation, the data adequately represented pre-determined themes instead of categories with enough examples (Saunders *et al.*, 2018). Moreover, there is no exact number that is universally considered sufficient for qualitative research (Hennink *et al.*, 2017; Marshall *et al.*, 2013; Onwuegbuzie and Leech, 2007). Rather, qualitative research is more concerned about the quality and richness of data than the quantity (Hennink *et al.*, 2017). Quality can be improved by purposefully selecting the participants, like the selected stakeholder groups in this case.

Additionally, as the interviews were semi-structured it allowed for more depth that enabled the researcher to answer the research questions. Furthermore, the main empirical themes were based on theory. According to Saunders *et al.* (2018), a priori thematic saturation occurs when pre-determined theoretical categories have data that exemplify or illustrate them. Noah *et al.* (2020) with a similar research approach and setting conducted 16 semi-structured interviews. Interviews are appropriate to answering research questions because they seek to know the perceptions of social actors connected to the research and connect to the idea that such views are socially constructed (Saunders *et al.*, 2015). The views and opinions gathered from the interviews were used to develop an understanding of how the corporations understand climate change and the impact of gas flaring on same. I also attempted to understand how the corporations dealt with the associated impact of gas flaring and the challenges it posed on local communities.

In order to avoid one-sidedness in data collected, and the problem of epistemic distance or disconnect between the CSR policy makers and the subjects of the CSR programmes, as Rangan *et al.* (2015) did in their study (they surveyed only the executives responsible for the CSR programmes of their respective companies), I conducted interviews with representatives of corporations, the industry regulators, and some NGOs. In addition, I also interviewed with the subjects (local communities) of those CSR programmes, most of whom were exposed to the impacts of gas flaring by the corporations. This set of interviewees provided an understanding of their views and of their expectations of the corporations by way of CSR.

Due to the COVID-19 pandemic lockdown, I conducted virtual interviews. Virtual interviews were not only convenient, but they were the only option, and may have had limitations in comparison with face-to-face interviews. Some observed challenges were interviewee distraction and technical issues, like poor internet connection. I scheduled and conducted the interviews at the times and by the virtual methods most convenient for the interviewees (zoom, WhatsApp, or phone). They were semi-structured interviews, and I developed an interview guide, which was not for rigidity per se, but helped me to keep focus on the interview topic, as they tied directly to the research questions. I also had pilot interviews with three people at first to see whether the questions I initially prepared would require revisions or whether they were good to go as designed. The pilot interviews involved 1 MNC participant and 2 participants from an indigenous company. See further details in Section 5.10.2.

The interviews were semi-structured, so that there was proper dialogue, and the need for extended elaborations for clarity, where necessary. Further probing may add significance to the depth of the data as it allowed the interviewee to clarify or expand on their response (Saunders *et al.*, 2015, p. 394). That way, I understood and made better meanings of their responses. They were also conducted in batches, so that emergent findings could be added to the questions, as needed. By so doing, I could have made adjustments to the interview questions as it became necessary. Tracy (2013) suggests that incremental data collection could either change the theme of research questions or provide opportunity for future research. Unstructured interviews have the advantage of allowing the interviewee talk freely in the topic area and can provide different insights. However, they also carry the risk of not getting relevant answers or comments that are targeted at the research objectives or questions (Saunders *et al.*, 2015).

During the interviews, I had a voice recorder, as the respondents were okay with it. That way, no vital information was missed out and I did not have to make notes right after as “time can quickly degrade and decay the veracity of an account” (Tucker *et al.*, 2016, p. 6086). Whenever internet-enabled video interviews, such as Skype or Zoom, were impossible or impractical for the interviewees, the interviews were conducted over the phone. Considering the context of the study, it was impracticable to rely strictly on video interviews as some communities did not have good Wi-Fi or cellular network.

Some limitations of interview data are:

- Interviewees may not have the time to fully explain their perspectives and choose to provide brief responses instead.
- Interviews can be subjective as they are affected by the interpretations and of both the researcher and the participant.
- Arranging interviews can be time-consuming, especially during recruiting, scheduling and/or re-scheduling participants.
- Interview participants my provide answers that they believe the researcher wants to hear, rather than true or accurate responses.
- The wording of questions or how they are asked can influence interviewee responses to produce biased answers.

As mentioned earlier, despite the possible limitations of one source or the other, combining both sources reduces the impact of one or the other data source.

### 5.5.6 Data Analysis

Qualitative data differ considerably in types but are usually dependent on similar fundamental analysis. Mohajan (2018) describe data analysis as a process that consists of identifying emerging themes, identifying key concepts or units of meaning, and gathering literature-based information. In analysing data from this research, I reviewed and used descriptive analysis of documents and interview transcripts to present the findings by descriptive and interpretive analysis. According to Blaikie and Priest (2018, p. 116),

> Descriptions about what is going on can include: patterns in, or associations between, characteristics; regularities or sequences in the way things happen in the phenomenon under investigation; similarities and differences between social actors, social relationships, social processes and social situations.

Although the documentary evidence was collected and analysed prior to the interviews, they both followed the same procedure. Analysing the documents ahead of the interviews provided a better frame of what to give attention at the interviews. Analysis was done by the use of descriptive coding or labelling, Codes are labels in the form of words or short phrases used for allocating meanings to the descriptive or inferential dada gathered during a research (Miles *et al.*, 2014). This process involved organising and grouping text units into categories (Beattie *et al.*, 2004). Categorising similar chunks of data meant that I was able to easily find and retrieve the parts that relate to a specific research question or themes, which then aided further analysis to arrive at conclusions (Miles *et al.*, 2014).

Like Barros (2014), I began this by identifying those themes as explained under analytical procedure (Section 5.8). Thematic analysis is systematic and offers organised and consistent way to analyse qualitative data that produces rich descriptions, explanations and theorizing (Saunders *et al.*, 2015). Analysing themes provides a direct way to explore an individual's point of view, experiences, beliefs, and perceptions (Butcher *et al.*, 2001). Themes allowed me identify interesting patterns across the data set and enabled the production of thematic description of the data

(Tracy, 2013). The interview data analysis phase was continuous. That is, I conducted interim analysis as I went along, to avoid being overwhelmed or having cumbersome data to deal with at one go. In the last phase of analysing data from interviews and documents, the generated themes were linked back to the theories adopted in this study to present, organise, and interpret the empirical data (Noah *et al.*, 2020; Riessman, 2008).

## 5.6 DESCRIPTION OF SOURCES OF DATA AND ANALYTICAL PROCESS

Having discussed the research design, methodological approach, and process employed in the study, the sections following present the sources of data and analytical process adopted. I provide the step-by-step description of processes undertaken both in gathering and analysing the data and in explaining how they connect to the research objectives. The corporate reports on social and environmental responsibility provide insights to understanding how the corporations translate policies and ideologies into actions and practices concerning the impacts of their activities on communities and the environment. Data from interviews with personnel from some of the corporations, community members, industry regulators, and NGOs also provide additional source data to complement the corporate documents for analysis. These data also provided the basis for comparing CSR strategies adopted by the multinational and indigenous corporations being studied in this research and their responses to climate change associated with gas flaring from their operations.

The remainder of this section is laid out in the following manner. First is a description of the documents and interviews data set and how they were generated. This is followed by the analytical procedure employed in analysis, and finally, conclusion.

### 5.6.1 Description of Documentary Data

As Deephouse (1996) argues, being in one industry and in one region removes the complications of the impact of multiple regulators and publics. So, although the case corporations for this research (both documentary and interview sources) cover a mix of MNCs and indigenous corporations, they all belong in the same industry and are bound by the same regulator and publics in Nigerian context. CSR or Sustainability Reports used in this analysis were gathered from the corporate websites of six corporations (three MNCs and three indigenous corporations). The companies are identified as ICoy 1, ICoy 2, ICoy 3, MCoy 1, MCoy 2 and MCoy 3, with prefix I or M denoting indigenous or multinational company. They were purposefully selected because ICoy 1, ICoy 2 and ICoy 3 meet the criteria for indigenous firms, (determined as a Nigerian corporation registered in conformity with the Companies and Allied Matters Act (CAMA) and requiring a minimum of 51 percent equity holding by Nigerians) whereas, MCoy 1, MCoy 2, and MCoy 3 meet those of multinational corporations. They are subsidiaries with their parent companies located elsewhere in other nations.

The real names of the corporations are concealed for ethical considerations because although the reports were publicly available online, they were not used in isolation but in conjunction with interviews conducted with corporate respondents from the corporations. They were promised anonymity. These reports varied from dedicated sections of websites to actual stand-alone reports uploaded on to the websites. Apart from having website information, four (one indigenous and all three MNCs) of the six corporations also had CSR/Sustainability reports uploaded on their corporate websites, whereas the other two indigenous corporations had sections of their websites dedicated to corporate, social, and environmental matters. The contents of these reports and web postings also varied considerably. See summary on Table 5-1.

The stand-alone reports were the ones made available on the corporate websites at the time of this analysis. The three MNCs had reports for 4, 17, and 2 years respectively. One indigenous corporation had reports for 3 years (2019 to 2021). For the purpose of this analysis, all reports were restricted to 4 years. Four years seemed like a good number, because it was more than, but closer to 2 and 3 years of the two corporations at the lower ends, yet less than 17 years of the one company with the highest number of available reports. The extent of information disclosure on the websites varies by the corporations. Overall, despite the different ways of disclosing information on matters of social responsibility, all six corporations in one way or another, declare a form of commitment to matters of CSR, the environment and/or community stakeholders. Only one indigenous corporation and all three MNCs had any direct mention of climate change in their reports, on their corporate websites or other literature used in the work.

The MNCs' sustainability reports were produced by the parent companies for the group, so they were not strictly for Nigeria. The reports cover different years and vary in content and methods of disclosure. Although they are published yearly, it appears that the corporations have no compulsion to publish. For instance, only four of the six corporations had stand-alone reports. Moreover, one of the MNCs, MCoy 2, claimed to have 'voluntarily' reported on environmental and social performance over many years as a demonstration of openness and commitment to sustainable development. The corporation alleges that the contents of their reports vary for different years and can typically include issues about business strategy, human rights, climate change, social performance, etc. While reporting on different issues in reports for different years may not be a problem, it limits the comparability of reports over time and across different corporations.

*Table 5-1: Summary of Documentary Data*

| SUMMARY DESCRIPTION OF DOCUMENTARY DATA | | | | |
|---|---|---|---|---|
| **Number** | **Company Name (Anonymised)** | **Entity Type** | **Type of Document** | **Descriptions Used for CSR matters** |
| 1. | ICoy 1 | Indigenous corporation | Corporate Web Content | Social Performance |
| 2. | ICoy 2 | Indigenous corporation | Corporate Web Content | Corporate Social Responsibility |
| 3. | ICoy 3 | Indigenous corporation | Corporate Web Content<br><br>Stand-alone Sustainability Reports 2019 to 2021 (3 years) | Social Impact and Environment |
| 4. | MCoy 1 | Multinational corporation | Corporate Web Content<br><br>Stand-alone Sustainability Reports 2018 to 2021 (4 years) | Local Development and Health, Safety & Environment<br><br>Sustainability Performance |
| 5. | MCoy 2 | Multinational corporation | Corporate Web Content<br><br>Stand-alone Sustainability Reports – 2018 to 2021 (4 years) | Sustainability |
| 6. | MCoy 3 | Multinational corporation | Stand-alone Sustainability Reports – 2018 and 2019 (2 years) | Sustainability |

### 5.6.2 Description of Interviews Data

Of the 25 interviews conducted, 15 interviews were conducted via zoom, 1 on Skype and 9 by phone or WhatsApp, as convenient for and decided by the participants. Six of the interviews were conducted with MNC employees (2, 3, and 1 from each MNC) and 5 with personnel from indigenous corporations (0, 2, and 3 from each corporation) selected for the study. Eight were with local community stakeholders from 7 Niger Delta communities in 3 different states (Bayelsa, Delta, and Rivers states). Two interviews were held with staff of the industry regulators, the department of petroleum resources of Nigeria (DPR), and four were with personnel of 3 NGOs. The corporate participants held different senior management positions in the companies and the DPR.

All interviews were carried out over a period of five months (April to August 2021). The average time spent on each interview group ranged from 21 to 57 minutes. Interviews with NGOs and community stakeholders were shorter than those with the other two groups. This was likely because the interview questions were fewer than those of other groups. See summary on Table 5-2. At the time of conducting the interviews, one of the indigenous firms, ICoy 1, was not accessible. All efforts to get a participant from that company proved abortive. One interviewee hinted that the company was in financial distress and uncertain of its continuing survival. However, the diversity of inclusion in the data was not affected since another indigenous oil corporation (different from any of the case corporations) was discussed by a community interviewee during our conversation about MCoy 2. Likewise, two other MNCs (not included in the pseudonyms) were also discussed by other participants.

Notes were taken during most interviews if there were areas further clarity might be needed, and all the interviews were voice recorded as were the oral informed consents (for those that provided verbal consents). They were transcribed soon after. Transcribing them by myself gave me a head start at reading them and by that I was already thinking and planning how the analysis phase would go. In other words, I gained better familiarity with the interview data. O'Dwyer (2004) opines that although it can be time-consuming, transcription of the interviews by oneself is priceless for obtaining a better grasp of the data, thereby compelling you to think about it and analyse as you go along.

For easy identification, the participants are numbered in the format ICorpP1 or MCorpP1 to mean indigenous corporation participant 1 or multinational corporation participant 1. In similar veins, community participants are denoted CommP1 or whatever the participant number. DPR, the regulatory participants as RegP1 and NGOs as NGOP1 for example.

*Table 5-2:* Summary of Interviews Data

| SUMMARY OF INTERVIEW DATA | | |
|---|---|---|
| **Participant Type** | **Number of Participants** | **Average Interview Duration** |
| Staff of Indigenous corporations | 5 (0, 2 and 3 from each) | 57 minutes |
| Staff of Multinational Corporations | 6 (2, 3, and 1 from each) | 48 minutes |
| Communities | 8 | 24 minutes |
| NGOs | 4 | 21 minutes |
| Regulator (DPR) | 2 | 52 minutes |
| **Total Participants** | 25 | |

## 5.7 REFLEXIVITY

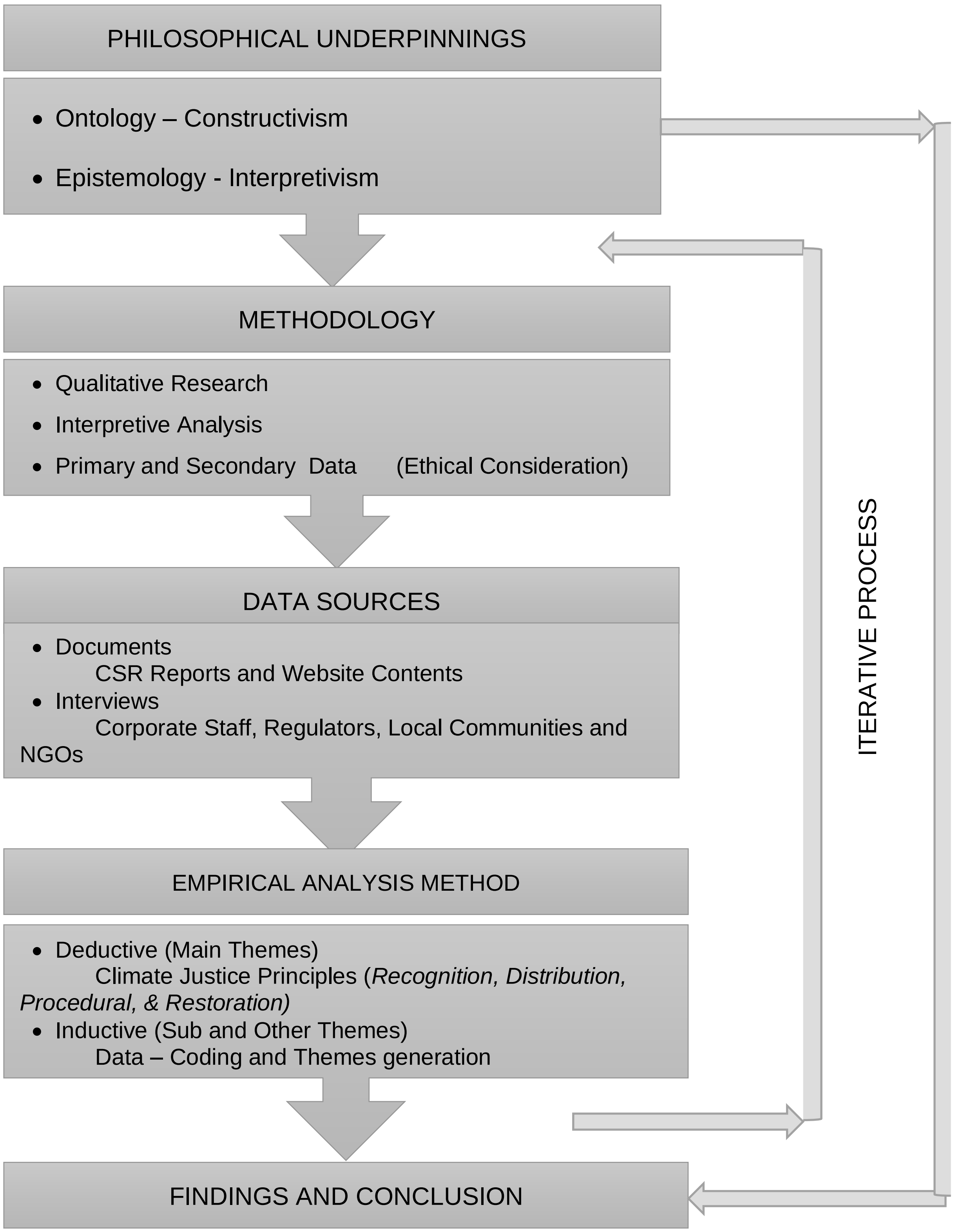
Reflexivity is that which let me, as a researcher, pause and assess the approach I had taken as a whole to see how it all fitted. According to Riach *et al.* (2016, p. 2082), it demands both an interrogation of our own frameworks of knowing; a process which, (…) requires us to continually and inter-subjectively evaluate our own assumptions and their implications for the research. Therefore, during the entire process, I took intermittent breaks to reassess my general approach or just the appropriateness of any decision, particularly as it concerned ethics, participants or even just my personal biases and how these could impact the research. I constantly discussed with and updated my supervisors as I went along. Essentially, I adopted the reflective cycle by Maclean (2010) in the research process. It included reflection for action (before research begin); reflection in action (during data gathering process); and reflection on action (after data collection). In other words, the reflective process was a revolving one. See Figure 5-1 for the research process approach adopted.

### 5.7.1 Ethics

I complied with the University's ethical review and approval process throughout the entire empirical research process and was guided by the principles of Economic and Social Research Council (ESRC), as detailed below.

- I aimed to minimise risk and harm to participants by explaining and ensuring confidentiality through the use of pseudonyms.
- I respected the rights and dignity of individuals and groups.
- Participation was made voluntary and participants appropriately informed.
- The research was conducted with integrity and transparency.
- Lines of responsibility and accountability were clearly defined.
- I maintained independence of research and where conflicts of interest.

*Figure 5-1: Multi-step Process Chart*




Source: Own Illustration

### 5.7.2 Anonymity, Consent and Trust

To forestall ethical issues that could arise in the research process, I informed prospective respondents in advance, of the purpose of the research and got their informed consents beforehand. I also made them aware that even after accepting to participate, they could freely change their minds and withdraw anywhere along the process with no explanations made. To ensure anonymity, I advised them that I would use pseudonyms or no names at all. This helped ensure confidentiality of participants and of their responses not being connected back to them by anyone. It also helped them gain some trust and preparedness to provide accurate responses to questions without worries.

On my part, I ensured that the information received from participants was safeguarded appropriately. For electronic documents, I stored them electronically and password-protected them. Then for audio data, that is, interview scripts, I stored them electronically with password-protect too. Participants were informed of the only people that would have access to the research information. The sections that ensue describe the data used in the research, their sources, and the process undertaken in the analyses.

## 5.8 ANALYTICAL PROCEDURE

The entire analytic process is explained in the sections that follow. Although described in distinct steps, they were however, carried out iteratively going back and forth and refining them, as appropriate. Azizi and Jamali (2016) and O'Dwyer (2004) used similar iterative process in analysing data. The report documents and interview transcripts were not analysed separately. They were considered collectively throughout the analysis, with one complementing the other by either providing corroborative support or contradictory view in the discussions and arguments at hand. My approach to addressing the purpose of this thesis is descriptive and interpretive, following prior study by Noah *et al.* (2020). The step-by-step processes undertaken to arrive at findings that answer the research questions are laid out in the sections that ensue.

I began the documentary reviews process by reading each of the reports in its entirety and several times too, to gain familiarity and get good understanding of the contents. I read the reports and at the same time looked out for, and paid particular attention to, instances of reference to social and/or environmental issues. In other words, I noted words, phrases or sentences that included any of the following: climate change, global warming, gas flaring, communities, stakeholders, CSR, environment, or other words that connote similar meanings as these as well as other emerging keywords suggested by literature and in relation to the research questions. I made note of or highlighted information relevant to the research questions as I read along.

### 5.8.1 Coding Process

Before going into the coding phase I had interacted severally with the data because I conducted all the interviews by myself, transcribed them by myself, and read them over a few times. By the second time of reading through the documents, I began to create manifest or evident codes that descriptively represented the contents of every piece in reference to the previously highlighted texts. Miles *et al.* (2014) define codes as the labels for allocating symbolic connotation to the descriptive or inferential data gathered during research. The **codes** I assigned were induced by the data. For example, from statements like the "*Provision of core public utilities such as Portable Water, Electricity,* *Hospital and Medical facilities, Road Projects etc*", "*Our purpose is to change the narrative in Company – Host community relationship and management*" and "*Oilgas in Nigeria operates in accordance with the law, international agreements and standards, as well as national regulations and policies*", I coded for 'community needs', 'relationship management' and 'regulation' respectively.

Upon concluding the coding scheme, I originally came up with a total of 22 codes which I soon reduced to 19 from realizing that certain codes had somewhat similar meanings to certain others. The coding process usually expedites further data analysis. Coding is the link between the data collection and the analysis phases of a study (Rogers, 2018). It provides a basis for and improves the ability to report empirical data in a more organized and systematic way (Rashid *et al.*, 2019). On completion of this coding scheme, I developed a framework matrix on Microsoft excel to create structure and ease of presentation (see Appendix 1). On the matrix, I listed the identified codes on the columns and the respective and numbered corporations on the rows, beginning first with the three indigenous corporations followed by the three multinational corporations. This framework matrix is a means for displaying data in a structured manner. Miles *et al.* (2014, pp. 109-110) explain that "the matrix is a tabular format that collects and arranges data for easy viewing in one place, permits detailed analysis, and sets the stage for later cross-case analysis with other comparable cases or sites".

I comprehensively coded the data set by extracting sentences or phrases that adequately described each code and inserting them into the various matrix cells they belonged (that is, I filled in the descriptions that corresponded with the codes and the corporations, as shown on the matrix). After I completed this phase, the matrix provided an overview of the first level coding of the data, hence the raw analysis, and made it easier for me to move on to the next level. I went over all the documents a few more times to ensure that no vital information that could aid the analysis was left uncoded. From these initial codes I came up with categories, which continue in the next section.

### 5.8.2 Developing Categories

A glance at the matrix showed that I had created many codes. Some of them were community needs, smooth operations, mutual understanding, and trust, and so forth, with 19 codes in total. In the step that followed, I combined some of the codes into somewhat more overarching or general categories that properly described all the codes belonging in them. Saldaña (2013, p. 9) describes coding as a method for organizing and grouping similar coded data into categories and "families" on the basis of some common characteristic. The theories discussed in the theory chapter and knowledge gained from literature provided useful guide in framing my thoughts and coming up with the categories and themes in the analysis. This second level coding became fewer and brought the original 19 codes down to seven categories, but also without losing their meanings or substances.

For instance, codes like achievements, self-proclamation and doing no harm, protecting the environment by adherence to legislation were all combined under the new and more encircling **category** of ‘image building’. Although it might be questioned why this category was not named environmental responsibility or regulation instead. According to the literature (Chapter 2), corporations in this industry are charged fines for gas flaring. Although payments of fines are suggestive of legal or regulatory infractions, the corporations tend to trivialise the infractions as contextually peculiar and unavoidable. However, the penalties are also not high enough to deter the practice, so the claim to "protect the environment by adhering to legislation" appears rhetorical. Additionally, initial data fitting the codes of 'achievements' and 'self-proclamation' demonstrated an interest in infrastructure and social programmes, but not in environmental conservation. I differentiated the initial codes by assigning the same colours to them as those of their general categories and then rearranged them in the order of those respective colours (see Appendix 2). O'Dwyer (2004) also developed matrices in his analysis from codes and categories identified through common themes.

Soon after completing transcriptions of the first five interviews, I picked three from them and began to do the initial analyses. As with the corporate documents' analysis, I read each transcript completely to get a general overview and then read them over again. By the second read through, I highlighted relevant areas of interest in consideration of the existing codes and categories that surfaced from the corporate documents, as well as their relevance to the research questions. I also examined the adequacy of the contents of the transcripts, in terms of whether they would sufficiently provide the information that enabled me to address the research questions or whether I needed to improve or update the interview guide before subsequent interviews were conducted (although two more interviews took place before I finished this initial set of analysis). From the initial analyses of three transcripts, I selected the extracts that fitted right into the existing codes and categories and added them to the framework matrix initially developed from the corporate documents. I also selected and highlighted other extracts that did not belong in those initial categories but were nonetheless important for further analysis and discussion.

### 5.8.3 Organisation of Themes for Further Analysis

Principally, the principles of climate justice provided the foundation and guide for organising the themes and discussions and in evaluating the various relationships between the different stakeholder groups in the research. The themes were developed by using both deductive and inductive approaches. The main themes for organising empirical chapters were selected primarily from the principles of climate justice (recognition, distributive, procedural, and restorative justice). The business case and stakeholder accountability perspectives were juxtaposed against climate justice approach (either as main themes or subthemes) to highlight their differences and underscore the need for a justice approach to gas flaring-induced climate change, and CSR issues. Subthemes and others not fitted to predetermined themes, but useful for addressing the research questions were generated inductively from data. For instance, to determine corporate response to climate change, the main themes used to structure and discuss empirical findings are key climate justice principles - distribution, recognition, procedural and restorative justice. Examples of subthemes framed under some of these main themes are as follows:

- *Distributive Justice* assesses human rights and environmental justice. The assessment is made by discussing *gas flaring as a human rights' violation* (a subtheme generated from data).
- *Recognition Justice* assesses vulnerability of local community by discussing it under the subtheme *impacts of gas flaring on community stakeholders* (generated from data).

- *Procedural Justice* is discussed stakeholder accountability and uses *dialogue with local community stakeholders* as a subtheme induced from data.
- *Restorative Justice.* Arguments under this principle are discussed from data-induced theme of *restitutive payments*.

Combining deductive and inductive approaches enabled insights into the dynamics of interactions between theory and data. According to Humphrey and Scapens (1996), although predetermined theory enables identifiable structure, using it to interpret a case could favour congruence at the expense of ignoring other corporate dynamics and tensions not readily suited to the theory.

The credibility of my findings from this research was improved by the following means:

- Sometimes I verified interviewees' responses by comparing them with documentary data in the case of corporate participants and regulators, where possible. For instance, both corporate documents and corporate interviewees make a business case for continuing gas flaring, in spite of the negative impacts.
- Instances of document information not in agreement with information from respondents was not necessarily assumed to mean that such information was not accurate because as noted in the limitations of documentary data, not all information relevant to the research objectives is readily available in documents. For example, the phrase *climate change* did not appear in all corporate documents or websites used in the study.
- In other cases, I compared the responses provided by different interviewees, both within the same group and across other groups. Many instances of

similarities in responses existed, like opinions on the impacts of gas flaring on local community stakeholders and climate change.

- Additionally, in yet other instances, I compared respondents' responses with established knowledge from extant literature. For instance, findings on the *divide and rule* tactics adopted by some corporations align with literature on the issue.

As hinted in Section 5.5.2, I had no prior knowledge of respondents' background. However, I relied on the fact that I had sent the interview guides to my first contacts or potential participants in each group prior to scheduling interviews. That way, those initial contacts referred me to appropriate departments or personnel for participants that were better suited to partake in the interviews where necessary. This process increased the reliability of the information received from interview respondents.

## 5.9 CONCLUSION

In response to the COVID-19 pandemic, the author adapted their plans for data collection, opting for remote interviews rather than face-to-face meetings. While this approach allowed the research to proceed despite the pandemic, it also introduced a limitation: I could not control the selection criteria for participants in local communities, as access to technology in those areas was limited. As a result, I had to work with whoever was available through virtual means, which may have impacted the sample's representativeness.

The primary purpose of the chapter was to provide an overview of the research methodology and methods used in the study, as well as the sources of data and analytical processes employed. Specifically, the study used CSR/sustainability reports and information compiled from corporate websites and interview transcripts from various stakeholders to examine how oil and gas corporations in Nigeria understand and approach sustainability issues. The subsequent chapters present findings and analyses based on the data collected and analysed in this manner.

# CHAPTER 6

# CLIMATE CHANGE AND GAS FLARING

## 6.1 INTRODUCTION

The previous chapter discussed the research methods and described the sources of data and analytical process adopted in this research. This empirical chapter focuses on climate change and gas flaring and deciphers how the oil and gas corporations understand climate change. Issues about climate change are germane as they impact everyone and are of concern to different social actors in society. So, it is appropriate to also consider other stakeholders in the discussions as all are affected by it. This provides diverse understanding and interpretations of the issues under consideration.

Both corporate documents and interview transcripts are used collectively in the analysis as complementary sources. Throughout the chapter, the different interviewees are named in abbreviated formats that show what kind of participant group they represent. For example, ICorpP1 means participant number 1 from an indigenous corporation, MCorpP2 means participant number 2 from a multinational corporation. In similar veins, CommP3 for instance, means participant number 3 from a local community, RegP1 and NGOP2 mean participant numbers 1 and 2 from regulator and NGOs respectively. For corporate documents, the companies are described as ICoy 1 to ICoy 3 and MCoy1 to MCoy 3, meaning indigenous corporations 1 to 3, and MNCs 1 to 3 respectively.

In crafting this chapter and beyond the subject matter, climate change and gas flaring, the rest of empirical data is organized for discussions through themes generated deductively from theories, mainly the principles of climate justice, while the subthemes and others not fitted to predetermined themes but relevant to research questions are deduced inductively from data. Moreover, the relevant empirical data was subjected to additional analysis through the business case perspective. As noted in Chapter four, climate change is not only an environmental issue, but also that of human rights and justice. Thus, climate change is hardly considered in isolation from climate justice, in view of its impacts on the livelihood of communities.

Although climate justice is used differently in different contexts, it essentially consists of three principles: *distributive justice*; - the distribution of burdens and benefits to individuals, nations, and generations, *procedural justice*; - the responsibility for making decisions; and *recognition justice*; - which is essentially the recognition of all cultures and perspectives (IPCC, 2022). According to Sultana (2022, p. 118), “climate justice fundamentally is about paying attention to how climate change impacts people differently, unevenly, and disproportionately, as well as redressing the resultant injustices in fair and equitable ways”. In other words, climate action or response requires fairness in approach that entails equal benefits and access to decision-making in terms of adaptation, resilience, or mitigation (Muggambiwa, 2021).

The rest of the chapter is organized in the following manner. First is the analysis and discussion of the empirical evidence in relation to climate change and how all interview groups understand climate change, including its linkage to gas flaring. The section following that examines climate justice responses to climate change, using the core principles of climate justice (recognition, distributive, procedural, and restorative justice). This section includes the perspectives of other social actors, who in one or other ways are connected to or impacted by the activities of oil and gas operations. Following those is the business case perspective of climate change. Solutions to climate change challenges follow that and finally, conclusion ensues.

## 6.2 CLIMATE CHANGE

Climate change is considered a social, economic, political, and developmental threat (Muggambiwa, 2021) and it is well acknowledged that human activities, especially those of the extractive industry business greatly impact climate change (Boon, 2019; Comyns, 2018; O'Dwyer and Unerman, 2020; Starik, 1994). The emissions gap report by the UNEP shows a global temperature that is headed for 2.7°C by the end of the century, and above the Paris Agreement target of below 1.5°C. Closing this gap would require the reduction of methane from fossil fuels, waste, and agricultural sectors (UNEP, 2021). Being a global problem, climate change concerns demand overarching power through international treaties that will aim to bring both individual and collective motivations in agreement to climate action (McEvoy and McGinty, 2018; UNFCCC, 2021).

Laine *et al.* (2021) argue that issues around climate change are complex and political by virtue of its linkage between economic growth, social justice, and the demand and use of fossil fuels around the world. In Nigeria for instance, the fact that oil and gas exploration is the country's core resource (Okoye, 2012), it is concerning that oil extraction poses a dilemma in balancing its somewhat positive impact on the economy and negative impact on the environment. Although climate change issues are not restricted to the oil and gas industry and cannot be solved by it alone, the industry is considered a highly visible culprit in this aspect (Boon, 2019; Cadez *et al.*, 2019;

Ranängen and Zobel, 2014), considering that its exploration and production activities contribute a great mass of GHG emissions into the environment. Prior studies have indicated that MNCs in Nigeria attend to social investments in infrastructure like hospitals or roads, but hardly focus on areas like environmental development, agriculture, and manufacturing that boost development (Idemudia, 2011; Nwoke, 2021). The remainder of this chapter continues analysis and discussion on climate change and answers the research questions on climate change, its connectedness to corporate activities, and how corporations in the industry makes sense of it.

### 6.2.1 Understanding Climate Change

This research partly explores how the corporations in Nigeria’s oil and gas industry makes sense of climate change. One’s perception of any given phenomenon unarguably shapes their impassivity or the response that they ascribe to it and determines how they respond to its challenges. Gasbarro and Pinkse (2016) opine that corporate strategies for adapting to climate-induced physical changes are informed by how corporations interpret climate events. In other words, the climate change actions or inaction by corporations of the oil and gas industry is expectedly guided by the lenses through which they comprehend the phenomenon. From data evidence, there appears to be knowledge about climate change among corporate interviewees as demonstrated below.

> Climate change is [the] sudden change in temperature, rise in temperature, if you will, inconsistent rainfall, amount of rainfall, flooding problems, that ordinarily before now or in years past were not happening that way. The rise in temperature and all these things is a form of climate change to me (ICorpP4).

> Climate change to the best of my knowledge is when the activities, you know impact on the environment as to change the normal or the natural climatic environment (MCorpP1).

Other stakeholders share perspectives similar to those of corporate stakeholders regarding their understanding of climate change.

> Climate change is happening. This extreme weather that are being recorded are directly linked to the emission and release of gases into the atmosphere, while we are all impacted irrespective of our skin colour, irrespective of the fact that we might be black or white, indigenous, or working class, we all feel the climate changes (CommP25).

> Climate change are the climatic changes which the world is noticing because of greenhouse gases which are adversely exposing the climate to increased warming, which is in turn affecting how we produce food, how we live, sea level rises, and other very devastating impacts (NGOP4).

> Climate change is the long-term heating of the earth. That is, the increase in temperature and this is as a result of human activity. We all know that human activity is a major concern and is a major cause of the global warming, and we know that through the burning of fossil fuel and even the carbon-dioxide that is being released into the environment and all because of human activities (RegP2).

Climate change is often described by how the consequences are felt. Statements from all research group participants confirm an understanding of climate change based on different climate events and attendant impacts. For example, they have associated climate change with flooding, rising temperature, food shortage, etc. Some have also linked it to fossil fuels.

### 6.2.2 Climate Change as a Global Threat

This section explores how corporate entities in this industry frame their understating of climate change. That is, whether they consider it as a local and/or global challenge. Some interview data provide a useful guide in that direction.

> Yeah, it [climate change] seems global and that’s what I said that it is global whether it’s where you produce oil or where you don’t produce oil or whatever you do it’s affecting everybody, so I will say its effect is global (ICorpP1).

> It’s a global thing; it’s not localised. A lot of countries are actually being challenged with zero gas emissions into the environment and it’s quite tough at times in some places to achieve that zero, (...). So of course, it’s a global issue which needs collective efforts for everyone to get it resolved (ICorpP3).

> Climate change issues are of course very global. They are not peculiar to a certain region; they are global issues. And that is why as a region, that is why as an organization, we have to do everything within our reach to see how we can decarbonize (MCorpP2).

Excerpts above support the argument that climate change challenges are global and experienced across different continents. Given the global nature of climate impacts, it is reasonable to infer that those nearer the impact-contributing sites are more adversely impacted. This applies to the local community stakeholders in oil producing areas of the Niger Delta region of Nigeria. In other word, although climate crises are felt by everyone, it is especially so for those with little or no responsibility for its causes (Dolšak and Prakash, 2022; Kashwan, 2021; Muggambiwa, 2021; Sultana, 2022). The fact that those least responsible for causing climate change are the ones that suffer more impacts from it signals the centrality of the recognition principle of climate justice in climate change conversations, considering the plights of those most impacted. Corporate documentary evidence equally considers climate change as a global threat as presented below.

> Unarguably, the greatest challenge facing the world today is the threat of climate change, which presents various risks to society and businesses (ICoy 3, Sustainability Report, 2021, p.18).
>
> The rising standard of living of a growing global population is likely to continue to drive demand for energy for years to come. The world will need to find a way to meet this growing demand, while transitioning to a lower carbon energy system to counter climate change (MCoy 2, Sustainability Report, 2019, p.9).
>
> Few would disagree that one of the most urgent societal challenges we face today is addressing the risks of climate change. How we meet the world's demand for the energy necessary for economic growth while mitigating the long-term impact on our environment is key to our sustainable future (MCoy 3, Sustainability Report, 2019, p.4).

The data suggests that the companies recognise the threat posed by climate change and they also use external evidence like those above to highlight why climate change should be addressed. Corporate documents equally demonstrate that corporate position on climate change is not different from that of the corporate interviewees. While the corporations appear to not disagree with their operations' significant contribution to it, they indicate a no quick reduction of their impacts because of rising energy demand that they must meet. This implies a slow transition to cleaner energy sources. It implicitly entails the need for society to live with the rising impacts of climate change, at least into the foreseeable future. Such perspective creates tensions – acknowledging the threat of climate change and the urgency to address it on one hand, and the exigency to meet economic growth on the other. Both are usually inconsistent and challenging to reconcile. The argument tends to resonate with Cho *et al.* (2018) who contend that oil corporations rationalise their operations that adversely affect the environment in the pretext of commitment to meeting the rising global energy demand. Addressing climate crises necessarily entails paying attention to the causes. Gas flaring is known as one of such causes of climate change and is discussed further in the section that follows, including research participants' perspective.

### 6.2.3 Gas Flaring as Contributor to Climate Change

Climate change and increasing global warming have long been attributed to a host of human activities (Haroff and Hartis, 2007; Pan, 2019; Rowlands, 2000), and top on the list is the burning of fossil fuels by the oil and gas industry (Hare, 2005; McEvoy and McGinty, 2018; Rowlands, 2000). Not only is gas flaring the largest contributor to GHG that increasingly warms up the planet, hence changes the climate, but also poses a health hazard and ecological resource harm to communities (Ayanlade and Howard, 2016; Idumah and Okunmadewa, 2013; Muttitt and Kartha, 2020; Nkwocha and Egejuru, 2008; Nriagu *et al.*, 2016). Scholars and policy makers agree that restraining the use of fossil fuels is an important climate policy towards addressing the challenges

(Muttitt and Kartha, 2020). Many interviewees make a connection between gas flaring and climate change. They are equally of the view that our human activities greatly contribute to climate change impacts and opine that any effort to reduce gas flaring is a step in the right direction towards addressing climate change and the associated challenges. The views, each from a different participant group and corporate document demonstrate how diverse they are on their perceptions of gas flaring and its connectedness to climate change. For example, the empirical data indicates that:

> Gas flaring in the Niger Delta is certainly a major contributor to global warming, as tonnes of water vapour, carbon dioxide, methane, nitrous oxide, and carbon monoxide are released into the atmosphere (ICoy 3, Sustainability Report, 2019, p.42).

As shown in the immediately preceding section, the oil corporations recognise climate change as a global threat and ICoy 3 in this report specifically affirms that gas flaring from their operations in the Niger Delta is a main contributor to global warming. Even with such awareness and acknowledgement, the companies are not spurred to treat climate challenges as a matter of urgency, given the economic pressures to meet energy demand. Corporate interviewees acknowledge the devastating impact of gas flaring on climate change and the environment as presented below:

> When talking about climate change, you're talking about the impacts of the oil and gas, especially gas flaring on the environment. Talking about Nigeria as a case study and a type of location, looking at Niger Delta where this oil and gas activity is at peak, a lot of this gas flaring has devastating effect on the environment (ICorpP2).

> In Nigeria, climate change boils down to only one thing and that is gas flaring. Because that is the major thing that has an impact on climate change in Nigeria, and nothing else. It's just gas flaring and gas flaring typically has the by-products of oil production, so that's climate change for us in Nigeria, that's it. That's the one thing that you can focus on (IMCorpP5).

IMCorpP5's statement is unmasked and blunt but exaggerated. Contrary to his allusion, gas flaring is not the only cause of climate change, although it is a major inducer. His expression is also different from what is commonly found among other corporate participants who for possible reasons of loyalty to their employers discuss such issues with diplomacy or outrightly evade them. The interviewee may be an aggrieved employee, or just one that is sympathetic to the communities. A likely reason for the free-flowing and brutal statement is possibly because of the assured anonymity of the individuals and their corporations. They also personally chose and used a pseudonym to introduce themselves. As discussed in Section 5.5.3, the participants background and knowledge might have affected their answers. However, this limitation was reduced by initial contacts referring the interviews to more suited personnel in most cases and the fact that most of the participants held senior positions in their respective companies. The perceptions of other corporate interviewees ensue.

> Climate change as it were, has a lot of resultant effect which of course we all know has been very inimical and that's what everybody is trying to guard against. Key amongst which is the burning of fossil fuels, which contributes a lot to the global climate change issues (MCorpP2).

> If I want to relate it to my organization, it has to do with how the emissions of carbon has impacted on climate and what changes it has caused to global warming, just in a nutshell. Apart from the fact that we are an oil company, and production of oil and gas involves emission of carbon dioxide, most of the things we use to run our activities in terms of our engines, even the offices on the rigs for instance now, most of our rigs are run by generators (MCorpP3).

MNC participants above link gas flaring to climate change, including other ways that oil companies contribute GHG emissions to the environment outside of gas flaring. Another participant provided a different but interesting perspective. They attribute illegal artisanal refiners' activities as being the largest contributor to climate change.

> The greatest challenge [of climate change caused by gas flaring] (...) it's from people that pilferage pipelines and tend to carry out their local crude oil refining and that has led to a lot of pollution in some areas of the Niger Delta (MCorpP4).

While it is true that crude oil theft is considered as a major problem in the region, the oil companies are also implicated in the theft collusion. A surveillance company, Tantita Security Services Nigeria Limited, TSSNL, operated by Government Ekpemupolo, alias Tompolo, found the NNPC, oil companies, oil bunkers, and security officials to be responsible for major crude oil theft in the Niger Delta region (Amaize and Omafuaire, 2022; Ugwu, 2022). NNPC estimates losses due to oil theft as $700 million monthly (Fadeyi, 2022).

The opinions of community and NGO groups linking corporate gas flaring and illegal artisanal refining to climate change show that:

> Gas flaring has a very adverse effect on climate change, or I can say the two of them go hand in hand. Because a situation where the ozone layer is being is being punctured by the gases that are being released into the air through the process of flaring gas. (...). All these gases cause leakage in the ozone layer, thereby making the rays that we are having from the sun to be more on earth (CommP7).

> I work in a context in the Niger Delta where hydrocarbon activities are commonplace (...). You'll see there are issues around pollution of the waterways, the streams, and the rivers as a result of these activities. You also have problems of artisan refiners in the region who are also part of this problem. Oftentimes some of the sort of fine features of the change in climate, for instance you'll see are the rising waves of flooding across communities (NGOP1).

Some community stakeholders apparently have good knowledge of the interconnectedness of gas flaring from oil operations and climate change. NGO participant 1 also recognises the menace of oil operations but also implicates artisanal refiners like MCorpP4 above.

> I must say that the issue of gas flaring in this area and even illegal refinery which are being carried out by locals which is also contributing so much [to climate change], especially in the Niger Delta area is posing serious health effect on humans (RegP2).

The regulatory, corporate and NGO participants equally blame illegal artisanal refiners in the region as part of the problem. They also bring in the health aspect of gas flaring. Preceding excerpts demonstrate that not only are the participants aware that gas flaring has negative impacts on the environment, but also people. This participant also raises the issue of illegal artisanal crude oil refiners in certain parts of the Niger Delta as equally polluting the environment after stealing crude through companies' pipelines. Such illegal refining act adds another level of challenge to the existing efforts (lack of) towards curbing emissions. Although communities remain doubtful of Nigeria's plan to end gas flaring by 2030 (Adelana, 2022). While a vast majority of interview participants had similar ideas about climate change, the contributing factors, and the notable associated impacts, one participant from an indigenous corporation had the following, a different and interesting perspective concerning the causes of climate change.

> I know there're some sciences that show climate change, but I don't know whether I am a 100 percent believer in it. There are things that are changing, but if I look at things, most of these things [climate change consequences] have even been happening for hundreds or thousands of years. I mean, I've not seen something new or something that is bound to happen, whether we do something or not (ICorpP1).

In his opinion, climate change was always bound to happen, irrespective of oil companies' or anyone else's activities, and irrespective of whether anything was done about it. A perception as this, although under a different context and perspective, bethinks Sprengel and Busch's (2011) argument that climate change impacts are not individually traceable to causers or to those whose activities individually contribute. If they were easily traceable to individual causers, then all the participants would probably get the connection between climate change and human activities, like gas flaring. So, even though climate change is a natural occurrence as the participant understands it, our human activities exacerbate the changing climate (O'Dwyer and

Unerman, 2020) and the attendant consequences, especially on those that bear little or no responsibility for it. Statement that ensues from corporate document demonstrates the corporation's understanding of the connection between gas flaring and climate change.

> The steps we are taking to reduce emissions reflect [MCoy 3]'s commitment to addressing the risks of climate change. We also continue to invest in lower-emission technologies, such as carbon capture and advanced biofuels, which are necessary for society to achieve its ambition for net zero emissions by 2050 (MCoy 3, Sustainability Report, 2019, p.4).

The claim by MCoy 3 implies corporate acceptance that corporate emissions increase climate change, hence taking steps to reduce emissions. Scholars would consider corporate claims such as that by MCoy 3, as corporate rhetoric, often unsubstantiated with actions (Cho *et al.*, 2015; 2018; Idahosa, 2002). More so, according to Holden (2020), oil corporations spend billions to take charge of climate change conversation that go against scientific consensus on its causes. To address the first research question on how MNCs and indigenous oil corporations in Nigeria understand climate change, empirical evidence (Section 6.2.1) suggests that the case corporations understand climate change from notable changes in weather patterns. They also consider it as a global challenge (Section 6.2.2), including acknowledging that gas flaring from exploration activities exacerbates climate change (Section 6.2.3). Addressing this research question then begs the next question of how they address climate change induced by oil exploration activities. In other words, corporate perceptions of climate change as a global crisis may affect how it is addressed.

## 6.3 CLIMATE JUSTICE RESPONSE TO CLIMATE CHANGE

The concept of climate justice refers to awareness of the adverse effects of climate change, especially on groups that are least responsible for it and are often left out of decision-making that pertains to climate action (Dolšak and Prakash, 2022; Newell *et al.*, 2021). Given corporate recognition that climate change is real and that oil operations (particularly gas flaring) contribute to it, and the impact is threatening, it is then logical to address how the negative impacts are (should be) handled by the companies especially as the impacts are disproportionately distributed. As such, the following subsections present a thematic analysis of the empirical data in relation to how the corporations address climate change challenges using the lens of climate justice.

### 6.3.1 Recognition Justice

The principle of recognition is fundamental to other aspects of justice, namely distributive justice, procedural justice, and restorative justice. Without recognition, assigning rights and responsibilities by distributional or procedural means will reproduce social injustice (Edwards, 2020). This aspect of justice entails recognizing all cultures and perspectives (IPCC, 2022), and protecting equal rights for everyone, in light of the unequal ability to exercise and defend rights (Newell *et al.*, 2021). This section that follows explores how oil corporations and other stakeholders recognise local communities of the Niger Delta region and their vulnerabilities from exposure to gas flaring. This is specifically analysed using the notion of *local vulnerability*.

Cheng (2022) describes vulnerability as the fundamental characteristics of people and their environments that make them more susceptible when exposed to danger. Climate change disproportionately affects the poorest countries and communities, as they lack the resources to address both their current and future climate vulnerabilities (Dolšak and Prakash, 2022; Lyster, 2017; Porter *et al.*, 2020). In relation to climate change vulnerability, the poorer population (local communities) are often the most marginalized, and disproportionately affected, and yet with least resources to adapt.

#### *6.3.1.1 Impacts of Gas flaring: Corporate Stakeholders' Perspective*

This section highlights participants perceptions on the impacts of gas flaring on health and livelihood of local communities. It demonstrates a spectrum of opinions between the various groups and begins with corporate personnel.

> Apart from the greenhouse gas effect of the global warming, the inhabitants of those areas might be having one or two health challenges in one way or the other from inhaling these dangerous gases. (...). In Nigeria they [the government] think more of the oil, how they can get the oil, how much barrels per day they can extract. That is talking about Nigeria generally. So, they don't really pay much attention to the climatic change, or the damages done from these activities (ICorpP2).

This indigenous corporate participant cites the health implication of gas flaring on local communities in the oil producing region, including climate change impacts. They also blame the government of Nigeria for being more concerned about the financial gains from oil extraction with disregard for climate change consequences and other impacts. The government is often implicated in issues of gas flaring as further demonstrated under the business case perspective, but not without reason. For instance, the government is incapable or unwilling to meet its cash call obligations to the corporations, which partly impedes investment in gas-capturing technology by the corporations (Edeh, 2022; Salau, 2015). The participant's comment also corroborates the idea that policy makers focus more on revenue from investments (Tilt, 2018), even if at the expense of impending social and environmental impacts (Sikka, 2011; Tilt, 2016). As further highlighted by an MNC participant:

> Gas flaring is localized to the regions where hydrocarbons are being produced and flared. They do have an impact; I have tried to say that in the opening

> statement there. They do have an impact in polluting the environment, the ozone layer (MCorpP6).

Like the popular saying that ‘only the wearer knows where the shoe hurts’, gas flaring and climate change impacts are felt, understood, and described from different perspectives, depending on who describes them. From the foregoing, whereas corporate personnel explain them in more general and rather detached manner, that is, like something out there that affects everyone; local communities and NGOs describe it more from lived experiences, by the way it impacts them or from how they feel the consequences.

#### *6.3.1.2 Impacts of Gas flaring: Other Stakeholders’ Perspectives*

Some classical examples from community, NGO, and regulatory interviewees are as follows.

> The gas flaring is having a serious impact on my community because it kills the insect that usually keeps the soil. (...). It’s having effect on our houses; our zincs are getting spoiled. If you zinc your house today, in the next two years you’ll see that because of the flaring and the acidic acid that’s coming from the up, it’s destroying our zinc, erosive zinc (CommP1).

> That is why if you check online, you’ll find out that the life expectancy within this area is below the national life expectancy because the people here live in oil production facilities and the impact from flaring, the impact from pollution that deposit on the food they eat, the water they drink and all what not, contribute to a reduction on the lifespan of the people (CommP3).

Other identified impacts by community participants continue below.

> When you flare like that, over time it destroys the ozone layer and of course, distorts the seasons. First, you know how crops, how some of these agricultural crops are; they are seasonal. They have periods within which you plant them and expect them to grow in line with the natural, maybe rainfall pattern. However, because of this you might now have a situation where there is a prolonged season. The dry season is intense, at the time when the rains are supposed to start, they don’t start, so, it will affect certain crops that need the rain at that time (CommP4).

> Pollution from oil and gas exploration has led to different forms of respiratory diseases. The discharge of toxic substances into the atmosphere, sods, and waterbody resulted in increasing cases of cancer, health defects, and liver damage. Atmospheric pollution as a result of our oil and gas operations have also been attributed to the leading cause of climate change in this part of the world (CommP8).

As community interviewees' statements above show, local communities have experienced and continually endure a myriad of impacts from gas flaring. Some of these include soil destruction; which affects farm yields, corrosion of zinc on their houses, various health diseases, danger to animals and aquatic lives, reduced life expectancy because of pollution on food and water, amongst others (Ayanlade and Howard, 2016; Chimezie, 2020; Nriagu *et al.*, 2016). Consistent with the findings by Mugambiwa and Rukema (2019), communities in Africa make sense of climate change using observed changes in weather conditions and impacts on their farming activities.

Nnimmo Bassey, the director of Health of Mother Earth Foundation (HOMEF), confirms the life expectancy claims in the guardian article where he bemoans the reduced life expectancy of the people in Niger Delta region to 41 years as the result of oil exploration activities in the area (Nwaoku, 2022). He also notes that the region is among the top 10 most polluted places in the world (Nwaoku, 2022). Meanwhile, the World Bank's data of life expectancy in Nigeria showed an upward trend from 46 in 2000 to 55 in 2020 (World Bank, 2020a). In 2021, life expectancy in Nigeria was 53 years, while that of the Niger Delta region was 40 years (FES International, 2021). President of the Niger Delta Youth Association (NDYA) of Nigeria also blames environmental degradation for the reduced life expectancy in the region (Okogba, 2018). Besides the perspectives of corporate and community members, the perspectives provided by the NGO participants corroborate the negative impacts of gas flaring on the communities. For example,

> Communities are left to wallow in their own poverty, (...), communities are the ones bearing the brunt of the gas flares that have been going on for over 50 years. So, if you look at it, you leave a gas flare stack in my community for 50 years (...), and there's nothing to show (NGOP2).

> It's [gas flaring] an overwhelming impact of oil activities on Niger Delta communities. It includes environmental degradation, which take the form of gas flaring, pollution of the air, pollution of the land, pollution of the sea, it includes the livelihood losses which the people suffer on account of these activities. Like Obio Akpor communities that produce oil are mostly fisher folks and farmer folks, (...) their major traditional source of livelihood has been destroyed, and there is no corresponding support by the oil companies for people to restore their livelihood and/or have alternative livelihood sources (NGOP4).

NGO interviewees highlight the injustices that communities in the region endure from gas flaring from exploration activities. Like the community group, NGO participants enumerate different observable impacts of gas flaring and climate change on communities and aquatic lives, including impacts on community livelihood. These expressions are from lived or witnessed experiences. Issues as these clearly border on human rights violations and disproportionality of the burden on vulnerable communities as I discuss later in Section 6.3.2. Similarly, the perspective of one of the regulators on impacts of gas flaring is different and somewhat controversial. According to the participant,

> I won't say we have done any study, or we have any scientific data to tell you categorically that this is the specific effect of the flaring of those hydrocarbons on the communities (...). To determine health impacts from the effects of flaring, these are studies that would span long periods. (...). But because of migrations, (...) we may not be able to as a matter of fact say this may have impacted on people that have resided in these localities. And again, there are few studies that have shown the impacts of the acid rain on crops or plant lives around those vicinities or localities. (...). Yes, those areas do not readily support plant lives. (...). We've also come across a few studies that have shown that people who are close to these where there are flaring operations, because they are exposed to the light of the flare, it kind of changes their behavioural patterns and stuff like that (RegP1).

Participant 1 of the DPR provides interesting and self-contradictory comments. They opined that the studies to determine the health impacts of gas flaring would span long periods and would be designed specifically for that purpose but to their knowledge, none had been commissioned or clearly documented. Nonetheless, studies as those by Edino *et al.* (2010), Libecap (2014), Ojewale (2021) and Udok and Akpan (2017) have documented that gas flaring has health and livelihood implications for communities in the Niger Delta region. The participant further suggests that the migration of people to other places would mean that those who had previously resided in such communities may not have been impacted, or that more people have come to the area likely because of the harmless impact of gas flaring. However, people from these communities may have migrated to escape exposure to gas flaring impacts. Surprisingly, the interviewee indicated that some studies recorded changes in behavioural patterns in people who were exposed to gas flare. So, this latter comment contradicts the former which suggests that no study had revealed significant health impacts on community residents close to gas flare sites. To recognise the impact of gas flaring and climate change is one thing. It is another to ensure that the burdens are appropriately distributed.

### 6.3.2 Distributive Justice

Distributive justice requires the distribution of climate change burdens and benefits equally among individuals, nations, and generations (IPCC, 2022). Although distributive justice is frequently discussed under international framing of justice, it also bears local relevance, considering that the burdens and benefits of climate change are also disproportionately borne among individuals and communities. Thus, climate change issues, however global, also have local implications. Since issues of climate change typically border on environmental and human rights and justice framings, the empirical data is analysed using the thematic lenses of human rights and environmental justice in relation to oil corporations and local communities in the Niger Delta region of Nigeria.

As discussed in the theory chapter, "human rights are legal guarantees that protect individuals and groups against actions that interfere with their fundamental freedoms and entitlements" (Robinson and Shine, 2018, p. 566). Hare (2005), Kashwan (2021) and Newell *et al.* (2021) contend that climate change impacts are mostly experienced by the people that are less responsible for them. The concept of climate justice attempts to provide a framework for international rights that advocate environmental and legal requirements that cater to the fair and equitable distribution of the burdens and benefits of climate change (Muggambiwa, 2021). The framework considers the disproportionate burden on the vulnerable, like host communities. In that sense, and historically too, climate justice has been recognised either in terms of the causes and consequences or in terms of effects in attempts to respond to it (Newell *et al.*, 2021). According to Bassey (2012, p. 121) "crude oil extraction has effectively uprooted the people from the soil. It has polluted their waters and poisoned their air". Given the pervasive gas flaring in the Nigeria's Niger Delta, this thesis focuses on gas flaring as a contributing activity to climate change and its associated impacts on the environment and on local communities. That is, the (in)justice resulting from climate change (in)actions.

Scholarly evidence suggests that climate change impacts further intensify the already existing volatility of biological community and create bleaker conditions for local communities than they previously managed and adapted to (Mehta *et al.*, 2019; White-

Newsome, 2016). Therefore, any considerations about climate change would be inadequate without regard for concerns of climate justice for those exposed and most vulnerable to it. Hence, the correlation of gas flaring and *human rights* violations.

#### *6.3.2.1 Human Rights and Environmental Justice*

This is started off by analysing the corporate documents followed by the views of corporate interviewees and interviewees from other stakeholder groups to reveal diverse perspectives. Documentary evidence from the MNCs reveals:

> Mandatory training for senior managers and middle managers (Italy and abroad) of the 4 specific modules continued in 2021: "Security and Human Rights", "Human Rights and relations with Communities", "Human Rights in the Workplace" and "Human rights in the Supply Chain" (MCoy 1 Sustainability Performance Report, 2021, p.35).
>
> [MCoy 2] Nigeria's commitment to human rights is guided by the [MCoy 2] General Business Principles. [MCoy 2] signed up to the Voluntary Principles on Security and Human Rights (VPSHR) in 2000. (...). The voluntary principles provide practical guidance to companies on how to maintain the safety and security of their operations, while respecting human rights and the fundamental freedoms of people in surrounding communities. With an increased presence of government security agencies in the Niger Delta, we have been organizing human rights awareness workshops for senior government security officers, our staff, and other stakeholders (MCoy 2).

Only these two MNCs make reference to human rights in their sustainability reports and web content, but they make no specific mention of its link to gas flaring. Nonetheless, the companies recognize the existence of human rights' concerns in connection with corporate activities and community relations. However, corporate interviewees offer their perspective on the issue.

#### *6.3.2.2 Gas Flaring as a Human Rights' Violation*

> It's [linkage between gas flaring and human rights' violation] a bit dicey, but I will say to the extent that you're not supposed to contaminate the air that I'm

> breathing you know, so when you flare gas and it's affecting me, yeah in a way it's a violation of my right to breathe in clean gas (ICorpP1).
>
> Because humans have a right to breathe in fresh and clean air okay, but unfortunately, that is being impacted now by the flaring process thereby polluting the environment. There's a human right violation there (MCorpP1).

Surprisingly, these and some other views by corporate stakeholders appear to side with communities and distance themselves from corporate rhetoric. Although such direct and harsh admittance by this group is unusual, it may have been motivated by the fact that they were promised not only personal anonymity, but also anonymity of the companies studied. This might also suggest that some employees may be disgruntled with inappropriate corporate behaviour but must put up with it, at least for the show of loyalty to their employers. It demonstrates the notion of various perspectives of accountability by Roberts (1991), such that accountability as a social practice can let us create a perception of self as alone and different with no necessary association with others. It individualizes how one is seen in relation to the expectations of others. Other corporate opinions on gas flaring and human rights show for example that:

> Yes, I think there's a linkage because gas flaring has a devastating effect on the health of inhabitants. If you look at some locations where these flaring activities are being carried out, you'll see some communities around there; people living around less than 100 meters away from the fire, and this heat alone can cause some health issues like asthma, bronchitis, even some skin infections (ICorpP2).
>
> Where there's gas flaring in the community, it is a major problem, and it can be categorized as a violation of the fundamental human right entrenched in every constitution in every country for the protection of the citizens. So, if you're flaring gas, there are no alternatives, the people there are having lung cancer, they're having asthma, they're having all sorts of health challenges, owing to the gas flaring (ICorpP4).

Indigenous corporate participants 2 and 4 connect gas flaring to health hazards, hence human rights' violation. In the extract that follows the MNC interviewee makes a connection between gas flaring and human rights but blames it on human rights groups that create awareness and instigate communities to revolt against the companies.

> Where oil companies operate, there are bound to be quite several issues that result in human rights issues [violations]. Now, we have had human rights groups publish articles for instance, that people have died of cancer, people have died of all kinds of diseases. They tell you that a lot of issues, a lot of sicknesses that people have suffered from because of gas flaring, and they incite communities, so that way sometimes you see pockets of skirmishes (MCorpP2).

This interviewee acknowledges human rights violations from corporate externalities but claims that human rights groups incite communities, as if suggesting that the communities are docile. That impression is inconsistent with the agitations from the community group. That notwithstanding, both extracts by corporate participants recognize and link gas flaring with health implications for communities. Scholarly evidence has also linked gas flaring to health hazard for local communities (Eboh, 2019; Edino *et al.*, 2010; Ite and Ibok, 2013; Ojewale, 2021; Osuoha and Fakutiju, 2017; Udok and Akpan, 2017). Good health and life expectancy can be threatened by climate change impacts on agriculture and housing (Ayanlade and Howard, 2016; Muttitt and Kartha, 2020). The adverse impacts on humans and the environment provide a further rationale for the inclusion of climate justice on issues that border around gas flaring and climate change. Other differing views on the linkage between gas flaring and human rights violations ensue.

> In Nigeria, no! [linkage between gas flaring and human rights violations] Because like I said before, most host communities are not that worried about gas flaring. And even NGOs, they're not worried about gas flaring. They're more worried around environmental degradation; and that is spills and what have you. So, human rights issues in Nigeria have quite little to do with gas flaring. I think issues around gas flaring is primarily between the government and the oil companies, and little to do with human rights (IMCorpP5).

This participant claims that NGOs and communities do not pay attention to gas flaring but rather only about oil spills. However, grievances from community participants and literature evidence suggest otherwise. For instance, Renouard and Lado (2012) and Ukala (2010) in their studies of the Niger Delta region of Nigeria show evidence that local communities are aggrieved by the numerous impacts of gas flaring on the environment, their health and livelihood. Similarly, the Gbemre vs. Shell case in 2005 provides another substantiative evidence that communities are alarmed by gas flaring. In this case, the applicant litigated on behalf of himself and the community for the adverse impacts of gas flaring, which was a violation of his rights to life and human dignity. Prior to this case, several other cases involving environmental damage were ruled in favour of the oil companies (for lack of evidence of causality) (Ebeku, 2007). Moreover, disassociating gas flaring from environmental degradation also demonstrates either the interviewee's lack of understanding of reality or a feigned ignorance. Another corporate interviewee holds a similar view that refuses to link gas flaring to human rights violation.

> For now, I don't perceive it as human right violations because certainly from the energy perspective what has been approved now is within human approved limits. So, where I think violation will come into play is if the approved limits are exceeded, then we'll have a case of human rights violations, but for now, I don't think so (MCorpP4).

The argument by MNC participant 4, like the preceding one, does not outrightly link gas flaring to human rights' violation. In this case however, the participant draws on the idea that emissions from gases flared are within human approved limits. So, issues of human rights become tenable only when such approved limits are exceeded. It is equally unclear whether the 'approved human limits' refers to scientifically approved limits that meet the safety requirement or the limit approved at the discretion of the Minister of Petroleum Resources. The latter is apparently politically motivated and requires the oil companies to pay little penalty fees for gas flared more than the approved limits. Speaking further, MCorpP4 asserts thus:

> The companies tend to try as much as possible to play within what is approved for them. And if they must deviate, they must seek a waiver and that must be approved before they can try to deviate. Because if they are caught as I said earlier, the impact is very huge in terms of financial and reputational damage to the respective companies (MCorpP4).

Moreover, nothing demonstrates that the said approved limit was scientifically determined. The flaring fines and penalties are economic-based measures aimed at deterring the corporations from flaring gas, but it may not have achieved that aim (See Section 6.4). Additionally, the corporations are allowed to exceed the limit with ministerial assent and payment of fines. However, the fines paid are not applied to support the affected vulnerable communities. The next comment shows another different perspective from the same group of corporate interviewees.

> Gas flaring and human rights. It goes with fundamental human rights yes, maybe infringed, but I think it is by perception. What really is human rights? One man's meat they say, is another man's poison. I would not want people to flare because in a way it affects everything, environment, and the guy that is even flaring. I'm talking about local refineries [illegal artisanal refineries], it's the guy's daily bread (MCorpP6).

Here, the participant plays a word game to tactfully discuss gas flaring and human rights' issue. The participant refers to illegal artisanal refiners who also flare gas, an activity he alleged supports the livelihood of those illegal refiners. The link between gas flaring and human rights violation is seen as a matter of perception because some people may see nothing wrong about flaring gas. Foregoing excerpts from this group provide evidence that although all corporate interviewees believe that their activities have carbon footprint, some of them suppose that such impacts on local communities could be considered as human rights' abuse. It is evident that the perceptions on gas flaring as human rights' violations vary quite a bit among the corporate personnel.

Although some corporate participants recognize and link gas flaring to human rights' violations, others seem to consider the payment of compensation to the impacted communities addresses those violations,

> So, it would be a violation [gas flaring as human rights' violation] if no compensation is paid, it would be a violation if there's this environmental degradation and nobody is doing anything. It would be a form of human rights violation if the government of the day does nothing about it if the E and P companies do nothing (ICorpP4).

For this indigenous corporate participant, the issue of human rights' violation can arise only if no compensatory payment is made. Other corporate participants appear to rationalise gas flaring in a very subtle manner as the extracts that ensues demonstrates.

> The locals believe that the oil companies have degraded their environment. When you don't have very high yields in crops, of course, they tend to think that it's as a result of the gas flares. You also have situations where some of the communities do not have electricity, (...) so they just basically come out of their houses in the evening to have light from the gas flares. So, they use the gas flares that are around them as a source of light. Generally, a lot of communities feel that the oil companies are under-developing them (MCorpP2).
>
> When it is flared, some of the communities (...), because of the heat generated, they go there either to dry their clothes or dry their farm produce for those who do cassava. They go very close to the gas flare, although people are now beginning to fence off the gas flare. They will go very close to it because of the heat and use it as an additional heat source to dry or to fry (...). So, strictly speaking, the communities worry less about gas flare and climate change but worry a lot about environmental damage (IMCorpP5).

These participants' opinions appear to justify gas flaring by the fact that communities without electricity use flare sites as a source of light in the dark and for drying their clothes and farm produce. Thus, insinuating that flaring gas is favourable to local communities, suggesting a win-win for both the corporations and communities. Despite the claims, it does not have much credence because local communities consider the continuous flare a nuisance as there is hardly any difference between their days and nights, including the lamentations from several community interviewees on how gas flaring impacts them. For example,

> It's affecting the people because around the area where you have gas flaring going on, I can say "night does not fall". At all times the environment is bright because of the fire from the gas that is being flared. So, when they do not have darkness fall it's difficult for both Flora and Fauna to reproduce because a lot of them work by night (CommP3).

In the Niger Delta region approximately 2 million people live within 2 kilometres of a flare site and the flames burn day and night, continuously for several years unending, thus lighting their nights (Edino *et al.*, 2010; Schick *et al.*, 2018). This also has implications for crop yields and hence, farmers income and food security (Idumah and Okunmadewa, 2013). Unfortunately, the community stakeholders are just not powerful enough to challenge the oil corporations. That is why to achieve justice, we must necessarily eradicate the patterns of representation, interpretation, and communication that perpetuate injustice which systematically silence some voices while amplify others (Edwards, 2020). MNC participant 5 shares a different view on the issue.

> Flaring of gas definitely would affect the immediate community around operations, so, both parties have always met to discuss and to examine the effects, if any, within that locality. So, basically as we speak right now, we have no record of any cases concerning gas flaring within our host communities (MCorpP5).

Contrary to the opinions of the prior two corporate participants, participant 5 admits that gas flaring impacts communities within proximity of flare sites. They also claim that the corporations and communities always meet to discuss such impacts. Dialogue with community stakeholders is covered under procedural justice (Section 6.3.3).

The oil industry regulators also have a different perception on gas flaring and its link to human rights. For example, one regulator discusses the link between gas flaring and human rights violations with attendant compensatory payments in the following narrative:

> It [gas flaring as a human rights' violation] has to be proven, it is evidence-based, it has to be scientific, and it has to be justifiable. So, if these things all come together then we are here to ensure that what is due to these people, they would get. That's the bottom line. It's about fairness, it's about justice, it's about equity. Of course, there are the traditional medium for the resolution of issues, which is the courts, if they so desire or they still want to use this kind of medium. For the DPR, what I will say is evidence to show that the community has been impacted due to oil and gas exploration and production activities. (...). We would support the compensation of that community, to the extent of which that damage has been done because it is their right, and they should be duly compensated. (...). However, it must be backed with evidence and facts, scientific; it has to be (RegP1).

The views of this industry regulator appear to be biased in favour the oil companies and against communities. He draws on the law with the intent of limiting community rights to redress and compensation for the ills of gas flaring. He expects the community to seek justice through the courts, while the burden of proof that their rights is violated rests on the community. The weakness of such argument is the fact that the courts have often demonstrated apparent bias in their adjudication of cases between oil companies and communities in the Niger Delta (Amaeshi *et al.*, 2006). As such, the argument by the regulator is fundamentally weak in the context of judicial capture by oil companies. Their economic interests seem more important than justice, in view of the country's reliance on oil revenue (Frynas, 1999). Failures by the local courts to dispense justice without prejudices to communities have motivated several Niger Delta communities in recent past to seek redress against oil MNCs at overseas courts in their MNCs' headquarters. For example, the case between Okpabi and Others vs Shell in 2020 where the UK supreme court judged against Shell (The Supreme, 2021). While the above participant also uses justice-centric words, such as - fairness, justice, and equity, their recommendation of the courts as alternative means for the communities to seek justice is not only challenging for the poor communities to afford but also a very lengthen process. This option, coupled with corruption of the judicial system and interferences by the oil companies will likely frustrate any such attempt by communities.

Moreover, the government takes sides with the oil companies because of its dependence on oil revenue to run the economy and also being the majority equity holder in the joint ventures with the corporations (Egbon *et al.*, 2018; Idemudia, 2011). This enables regulatory capture by the oil companies, with the state undermining its own regulatory authority in view of her heavy reliance on the sector to keep the economy afloat (Noah *et al.*, 2020). Therefore, lax regulation likely stems from government's preference or her vested interest in the industry. The consequence of regulatory laxity is that the oil corporations then assume the role of quasi-government with powers to influence institutional system. Nigeria's overdependence on oil revenue is argued to have caused regulatory capture by industry corporations (Ekhator, 2016; Noah *et al.*, 2020; Nwanolue *et al.*, 2022). The government's stance on this issue might also have implications for its willingness to press for climate mitigation and adaptation. Having established that community exposure to gas flaring could be linked to issues of human rights violations, the next section considers how the corporations could (should) ensure the participation of local communities in corporate climate actions.

### 6.3.3 Procedural Justice

Procedural justice is justice in terms of stakeholders' information, participatory rights in decision-making and access to justice (Schapper, 2018). Stakeholder accountability approach equally promotes access to information, transparency, and participation of stakeholders. In Nigeria, as with several other nations and societies across the globe, there is disparity between those whose (in)actions contribute to climate change and those who are directly or more closely impacted by its consequences. The vulnerability to such exposure further increases the already huge gap between the affluent and those with thin resources which makes it morally expedient that they (those who suffer greater exposure to its challenges) are not excluded from the decisions for tackling those challenges. So, how are the local communities in proximity of oil exploration considered in conversations about gas flaring, climate change, and associated impacts? This aspect of participatory justice is explored through corporate dialogue with local community stakeholders on the subject matter. In essence, it explores stakeholder accountability using *participatory justice* developed around the empirical theme of '*Corporate-Community Dialogue'*.

#### *6.3.3.1 Corporate-Community Dialogue (Documents and Corporate Participants'' Perspectives)*

Climate justice emphasizes local challenges and impacts, inequitable vulnerabilities, and a need for community voice and sovereignty (Schlosberg and Collins, 2014). Although some statements from conversations with other social actors provide corroborating evidence to those of corporate personnel, others reveal astonishing variations in opinions. For example, on the issue of dialogue with host communities in areas of common concern, like the environment, corporate interviewees alluded to the suggestion that communities cared less about gas flaring and climate change or were made aware of the challenges the corporations faced in that respect. Community interviewees on the other hand, had different opinions. Statements from corporate documents also demonstrate the idea that dialogue exists between corporations and the community stakeholders.

> The consolidation of some communities continued, with the overall number decreasing from 58 to 55, but with an increase in participants from 32,266 to 35,510 members (+3,244, +10.1%), an indicator of further engagement of people (MCoy 1 Sustainability Performance Report, 2021, p.23).

> We engage with communities and other stakeholders as part of our impact assessment process to explain the project, consider suggestions and discuss possible ways to address any concerns (MCoy 2, Sustainability Report, 2018, p.11).

> We interact with a variety of stakeholders via community meetings, digital and social media, and one-on-one discussions. Maintaining an open dialogue provides opportunities to listen to concerns, discuss approaches and share plans (MCoy 3, Sustainability Report, 2019, p.7).

The statements from MNCs' sustainability reports refer to general stakeholder engagement and not related to any specific issue or context. According to comments from the reports, the companies maintain interactions with different stakeholders, including communities. Following are comments from corporate personnel regarding companies' dialogue with local communities on the issue of gas flaring.

> I don't think the community is considered [in terms of dialogue on gas flaring and climate change] and I'll tell you why. I think the communities are more focused on environmental damage from spills and what have you than climate change. Like I said, in Nigeria people worry less about climate change (IMCorpP5).

This participant claims that communities do not pay attention to gas flaring. However, they seem ignorant of the fact that communities and NGOs frequently attack the companies over the impacts of gas flaring, including literature evidence. Whereas this MNC interviewee suggests that communities are not considered in climate change conversations, the next comment from another MNC participant suggests otherwise.

> The community is being carried along but like, particularly in Nigeria, the challenge is so much, so enormous that the community is aware of the company's plans to kind of do something about flaring, but unfortunately, they are also aware of the challenges, e.g., buying of equipment and so on. Sometimes you order equipment today, and it takes about five to six years for them to arrive (MCorpP1).

Interestingly, this MNC participant alleges that the local community is aware of the challenges faced by his company in efforts to import equipment for use towards curbing gas flaring. As with the issue of gas flaring linkage to human rights violation, the interviewees have varying opinions regarding dialogue with local communities on gas flaring, and again.

#### *6.3.3.2 Corporate-Community Dialogue (Community Stakeholders' Perspectives)*

Following are some community participants' perspectives on corporate-community dialogue concerning gas flaring.

> The engagement we usually do is they will provide the community, maybe if you have written thing to community, maybe by way of assisting with projects. Then sometimes they collaborate with NGOs to put some certain things in the community, that the community agreed upon that they can be provided (CommP1).

This community interviewee confirms the existence of corporate-community dialogue, but only in areas of pre-agreed projects or other provisions of social infrastructures as aid to the community.

> Community-corporation dialogue, we don't have. The corporations, they see the community people as enemies. (...). They try as much as possible to distance themselves from them. So, there have not been any interface between the communities and the corporations to discuss areas of gap and how these issues can be addressed, we don't have that kind of system. We only have, in some few communities, (...) the GMOU [global memorandum of understanding] that they use as a platform to support community issues. But what today's environment, today's society demands, whereby people can sit down, dialogue to proffer solutions to problems, we don't have it in Nigeria. It is difficult to have that kind of situation for the corporations (CommP3).

Although the latter comment by community participant 3 unlikely cuts across all corporations and communities, it appears to be observed in some communities. Consistent with the findings documented by Egbon *et al.* (2018), Idemudia (2014) and

Idemudia and Ite (2006a), corporate-community engagement that exists between these two groups apparently only relates to social infrastructure provisions in the communities and not necessarily on matters of pollution abatement. This reiterates the idea of corporate performance of affirmative duties while failing in negative injunction duties (Nwoke, 2021; Ojo, 2012). Such shortcoming is not in accord with the principles of climate justice, in terms of promoting community participation and inclusion and in making reparation for harms caused. Another insight on the issue of corporate-community dialogue is as follows:

> I worked in [MCoy 2] before to the point of head of . . . They [the corporation] have community relations people, but nobody discusses this [gas flaring] because they don't want to be indicted. They don't want even the communities to know, so they are dealing only with the government. What the government tells them to do, that is what they do and then when the local villagers go there to them, they [community stakeholders] don't even know what climate change is (CommP2).

In the words of community participant 2 as above, also a retiree from MCoy 2, "*nobody discusses this because they don't want to be indicted*". Nobody, implying no oil and gas corporation discusses the issue of gas flaring with the communities, to avoid creating awareness that enables them to seek redress of some sort from the companies for the ills they endure from gas flaring. Even though the corporations may not discuss issues of gas flaring with communities, these communities are aggrieved and bring the issue up as part of agitations against the oil companies (Ojewale, 2021; Udok and Akpan, 2017). Not having such dialogue with communities allows the corporations abnegate responsibility for the negative impacts of oil extraction.

So, while it may appear that the corporations dialogue or engage with the local communities, such engagements are in other areas, like those of fulfilling agreements within the GMOU (global memorandum of understanding) confines but not on issues of concern for climate change or gas flaring. Although they may not engage with local communities on such conversations, corporations in this industry are not oblivious of the impacts of gas flaring on them and on the environment. However, they believe that such matters are for the government to take the lead in addressing. It is unclear how the government is able to provide a lead when it appears to operate in the context of a limited statehood in the Niger Delta Region by reason of institutional weakness or government's skewed preferences (Nwoke, 2021). Azizi and Jamali (2016) describe limited statehood as the gaps that exist to allow non-state actors control governance or rules enforcement.

Essentially, majority of community participants suggested that the corporations had no engagement with them concerning gas flaring or climate change but engage strictly concerning MOU or GMOU matters. Getting communities on board climate change conversations that encourage and enable adaptive capacity necessarily means engaging with them in all processes. Coplan (2020) argues that regulation alone is hardly adequate to tackle climate change challenges unless matched by a change in culture. This in part relates to creating more stakeholder awareness and recognizing and enabling participation of community stakeholders. According to FES International (2022), in sub-Saharan Africa where both awareness and adaptive capacity are low, climate change impacts humans disproportionately. Amanchukwu *et al.* (2015) and Ebele and Emodi (2016) note that research and education are the best strategy for the climate challenges that everyone experiences, but Nigerians have yet to identify that fact and increase the knowledge base accordingly. As Muttitt and Kartha (2020) suggest, albeit a different context, it is essential that the rights of the people who are negatively impacted by exploration activities be considered and defended alongside the benefits from the activities.

Climate justice proposes the re-evaluation and change in focus on climate conversations to consider social impacts, outcomes, and justice concerns (Sultana, 2022). However, the narratives emerging from this analysis appear to more resonate with stakeholder management and business-case strategy instead of climate justice in the interest of the adversely impacted communities. Corporations in this industry employ the business-case approach in their dealings with stakeholders to promote corporate legitimacy. Business-case justification highlights the notion that stakeholders' relationship with the corporation is instrumental because managers consider and deal with them as the means towards attaining corporate objectives (Brammer *et al.*, 2012; Brown and Fraser, 2006; Carroll and Shabana, 2010; Jones, 1995). For example, the corporations use CSR programmes and other monetary payments to placate communities and divert their attention from environmental issues, just so long as operations remain undisrupted (see Section 6.3.4.2). This argument resonates with Bebbington (1997) and Owen *et al.* (1997) who assert that corporations use favourable elements to demonstrate their responsiveness to issues, thus maintaining legitimacy while retaining business as usual. The subsequent empirical analysis focuses restorative justice to explores how the oil and gas corporations operating in the Niger Delta region ameliorate the impacts of their operations on local communities.

### 6.3.4 Restorative Justice

Restorative justice, a less common aspect of justice in theory and practice, is also used in evaluating climate impacts, vulnerability, and adaptation (Hughes and Hoffmann, 2020; Juhola *et al.*, 2022). It refers to and offers a non-judicial means of restitutions or redress to people or community impacted by climate change or an inducing activity, like gas flaring (Robinson and Carlson, 2021). Restorative justice necessarily follows from the recognition of impact bearers. This section analyses how oil corporations operating in the Niger Delta region assuage local communities impacted by their operations.

#### *6.3.4.1 Restitutive Payments*

Corporations in the industry also monetize the inconveniences meted out to communities in the belief that such payments or the provision of certain basic amenities cushion the impact of their flaring activity and render them not totally undesirable. After all, they pay fines to the government and compensations to the communities. Indigenous company participant 4 demonstrates this view with the extract below.

> If the forest is damaged by way of burning owing to the flaring, we see how best we can pay, not penalty to government now, but fines and compensations to the host community. (...). So, for climate change, I won't say the impact of our own activities is that bad, let me put it that way. I can't say that we're basically destroying the place, no. We try as much as possible to compensate for whatever activities they feel is negating what we ought to do as a company. There's a lot of scholarships, there's a lot of human development going on in the place. We do a lot of all those things (ICorpP4).

This corporate participant insinuates that the corporations make payments to communities as compensation for the adverse impacts and inconveniences of their activities on the communities. The argument appears to rationalise that the impacts of oil and gas activities are not bad, so long as the communities are compensated.

However, compensatory payments or penalties for environmental degradation may not directly be paid to the communities as the following narratives suggests:

> The major thing is at times, yes, the companies even pay money that exceeds what is expected really, to the government and to the communities. But most of the time it doesn't get to the people and it's always the challenge in Nigeria - it doesn't get to the people (ICorpP3).

According to corporate participant 3, consequent to the peculiarities of the country, like corruption and undue advantage of the vulnerable by the powerful set, such payments do not get to the intended people. This statement has a fundamental flaw and raises questions, because despite correlating with ICorpP4's comments in terms of compensatory payments to communities for gas flaring, no information is provided on who receives the compensation and how the payments are determined. In contrast, regulatory participant 2 asserts below that no payment is made to communities for gas flaring, other than the 13 percent derivation payments to governors of the respective states for community development purposes. There is also the idea that communities get justice for gas flaring only through the legal system as shown under alternative compensations in the next section. Technically, this means that the said restitutive compensations are not really paid to communities - a further classic example of injustice meted out on the already disadvantaged populace, also the most exposed to the impacts of gas flaring. This also implies that the claimed restitutive payments (if any) by the corporations are not made by any systematic metric for determining the amounts.

> If there's a violation of some sort and it is identifiable [gas flaring as human rights violation], I think the local community would, by way of breach of fundamental right, bring an action against the company to see how best they can enforce their rights, as regards protection, as regards due compensation, if any would be paid in that regard. So, through the ministry of environment, they can institute an action in a competent law court (ICorpP4).

Here, ICorpP4 asserts that compensation to community for gas flaring might be sought through the courts with the burden of proof on the community. This contradicts the immediately preceding comments by ICorpP3, and the same ICorpP4 where they say that the companies make restitutive payments to affected communities. Nonetheless, the acclaimed compensatory payments do not appear to be structured or backed by a particular policy instrument because the corporations appear to make such payments (if they do at all) on ad hoc basis and not by any compulsion, considering the different guises they come in. Inadequate compensations that sometimes come as crumbs from the master's table are not nearly enough to pass for justice or fairness. The regulator has a different opinion on the issue of compensations to communities.

> I don't know of any law that says that communities should be compensated. The only thing I can tell you here is that all the Niger Delta states have a 13 percent derivation. In that 13 percent a certain amount of money is given to all the governors in the area for development, and the NDDC commission was also set aside to see how they can remedy and resolve the numerous challenges within the Niger Delta (RegP2).

This regulatory participant repudiates the issue of compensation but refers to the derivation fund paid to governors of the Niger Delta region for development of the area as if it makes up for gas flaring impacts in the region. The derivation fund is not a permit for pollution, but part of revenue sharing formula based on derivation policy for developmental projects. According to section 162, sub-section 2 of the Nigerian constitution, the fund is paid as compensation to oil producing communities for loss of fishing rights and productive farmlands from oil and gas externalities. Thus, it is meant to assist oil producing communities in tackling environmental pollution and degradation, for the provision of basic amenities, and for economic empowerment of the people. However, many communities do not feel the impact of such funding, partly because the state governments expend only a portion of the fund for the intended purpose (Adebowale, 2021).

#### *6.3.4.2 Philanthropies as Alternative Compensations*

The oil and gas companies also appear to use CSR programmes in the communities as alternative compensations to escape accountability or to remedy the environmental ills from their activities. However, these CSR philanthropies do not nearly make-up for the various impacts endured by the communities.

> I know all those medical things that they try to provide is because of that gas flaring activity, in form of CSR. Even though they are not coming directly to tell you that this thing is brought because of this but we understand. Some of us who are lettered understand that all these things are brought because of this gas flaring activity, in other to cushion the effect. That is it. And they do it as at when they want to do it. There's no responsibility or obligation on their part okay that you're holding this duty, you have to because of your gas flaring activity you are also providing ......., none. So, they do it as a form of CSR whenever they want to do it (CommP6).

> Our business is oil and gas, so we do not have teachers, we don't have doctors, but as much as possible, we beckon on our partner, the government who is also a joint venture with us. So, say for every project that we get into, certain quantity of our funds or revenues is allocated to these activities to help educate, develop the Niger Delta, and of course, bring in health facilities to ensure that, not to say we cause a problem and try to solve it, but you know how it is, we need to make the money, the revenue for the country, as the country is basically an oil and a debt nation. You can't get the oil alone, it must come with its associated product, which is flared (MCorpP6).

MNC participant 6 infers that CSR projects, like building health facilities, carried out in some communities compensate for the negative impact of oil extraction. He also refers to government's role in the matter as a joint venture partner. As previously noted, the government enables some of the negative behaviour because of its vested interest in the industry. Nwoke (2021) contends that corporations engage in corporate activities that are capable of devastating generations while concurrently engaging in minimum CSR initiatives to appear good to the public, boost corporate self-interest, and forestall stricter government's regulation. Thus, they perform positive affirmative duties, (like building schools, roads, and hospitals) while simultaneously failing on negative injunction duties (like avoiding or failing to redress social ills) that are consequential to corporate activities like gas flaring amongst others (Idemudia and Ite, 2006a; Nwoke, 2016; 2021; Ojo, 2012). This also has implications for human rights. The concept of climate justice advocates taking steps to remedy injustices fairly and equitably. Therefore, the performance of affirmative duties by the industry corporations does not nearly make up for the adverse impacts of their activities, neither does it prevent them from negative injunction duties, especially to uphold the communities' human rights to a clean environment.

Although corporate personnel claim that the oil corporations make restitutions to local communities for the impacts of their exploration and production activities, those remedial payments usually do not happen without a fight from the communities. MNC participant 2 opined (shown earlier in Section 6.3.2) that human rights groups published articles that incited the communities to get in conflicts with the companies. Participant 2, an NGO interviewee, also corroborates the idea that disputes typically precede justice in statement the below.

> You want to kill a man; you destroy his environment. That means you're depriving him of access to food, land, and water. So, anything that all these companies or whoever is doing, anything that is not targeted at restoring the environment or creating a situation where people will now have access back to the environment for us, it is not a substantial law. That is why we supported community people in the Niger Delta to the Hague in Netherlands, and fortunately, after 13 years of long legal battle we were able to get justice for the communities in court (NGOP2).

Comment from NGO participant 2 illustrates the grave consequences of oil activities on local communities in the Niger Delta region, including the fact that justice for communities is attained only after a legal battle. The case of Okpabi and Others vs Shell in 2020 discussed earlier (Section 6.3.2) and statement by indigenous corporate participant 4, in restitutive payments section, that justice is sought in the courts for enforcement of rights are also corroborative of the fact that justice for communities might be achieved through the legal system. Unfortunately, the courts have been more disposed to adjudicating in favour of the oil corporations. The next section analyses the empirical evidence driven by the business case logic as it appears an alternative perspective of dealing with or mitigating climate impacts on local communities.

## 6.4 BUSINESS CASE PERSPECTIVE

This section addresses the research questions - what lenses do these corporate entities use to make sense of and articulate discourses around climate change phenomenon associated with their operations, and how does this view differ between these two types of entities? Notwithstanding the undesirable impacts of gas flaring described in the section on impacts of gas flaring or climate change on communities, MNC participant 6 appears to make a case for its persistence.

> Impact of gas flaring is just not good. But flaring is inevitable, we have to flare because without it, it is an associated product that gets flared. It is the major, I would say, source of revenue for the country (...), so yes, we just have to. But its impact is along the lines of environmental pollution (MCorpP6).

This participant admits that gas flaring has unfavourable impacts but cites the political economy of gas flaring as inevitable because oil must be produced to meet government's revenue needs despite the environmental consequences. Some of the corporate reports also emphasize the business aspect of imminent emissions from oil production.

> Direct GHG emissions (Scope 1) from operated assets are up 6% mainly due to the resumption of onshore activities in Libya and emergency shutdowns in Nigeria and Angola (MCoy 1 Sustainability Performance Report, 2021, p.12).

> Increased demand for energy will also impact emission levels, which underscores the need to continue to pursue emission reduction efforts to mitigate the risks of climate change (MCoy 3 Sustainability Report, 2018, p.3).

This view somewhat suggests the lack of urgency to address GHG emissions from oil operations. The corporations tend to attribute the rising oil production and the associated climate change impacts to increased energy demands but obfuscate their own economic benefits from the rising demand. For example, the recent windfall profits of oil companies in the face of climate change attest to this. The secretary general of United Nations, António Guterres, terms the profiteering as a violation of moral principles, given soaring prices (UN News, 2022). He urges developed countries to tax oil corporations' windfall profits and fund frontline communities and other vulnerable stakeholders with some proceeds (Farand, 2022). In principle, the corporations are making business case argument while pretending to be working at meeting society's energy consumption. This runoff to seeking market-based solutions is to sustain the status quo. However, market-based approaches are unlikely able to solve the climate change problems also created by adverse market-induced behaviours.

Acknowledging climate change as a global challenge and recognizing its attendant consequences then beg the question of global solutions out there that the industry corporations buy into.

> We also support market-based approaches to reduce greenhouse gas emissions, (...). We believe market-based policies that place a uniform, predictable cost on greenhouse gas emissions more effectively drives consumer behaviour and support technology innovation (MCoy 3 Sustainability Report, 2018, p.3).

Market-based approaches (rights trade and taxes) are some climate policy instruments aimed at reducing GHG emissions. Rights trade or carbon emissions trading is a system that caps total emissions and permits corporations to trade their allocations (US EPA, 2022a). It is a popular climate change intervention strategy ahead of other options (Meckling and Meckling, 2011) as it privileges the market. The system provides economic incentives for countries and businesses to reduce their carbon footprints (Chameides and Oppenheimer, 2007). Carbon taxes on the other hand, although provide price certainty and simplicity, may not encourage the desired emissions reduction if the abatement cost is not favourable to corporations (McEvoy and McGinty, 2018; Meckling and Meckling, 2011; Weitzman, 2014). Tax rates are generally low in comparison with what is needed to address climate change; to be effective, tax rates would require regular reviews that adjust to inflation (Haites, 2018). A market-based approach to climate change rather than solutions driven by ethics or justice has implications for immediate climate actions towards net-zero carbon emissions. Market-based solutions cannot deliver the desired climate change mitigation. For instance, whereas cap and trade moves emissions rights around and is manipulable by kleptocrats (Weitzman, 2014), carbon taxes impose charges on emitting corporations. Weitzman (2014) argues that under a market-based solution, like emissions cap, altruism becomes the only factor to encourage the reduction of emissions cap in consideration of other stakeholders.

There seems to be no difference between the perspectives of the MNCs and the indigenous corporations regarding climate change actions which, as a minimum we proxied as efforts at eradicating or mitigating gas flaring associated with their operations. Tolbert and Zucker (1999) contend that corporations adopt changes or new structures only when accompanied by cost effectiveness or value creation. For example, according to one interviewee from indigenous corporation, their company invested in gas utilization projects from inception because the global price of oil was very low at the time they came on board, so oil production was not a viable investment.

> Surprisingly, the main money of [ICoy 3] is from gas. They don't flare as much honestly. In fact, if you see Oben gas plant and that's their success really. They looked at that and when we were starting then the dollar value for oil was really, really low you know, and as a company, maybe that was one of the reasons they survived. Because they put a lot of investment in gas you know (ICorpP1).

The corporate participant asserts that at the inception of ICoy 3's investment in the industry, oil price had become very low, so they found gas production to be the better money-maker at a time when everyone else was still focused on oil whose price had plunged. The gas investment has worked out favourably for ICoy 3, and it has also meant that the company does not flare as much. Thus, they found a business niche in gas production and not because of their need to be environmentally friendly, although instrumentally, which is consistent with the business case approach. The idea that the market prices of gas and oil play a role in corporate decision to increase or reduce gas flaring is substantiated by a regulator participant as follows:

> The challenge was because if you looked at the international market for gas before it wasn't very lucrative and companies did not feel..., you know when you don't have a policy in place, you don't have a law in place that is stringent companies may not want to take that route. These are companies that are driven by interest, so, they prefer to bring out the crude oil that is of high demand in the international market and push for that because then they will make more money (RegP2).

The narrative by MCoy 1 tends to also suggest that reduction of emissions is instrumentally contingent on benefit-driven corporate investments in gas projects.

> [MCoy 1] is also pursuing a gas flare monetization strategy through gas sales agreements, strengthening the company's commitment to the domestic market while at the same time allowing us to leverage our flaring down policy and $CO_2$ emissions reduction (MCoy 1).

These therefore demonstrate that the choice to eliminate or reduce gas flaring is framed under the financial implications of doing otherwise or other operational reasons. They are not necessarily done from a duty to comply with regulations, or any planned efforts at upholding climate justice or the moral imperativeness of mitigating the impacts of climate change on local communities and environment. This perspective is strategic in that it is focused on the perceived economic gains or financial advantages accruing (Brown and Fraser, 2006; Carroll and Shabana, 2010), primarily driven by economic rationality (Cho *et al.*, 2015; 2018). Shareholders are thus prioritised over other stakeholders, most of whom are managed in ways that endear them to the corporations so that corporate legitimacy is sustained. This the corporations do by engaging in CSR practices such as community development, which are potentially devised to deflect criticisms and pressures from stakeholders. To answer the research question on corporate lenses of comprehending climate change, data evidence presented in Sections 6.4 and 6.5 reveal that corporations of the oil industry in Nigeria frame their understanding and express their perspectives around climate change arising from their operations under the business case, as opposed to justice or ethics. This finding is substantiated with data from corporate documents and relevant interviewee groups – the corporate and industry regulator interviewees.

It is also evident that there is no notable difference in perspectives between both types of entities around climate change arising from oil operations. Although there are more documentary data from the MNCs to support this claim, it is possibly because all three MNCs and only one of three indigenous corporations had mentions of climate change on their reports or websites.

Even for a nation like Nigeria where corporations are fined for flaring gas, the concern for justice or ethics is not at the forefront of corporate climate mitigation conversations by corporate stakeholders. Statements that follow for instance, support this stance.

> Okay, we're flaring gas, but at the same time, we're paying fines to government, and in fact really, this dialogue is just for us to have peaceable working environment in these communities. (...). So, it's purely government's angle in the area of climate change, if at all our activity is being about that. We ensure that we pay whatever we need to pay by way of fine to the government (ICorpP4).

> For every cubic foot of gas that is flared you pay for it. Currently, that's on the one hand, but for all other reporting obligations or actions that companies are supposed to take that they do not take, there are levels of punitive measures that we can take, from fines, penalties, to even the point where we can shut down your facility. If it gets too extreme, we revoke your license. Of course, we don't want to get to that point, but these are steps we take to manage consequence (RegP1).

The corporate participant in the prior statement bases their argument on the fact that the corporations pay fines to the government, so, the issue of gas flaring and communities rests with the government. Regulator's corroborating statement on the payment of fines is also shown in the second extract. Government's idea of fines for flaring gas is supposedly deterrence but it rather appears to legitimise flaring, especially considering that the fines are too low to have significant deterrent impact (Aghalino, 2009). ICoy 3 substantiates this claim in its 2020 sustainability report:

> Despite the penalty, gas flaring has continued mainly due to the huge investment needed to harness the gas. As a result, many E&P companies opt to flare the gas and pay the penalty (ICoy 3, Sustainability Report, 2020, p.77).

Even though local communities mostly experience the unpleasant consequences of exploration activities, it is apparent that the oil and gas corporations also understand that gas flaring negatively impacts the environment and proximate communities. Nonetheless, the corporations believe in paying their way out of them, and even more so, given that this option (payment of fines for flaring gas) is cheaper than other alternatives, like carbon capture and storage. They take advantage of the small fines to legitimate and perpetrate negative actions. Idemudia and Ite (2006a) find that corporations in the industry prefer to break the flare-down regulation and pay the fines instead. This explains why some scholars (Aghalino, 2009; Olujobi, 2020; Olujobi *et al.*, 2022; Udok and Akpan, 2017) advocate that fines should be high enough to serve as deterrent, else it preserves the adverse status quo. The idea of fines also confirm Tavakolifar *et al.'s* (2021) assertion that corporations need to only do a cost-benefit analysis, and will be better committed to climate change actions only if economic or competitive advantage ensued (Boiral *et al.*, 2012; Cadez *et al.*, 2019). The sections that follow discuss how corporations consider climate change induced by gas flaring, including their approach in relation to climate justice.

### 6.4.1 Justice Consideration Vs. Business Case

Caney (2010) argues that under the business case approach, cost-benefit analysis, which is an essential part of the process, can result in some stakeholders suffering greatly, while others benefit significantly. For example, in the case of flaring gas and paying fines, the flaring corporations and the government gain financially while local communities and the environment remain exposed to the hazards associated with the activity. On another angle, human rights-based climate justice considers it unjust for privileged stakeholders to expose the most vulnerable to risks that threaten their basic well-being (Caney, 2010). Therefore, even with its claimed value-for-all-stakeholders (win-win), the business-case approach appears inadequate to contextualize issues of climate change caused by gas flaring on local community stakeholders. This section explores how corporations of the oil and gas industry strike a balance between oil production to meet demand and the consequences of such exploration activities on local communities. Statement from the corporate sustainability reports and website of the corporations provide some insights on this.

> These investments to harness Nigeria's gas resources will in the short-term improve the economic prosperity of people in the Niger Delta and Nigeria at large given the multiplier effect on sustained business activities due to improved electricity supply and increased availability of natural gas for domestic and industrial use. In addition, the health-related consequences of gas flaring will be eliminated (ICoy 3, Sustainability Report, 2020, p.72).

> In [MCoy 2] Nigeria, we operate in a way that reduces as far as possible the environmental impact of our activities. We also look for ways to bring environmental and social benefits to the communities where we operate (MCoy 2).

> [MCoy 3] believes sound policy should address the dual challenge of reducing the risks of climate change at the lowest societal cost, while balancing increased demand for affordable energy and the need to address poverty, education, health, and energy security (MCoy 3, Sustainability Report, 2019, p.33).

Empirical evidence suggests that even in the face of climate change conversations and professed efforts aimed at reducing greenhouse gas (GHG) emissions by oil corporations, such reductions are triggered by decreased operational activities for business reasons than they are for ethical reasons or concerted efforts at controlling their levels of emissions. Excerpts that substantiate this suggestion are provided herewith.

> Emissions from flaring, despite the reduction in the volumes of gas sent for process flaring, increased by 3.7%, as a result of extraordinary maintenance performed on gas injection compressors (Nigeria and Congo), temporary shutdowns of plants in Libya and an increase in emergency flaring in Angola (start-up of the Agogo field), as well as depressurisation of lines in Nigeria following sabotage (MCoy 1 Sustainability Performance Report, 2019, p.8).

> Around 60% of flaring in our Upstream and Integrated Gas facilities in 2021 occurred in assets operated by the [MCoy 2] Nigeria Limited (...) and [MCoy 2] Company Limited (...). Flaring from [MCoy 2]-operated facilities increased by around 5% in 2021 compared with 2020 (MCoy 2, Sustainability Report, 2021, p.29).

> While we continue to make progress in finding ways to mitigate greenhouse gas emissions from our operations, emissions may increase or decrease over time as a result of the changing nature of our business. For example, in 2018 [MCoy

> 3's] net equity greenhouse gas emissions totalled 124 million $CO_2$-equivalent metric tons, which was a slight increase over the previous year, 2017, but lower than 2016 emissions. The slight increase was due to growth in our operations (MCoy 3 Sustainability Report, 2018, p.9).

Although some of these statements relate to the corporations' global operations, the point made here is that increases or reductions in emissions are typically driven by business case reasons, so that reductions are not made as ethically driven mitigation strategy. It is also hard to tell how they relate to the companies' operations in Nigeria. Financial incentives therefore seem to be the fundamental driver towards any increase or a reduction of GHG by the oil and gas corporations. Meaning that they engage in environmentally friendly initiatives only when economic advantage accrues (Cadez *et al.*, 2019). Corporate interviewee comments ensue.

> We're working towards ensuring minimal gas flare because in the business that I'm in, it's not possible to eradicate it in totality. As much as possible bring it to an agreed limit, so, that is the intent. Yes, gas flaring does affect our climate. (...). What we also try to do is ensure if we can, gather this associated product, compress it, make it into bottles (MCorpP6).

So, even though there appears to be awareness about climate change, gas flaring, and the associated impacts amongst the oil and gas corporations, merely addressing it for ethical reasons is hardly an incentive for investment in gas utilization ventures, but rather the financial benefits that flow from it. Other excerpt from corporate interviewee that provide support for this line of argument for business motives follows.

> Nigerian focus now is looking towards gas. They're making a lot of money now on gas, unlike before, so I think looking at it in terms of economics it's [gas flaring] not a thing that one would want to support (ICorpP1).

Therefore, addressing climate change challenges that result from gas flaring seem to be incidental to investments like gas utilization projects. The growing market for gas suggests the corporations' willingness to invest in harnessing gas rather than flaring it.

This participant from an indigenous corporation described addressing climate change by gas conservation as an effort that came indirectly from the economics of ‘conserving the dollar’.

> Apart from climate change, economically also it [gas flaring] doesn’t make too much sense – it’s like you’re putting fire on your dollar because it’s money. So, I’m not looking at it in terms of climate change; I’m looking at it in terms of economics (ICorpP1).

When asked whether climate change considerations were incorporated into corporate strategy, the participant responded thus:

> I’m not sure the word climate change shows but indirectly. Like I said it’s from economics. You need to capture that dollar that you’re burning off you know. I think there’s a section of [ICoy 3] that is called [ICoy 3] gas company. It has its own general manager, and it deals with utilizing gas, selling gas to Nigeria industries you know. So, it’s a big money maker for them (ICorpP1).

Does this suggest that in the absence of any perceived market for gas, corporations in the industry will continue to flare gas? While an answer in the affirmative would indicate lack of ethical considerations, it then begs the question of why gas is continually flared in the country, given the supposed money-making prospects from the sale of gas. In that case, only unavoidable flares would exist. However, apart from Nigeria’s local gas market not being fully developed, for lack of infrastructure, consumers are unwilling to pay the appropriate price for it (Agbonifo, 2016; Eboh, 2019; Olujobi *et al.*, 2022; Omisakin *et al.*, 2011). Although gas is sold in the local market, it is priced in dollar, like the pricing of crude to local refineries. The participant’s comment also suggests that efforts to curb gas flaring arises from the economics of selling gas, with the effect on climate change as merely a resulting benefit. What then is the fate of local community stakeholders in the Niger Delta region?

### 6.4.2 Stakeholder Accountability Vs Instrumental Stakeholder Management

Stakeholder pressures are a main reason for corporations to show some signs of environmental responsibility (Boiral *et al.*, 2012). Based on stakeholder theory, the corporation is expected to be accountable to its stakeholders by engaging in activities considered relevant to them and by disclosing information (Fernando and Lawrence, 2014). The oil and gas corporations use CSR programmes on local communities in order to gain their cooperation or acceptance. However, the CSR approach depends to a great extent on power and how it is located and used between different stakeholder groups (Frynas, 2005). However, not all stakeholders are influential enough to exert the needed pressure (Cadez *et al.*, 2019). In this instance, unlike the regulators that supposedly could directly influence the corporations, community stakeholders are less powerful to make corporations accountable (Bonnafous-Boucher and Porcher, 2010; Hill and Jones, 1992; Hossain and Alam, 2016; Jawahar and McLaughlin, 2001). They are therefore left at the mercy of the powerful corporations and the government.

Arguably, stakeholders' role in preventing and reducing illegitimate risks of corporation (Burlea and Popa, 2013) is a function of their powers to hold the corporations to account. For example, when asked the policy steps their company has taken towards reducing gas flaring, a corporate participant tends to use CSR initiatives to deflect the precarity of gas flaring.

> So, it's purely payment of fine to government and monthly payment to community by way of compensation and all others. We do scholarships, we do developmental projects, we do all sorts of human development activities there. So, it is just still in a bid to ensure that although the impact will be felt, there's some positive angle to this gas flaring in these communities (ICorpP4).

Community interviewee's corroborative comment on the use of CSR by corporations to divert from gas flaring follows.

> No positive step has been taken in terms of gas flaring. No positive steps but what they do is basically window-dressing CSR, trying to provide some medical, okay they build some hospital. It's a cottage hospital, ill-equipped, scholarship opportunities but not employment opportunities. So, I cannot confidently tell you that we have benefitted so much as to assuage the problem that they've created for us, we've not (CommP6).

According to CommP6, the corporations do nothing on the issue of gas flaring. Rather, they use CSR initiatives seemingly to placate the community stakeholders. The setup in the country provides the oil and gas corporations institutional legitimacy for their operations, such that the powerless communities are left to contend with the unduly influential or powerful corporations in defending their human rights protection (Sikka, 2011). For example, one of the companies manages to get the communities muted enough through the punitive act of withholding a certain percentage of monies due the community for every day there is unrest or protest by the community that stalls corporate operations.

> What communities do is that when they agitate for things they would come up and disrupt your operations and you'll see that what you're going to lose due to that disturbance is even much more than what they are probably demanding. (...). So now, if you disturb, there's certain amount for one day of disturbance, so that pot [amount earmarked for the community] will be reducing by that amount (ICorpP1).

The strategy used by this corporation to ensure its smooth or uninterrupted operations (freedom to operate) is likely to make local communities endure corporate externality, rather than challenge the corporation (Egbon *et al.*, 2018). Thus, it takes away from the communities the capacity to contend for their legal/moral rights (Denedo *et al.*, 2018). Like ICorpP1 hints at, the communities get the corporation's attention by blocking access to their facilities as community participants reveal below.

> There can be difficulty [access to corporations over community concerns] but many at times too, most of the problems are attended to by the company because if they refuse to attend to most of all these problems then the youths can always come out to say 'come, we're blocking up your activity, you are not

> going to do anything here until the problem is solved'. So, based on that they always come out in time to see that problems associated with oil and gas exploration is tackled (CommP7).

> They try to sometimes [to grant audience to community], either because of agitations by the people, sometimes they have GMOUs or agreements. I have a few here. Some of them have these obligations on the companies to try to cushion the effects of their activities but most of the time, they are not done sincerely. They try to just evade their responsibility as much as possible (CommP4).

> When concerns of host communities are not attended to, sometimes protests and blocking strategies are utilized by some of these communities to stall the operations of these organizations. However, in all this one thing is true that the sustainability of the method of engagement between companies and the host communities depends on the willingness and commitment of the parties involved (CommP8).

While local communities sometimes employ this strategy to get audience of the corporations, such protests by communities are usually subdued with violence sponsored by the state or company (Muttitt and Kartha, 2020). NGO participant 4 provides a supporting view to the idea of militarizing local communities. For example:

> Before the Boko Haram insurgency, the Niger Delta in Nigeria had been the most militarized place in Nigeria and up till now, there are communities that are infract by Nigerian security forces who are acting in protection of oil companies and their installations (NGOP4).

> Their community liaison officers they're not doing their job because they believe in carrying their security men along; soldiers and police always go with them to intimidate the people so that they can do their drilling and go. So that is how they have been doing it (CommP1).

Both CommP1 and NGOP4 assert that the oil companies use armed forces and police as instruments to intimidate communities to ensure unhindered corporate operations, not minding how such operations adversely affect those communities. This appears to emanate from collusion between the oil companies and the government since those security apparatuses are of the government. For instance, according to Nwanolue *et al.* (2022), multinational corporations collude with regulatory officials to deceive people in their host countries. Also Phiri *et al.* (2019) contend that corporations acquire such oppressive influence because of power imbalance between them and other stakeholders (communities in this instance), including financial power, and political or state backings. This regulatory failure is likely due to the government's participatory interest in the industry, thus weakening its role in enacting strict environmental policy in the interest of community stakeholders and the environment (Phiri *et al.*, 2019). The government takes sides with oil corporations resulting in somewhat regulatory capture by the corporations (Ekhator, 2016; Noah *et al.*, 2020; Nwanolue *et al.*, 2022). It implies then that there is no consideration for the impacts of gas flaring or climate change on local community stakeholders. Hassan and Kouhy (2013) also did not find evidence of concern for the environment from impacts of gas flaring by oil companies in Nigeria but found significant negative relationship between export price of gas and gas flaring. In other words, when export price of gas goes up, gas flaring goes down because it is conserved and exported instead. Reverse is the case when export price of gas is low.

Corporations in this industry seem to frame their inclination to engage in climate actions under the business-case justifications for doing so and not for reasons of environmental friendliness. Consistent with the finding, Littlewood *et al.* (2018) also find evidence of business-case motivations being positively related to climate change actions amongst European companies in high emitting industries. In contrast, Boiral *et al.* (2012) find that corporations are inclined to climate actions for social and environmental reasons, such as complying with expectations of society and showing commitment to ethical issues. Beyond regulatory failure and the powerlessness of the host communities to hold the corporations accountable for gas flaring which induces climate change, it is important to highlight climate change actions intended for climate change challenges.

## 6.5 CORPORATE SOLUTIONS TO CLIMATE CHALLENGES

Considering the impacts of gas flaring on local communities and the business case incentive for the continuing demand and use of fossil fuels, what solutions (in terms of mitigation or adaptation) are available from the corporations to alleviating some of such impacts?

> Well, if you talk to operators in the industry, they'll tell you that they're doing enough, they're taking steps to cut emissions, for instance. They're taking steps to ensure that there's a reduction in flares, they're taking steps to ensure that instead of flaring the gas, that gas is converted to, refined, compressed into natural gas or LPGs for instance. That's the conversation you hear, but when you speak to locals, communities who are impacted by this, you don't get that sense that the oil companies are interested and they are taking any deliberate steps to reduce the level of pollution caused because of their activities, and of course the pollution that directly influences the climatic change in these specific areas and communities (NGOP1).

NGO participant 1 discloses that the views on efforts to curb emissions are different, depending on the group discussing the issue. They assert that whereas industry corporations claim to be working towards reducing emissions, local community stakeholders do not see any such effort on the part of corporations and continue to be impacted by oil activities, including climate change. Some community comments follow.

> All these things [not taking steps to address community concerns over gas flaring] are possible because the people are ignorant about it [impacts of gas flaring]. So, that is why they can't do anything. If these things were in civilized communities or environments, they can't do it. They keep shifting, 'oh this year we're going to stop everything' [gas flaring]. Now, I don't even know their new time when they are going to stop the gas flaring anymore (CommP2).

> Regarding the environment, they [the corporations] mostly focus on socio-economic issues. In fact, more of the economic issues, that's what they focus on with community. So, that's not so much about the environment. However, it's

> only when you have certain incidents. Like the drilling process, part of the consequences of what happens is that chemicals are allowed into the environment and spilled into the environment (CommP4).

These community interviewees' statements confirm the earlier suggestion by NGOP1 that the corporations and the communities have a different opinion on corporate efforts at reducing gas flaring in the region. Opinions of other interview groups ensue.

> Gas flaring is an area that the companies have taken seriously, and the government has also enacted several laws to mitigate gas flaring to a very large extent, compared to 20 years down the line. (...) the companies have tried to reduce as much as possible (MCorpP4).
>
> What I can tell you is, flaring has reduced drastically. A lot of flare sites have gone down, a lot of gas that was being flared is utilized now domestically for LPG [liquified petroleum gas] production. So, at least in that regard, we have done a lot (RegP1).

Both corporate and regulatory participants allege that flaring has reduced significantly as the corporations have increased their gas hitherto flared. Some corporate reports (see Section 7.4) corroborate this assertion. NNPC Annual Statistical Bulletin (2019, p. 24) also shows 8.53 percent gas was flared in 2019, down from 24.30 percent of gas production in 2010 (approximately 65 percent reduction over time). However, these claims about flaring reduction may not be accurate. The companies self-report to the regulators, with the risk of under-reporting. An example is the fact that some indigenous corporations (discussed in greater details under industry regulation, Chapter 7) do not have meters that record exact quantities of gases flared. So, if it is not measurable, how then could they reduce it? Moreover, Harvey (2022) finds that oil and gas facilities around the world typically emit GHG that are three times higher than what their producers claim. According to Al Gore, former VP of the US, oil and gas industry use PR and lobbying strategies to buy themselves more time before they end the destruction of the future of humanity (Harvey, 2022). The statements below by ICoy

3 and MCoy 2 further substantiate scepticism around the claimed GHG reduction by corporations.

> Although Nigeria has domesticated the Paris Climate Change Agreement, not much has been attained in real terms, which is of immense concern for the future of the country. Addressing the climate change issue in Nigeria is critical (ICoy 3 Sustainability Report, 2019, p.42).

> The reductions were partially offset by higher emissions in Nigeria because of increased flaring by [MCoy 2] Nigeria (...) and higher emissions for ships operated by [MCoy 2] resulting from changes in emission factors for engines (MCoy 2, Sustainability Report, 2021, p.47).

As shown in Section 6.2.3, but for ICorpP1, all others in this research perceive climate change as having a link to gas flaring activity from exploration and production operations. Nonetheless, that does not seem to spur corporate action on climate change for ethical reasons. This lack of inclination to climate change issues by the corporate group may be connected to the fact that they also consider it as posing a global challenge. Issues of global concern are typically conceived as those of territorial and international interest, and thus one for the governments of the different nations to spearhead. Archel *et al.* (2009) and Denedo *et al.* (2018) contend that state or political involvement of a country (on issues of global concern like climate change, for example) can actively encourage or inhibit legitimizing strategies of corporations and thus, their socially responsible practices. So, the (in)actions and (lack of) commitment towards climate change are determined by the levels put in place by the respective national governments. For instance, ICoy 3 states that:

> In Nigeria, the transition to a low carbon economy is even more challenging than what is being experienced in advanced Western economies where the levels of awareness and policy interventions are relatively high. First, the concerns or worries about climate change are still comparatively low and not pervasive enough to spur widespread considerations for cleaner energy sources or behavioural change. A study by Pew Research Centre ranks Nigeria as one of the lowest amongst countries surveyed in terms of public concerns for the threat of climate change (ICoy 3 Sustainability Report, 2019, p.43).

The statement by this indigenous corporation suggests a general disinterest about climate change in Nigeria. The company appears to blame reduced awareness and policy interventions for the disinterest and lack of commitment to climate actions. Nonetheless, communities of the Niger Delta who are more vulnerable to the impacts of oil activities, environmental activists, and NGOs are very aware and critical of the oil corporations. The fact that corporations tend to disclose their commitment to addressing climate change (also evident from understanding climate change section earlier discussed) also confirms some level of awareness across board. However, the incentive for addressing climate challenges is proposed as a matter of ethics or justice that considers the plights of impact bearers, mostly the vulnerable group (Cheng, 2022; Porter *et al.*, 2020; Sultana, 2022), rather than for other reasons, like general low concerns as this company suggests. Statement that follows further corroborates this 'lack of interest' argument.

> It is common knowledge that climate change is not considered a major issue in Africa. Not just in Nigeria, I will say in Africa. Again, (...), because of our proximity to the equator, where we're bombarded by the sun every day. So, whatever it is that you flare doesn't matter, due to the heat coming from the sun anyway (IMCorpP5).

This is an interesting perspective from participant 5, employed by an indigenous and previously a multinational corporation. He draws a direct analogy between flared gas and sun rays. In his opinion, Nigeria and Africa at large are already accustomed to severe sun daily, so flaring gas would not make any difference to the known norm. Their assertion seems to suggest that campaigns by civil society groups have not made any impact on creating mass awareness on climate change. Such perception might have implications for the motivation to achieve the planned zero-flare target widely professed by oil and gas corporations. Majority of the responses on the solutions to climate change issues reflect the position that it is the government's area of responsibility as the following comments demonstrate.

> All the companies operating in Nigeria have in one way or the other, a kind of JV with the government, so government have a regulatory body that regulates all the activities of these oil and gas companies. So, if we're to have an action party it should come from the government, because they have higher stake in all these oil and gas business in Nigeria. That's why they set up the DPR (department of petroleum resources) (ICorpP2).

> There are incentives for setting up infrastructure to gather the gas. (...), because Nigeria is part of OPEC, we produce oil to meet our target, and then we have to flare gas. (...) because it's regulated by the government, by the department of petroleum resources. If you have a reservoir that has a lot of gas, there's a maximum you're allowed to produce, (...) to manage the gas that you can produce [flare]. So, usually it's called an allowable (IMCorpP5).

These participants perceive the issues of gas flaring and climate change as belonging in government's jurisdiction by virtue of its joint venture arrangement with all corporations of the industry, and being the one to whom gas flaring fines and penalties are paid as mentioned in Section 6.3, the responsibility for addressing matters of gas flaring is shifted to the government. The second participant also talks about the economics of gas. That is, the market for gas as the incentive that encourages gas infrastructure. The companies produce to meet OPEC's quota, and by so doing, the by-product, gas is flared. However, they say the companies are restricted by some maximum allowable amount of oil production to minimize flaring. Managing such restriction while concurrently producing to meet OPEC's target appears paradoxical and undermines the supposed control. This poses the dilemma of balancing government's expected grip on regulation against its production drive for export target. It reflects the problem of conflict of interest by the government which acts as a regulator and a partner. According to Idemudia (2011), Kingston and Lilly-Tariah (2018) and Phiri *et al.* (2019), government's total reliance on oil revenue compromises its grip on regulations. Following is another angle of government's role in the discussion.

> The bunkering of course, we could take that in the local terms, bonfire, cook it, refine it, local refinery, without having to contain the bad gases. So, all those are things where the government has a role to play to ensure that we would have our refineries in place, to ensure that people are properly engaged, to ensure the jingles are out that this is wrong, let's save our environment, let's keep the flares out (MCorpP6).

Here, MNC participant 6 brings up another aspect of the government's role in creating an enabling environment for people to be properly engaged and earn a living the legal way and discourage illegal artisanal refiners that also contribute to the flaring problems. Concerns over gas flaring is also blamed on theft and illegal crude refining by artisan refiners, and some participants call on the government to put an end to those. The group general manager of National Petroleum Investment Management Services (NAPIMS), Bala Wunti, corroborates this challenge where he discloses that pipelines vandal and theft have halted oil activities in some terminals and cost the NNPC $700 million (seven hundred million dollars) monthly, adding that Nigerians will suffer for it as revenue has reduced drastically (Fadeyi, 2022). However, Bassey (2012) notes that those engaged in oil theft are suspected to be high-ranking men who are well connected and sheltered by the government. Tompolo and his security team made an interesting and corroborating revelation on oil theft in the *region.* According to the National Chairman of Host Communities of Nigeria Producing Oil and Gas, HOSTCOM, Dr Benjamin Style "*those in government, security agencies in place to secure the facilities, and the operators are the three actors that are sabotaging the economy of our nation, but they put the blame on host communities*" (Kumolu, 2022).

## 6.6 CONCLUSION

This chapter set out to analyse empirical data on climate change and its link to gas flaring. Specifically, it attempts to figure out how the oil and gas corporations in Nigeria understand the climate impact of gas flaring activity from their exploration and production processes and whether they consider it as a local and/or global challenge. Evidence shows that corporations in the industry understand climate change as posing a global threat, including the awareness that their gas flaring activity is an inducer of climate change. Understanding climate change and its attendant impacts cuts across all five participant groups in the study. Whereas industry corporations and regulators describe climate change in more detached and general manner, the NGO and local community participants express their understanding based on lived experiences. The community group is more vulnerable to observed climate impacts, thus requiring their recognition and inclusion in climate action decision-making (Mugambiwa and Rukema, 2019).

The government, through its regulatory body, in efforts to curb gas flaring, imposes fines and penalties on corporations that flare gas. Nonetheless, the fines charged for gas flaring are not significant enough to discourage its practice by corporations as it is considered the cheaper option than other more capital-intensive investments, like those for trapping and gathering gas. This has implication for pollution abatement, and thus for local communities that are more exposed to the impacts. Like Widener and Rowe (2018) contend, climate justice remains elusive in climate change actions to mitigate and adapt. Business case strategy is antithetical to climate justice principles because it mostly produces outcomes that benefit some stakeholders while impacting others very negatively.

Solutions to climate change issues need a rethink because it appears that only when climate action is framed under climate justice principles, that also consider and involve impact-bearers, can appropriate solutions be truly achieved. The next chapter examines the role of industry regulators considering that regulation is a role of the government through the powers conferred on regulators. So, where does the issue of regulation fit in the discussion so far? It also explores the climate change mitigation or adaptation strategies in place.

# CHAPTER 7

# REGULATION, CLIMATE MITIGATION AND ADAPTATION

## 7.1 INTRODUCTION

The current chapter builds on the previous chapter's discussion on climate change and its impact on Nigeria's oil and gas industry. In particular, this chapter focuses on the role of industry regulators in addressing climate change and the strategies and policies the corporations have put in place to mitigate and adapt to climate change. The chapter also examines how the concept of climate justice is integrated into these policies and actions. Like the previous chapter, the author draws on various sources, including corporate reports and websites and interviews with stakeholders, to gather and analyse data. The goal is to explore the role industry regulators in shaping how the case corporations approach and respond to climate change resulting from exploration activities.

As explained in Section 5.8, I identified themes for analysis based on knowledge and influence from extant literature, theories and other themes generated from empirical data. For example, this chapter focuses on regulation of the case industry because regulation features well in literature, including regulation on CSR and climate change concerns. Additionally, data evidence from corporate documents and interviews also demonstrate the relevance of regulation as a contextual issue. The themes for discussing research findings are generated from data as shown and structured for discussion using the key principles of climate justice. They are featured in the manner that allows for logical conclusions to be drawn, such that the research objectives are adequately met.

The rest of the chapter is structured as follows. It begins with a brief overview of climate justice and how the concept fits in the analysis. Following that is the industry regulation and the role of regulators. This includes an appreciation of how regulation plays into climate change discussions. It also discusses some of the challenges faced by regulators. Following that is a review of the strategies adopted for climate change mitigation and adaptation in the country, including the role of the oil corporations. Finally, conclusion ensues.

## 7.2 CLIMATE JUSTICE

Climate justice movement grew from the aim of eliminating the causes of climate change and acknowledging as well as responding to the inequitable impacts of the oil and gas industry (Schlosberg and Collins, 2014). The idea was to make a connection to human rights and development, such that human-centred, versatile, and equitable approach is employed to protect the rights of those most impacted by climate change (Muggambiwa, 2021; Robinson and Shine, 2018). In Nigeria for instance, ecological damage suffered by citizens has been on the rise, particularly for communities of the Niger Delta region where gas flaring has been persistent (Aghalino, 2009). Climate justice has featured in major political conversations on climate change policy at local and global levels (Schlosberg, 2012). It highlights local challenges and impacts, inequitable vulnerabilities, and a need for community voice and sovereignty (Schlosberg and Collins, 2014), and requires changes in systems to strive to eliminate inequalities that result in climate injustices (Sultana, 2022).

Different frameworks have been developed by activists, organizations, governments of vulnerable nations, and climate justice theorists to understand the links between climate change and the perspectives of justice and fairness (Schlosberg, 2012). According to IPCC (2022), climate impacts are mostly felt by the poorest and most vulnerable. The key issues of climate justice are in areas of transparency, inclusion, autonomy, compensation, and sustainability (Schlosberg and Collins, 2014), and regulation would appear to be a practical way of ensuring and achieving them. Hence, conversations around those issues tend to put pressure on pollution-intensive corporations to increase their disclosures relating to climate change and the impact. The next section discusses industry regulation and the role of the regulators in addressing the climate change impact of oil operations in Nigeria.

## 7.3 INDUSTRY REGULATION

Since the aim of climate justice is to reduce marginalization, exploitation, and oppression, as well as increase equity and justice (Sultana, 2022), Derman (2014) suggests that official structures, like regulation, offer the best alternative towards recognising and embracing the principles of justice. However, regulation in many developing countries is often described as weak, ineffective, or devoid of adequate monitoring (Alshbili *et al.*, 2021; Ite, 2004; Jamali *et al.*, 2017; Rwabizambuga, 2007) and restricts the effectiveness of international regulations (Escobar and Vredenburg, 2011). Even with the often-perceived regulatory lapse, there is evidence that corporations in the oil and gas industry tend to adhere adamantly to regulations, regardless of their reasons. The sections that follow explore the role of industry regulators, including whether regulations enhance the adoption of climate justice approach by corporations, and the regulatory challenges experienced by industry regulators. The section begins with some of the Acts and regulations in the industry.

### 7.3.1 Chronology of Regulation of the Industry

Over time, different Acts and regulations have been enacted or passed to guide and monitor the operations of the oil and gas industry of Nigeria. Prior to 1960 regulatory framework was limited as the commercial discovery of oil was in the 1956. Some regulations include the Department of Petroleum Resources (DPR) (1970); Federal Environmental Protection Agency (FEPA) Act (1988); National Environmental Protection (Pollution Abatement in Industries Generating Wastes) Regulations, 1991); Environmental Impact Assessment (EIA) Act (1992); Environmental Guidelines and Standard for the Petroleum Industry in Nigeria (EGASPIN) (2002); The Nigerian Extractive Industries Transparency Initiative (NEITI) Act (2007); National Environmental Standards and Regulations Enforcement Agency (NESREA), 2007; Nigerian Gas Flare Commercialisation Programme (NGFCP), 2016) (restructured 2022); Petroleum Industry Act (PIA, 2021); Nigerian Upstream Petroleum Regulatory Commission (NUPRC), replacing the DPR; Gas Flaring and Venting (Prevention and Waste Pollution) Regulations, 2022 (previously Flare Gas (Prevention of Waste and Pollution) Regulations, 2018).

Despite various Acts and regulations and the different enforcement tools that have been implemented over time to address environmental impacts, particularly in the Niger Delta, challenges persist. What then is the role of the regulators?

### 7.3.2 Role of Industry Regulators

As regulators of the industry, the department of petroleum resources (DPR) (now NUPRC), in its DPR Annual Report (2018, p. 11), lists its regulatory role as follows:

Department of Petroleum Resources is the regulatory agency of the oil and gas industry in Nigeria. Specifically, the roles of the Department include:

1. Conservation of Nigeria’s Hydrocarbon Resources
2. Regulation and Monitoring of industry activities to ensure compliance with best standards & practices
3. Ensure safe, and environmentally sustainable development of the oil and gas operations’ activities
4. Maintenance and administration of the national repository for archiving and retrieval of oil and gas data
5. Administration & management of acreages and concessions
6. Implementation of all government policies

Regulatory roles 2 and 3 above are fundamental to this study as they address environmental safety, regulatory monitoring and compliance with best practices and sustainability. DPR interviewees also describe their regulatory objectives thus:

> We create an enabling environment for their businesses to thrive, so that they are profitable, and that the government can also derive maximum benefits from the hydrocarbon resource in Nigeria. It’s a complete package; while ensuring businesses thrive, we also want to make sure that the businesses are conducted in a sustainable manner. Sustainable economically, sustainable financially, and sustainable in terms of people who are part of the business (RegP1).
>
> We all know that the activities of the oil and gas really pose serious concern even to our environment. We need to put some measures in place to ensure that the environment is not badly degraded and that they can carry out their activities successfully and still return the environment back to its original state, to ensure that the environment is safe for us humans and for all of us. I feel our main objective is to ensure that we enforce compliance and ensure that things are being carried out in line with guidelines and standards (RegP2).

The brief historical evidence of the Niger Delta and developmental issues of the region discussed in Section 3.4 demonstrate the environmental challenges and untold hardship that persist in the region. So, while it may appear that the industry regulators have well-laid out regulatory objectives and intentions and seem keen on designing a conducive business atmosphere that allows for smooth investments in Nigeria that simultaneously reap maximum financial gains for the country, empirical evidence

(Section 7.3.3) suggests that the regulators do not exactly have a proper grip on those regulations. There also appears to be different levels of adherence between the two types of entities. For example, as I show in the section 7.3.3, whereas some corporations may not have meters to record their gas flare levels, others have their meters regularly monitored to ensure proper functionality. This observation is consistent with those of Jamali *et al.* (2017) that developing countries like Nigeria have their own context-based peculiarities where frequently inefficient governance forms result in complicated systems that centre on regulation. The next section considers regulation and its connectedness with climate justice.

### 7.3.3 Regulation and Climate Justice

Regulations play a major role in guiding the operations of any industry. Corporations in Nigeria's oil and gas industry often acknowledge their steadfast compliance with regulations imposed on them by the state. Some corporate testaments ensue.

> [ICoy 3] has continued to contribute to and advocate on regulations (State and Federal) that impact the oil and gas industry. (...). The Company also participated in multistakeholder engagements on regulations and initiatives, including the Petroleum Industry Act and others (ICoy 3, Sustainability Report, 2021, p.42).

> We also comply with, and monitor changes to, applicable regulations. In regions around the world, various regulations designed to create a more circular economy are in development and we are preparing to meet those requirements when they are introduced (MCoy 2, Sustainability Report, 2018, p.24).

> We will continue to work constructively with state and federal regulators, industry, and nongovernmental organizations to develop and implement effective methane-emission regulations (MCoy 3, Sustainability Report, 2018, p.11).

The last two narratives concern MNCs and are presumed to be in reference to their global operations of which Nigeria is part. Through regulation, flaring of associated gas from oil production had long been banned in Nigeria, effective January 1, 1984.

However, corporations of the industry are given a loophole, under certain conditions that include ministerial consent and the payment of fines, to flare gas. The penalty charged for gas flaring is not considered substantial enough to deter the practice as corporations perceive flaring and the payment of fines as a cost-effective option (Idemudia and Ite, 2006b). Regulatory participant 2 corroborates this fact.

> The law of the land wasn't stringent and the money they were asked to pay for flaring gas was very meagre. So, a lot of them preferred to pay that money and flare the gas because it's not affecting them. In this kind of purpose, a government that wants to stop the company from carrying out this act, then of course you have to make sure that what they are bringing, the fine they are paying is high to serve as a deterrent (RegP2).
>
> To deter or stop people, you need to increase the amount of money that you are going to fine people. I'm talking about from the regulatory part of it. You need to increase the amount to serve as a deterrent for people to run away from flaring gas, which is also a major concern as far as global warming is concerned. But in Nigeria, sometime in 2018, the president signed a regulation, we call it Nigerian gas flare commercialization programme. This regulation is now making it mandatory for allowing third party companies to come into the oil facility and tap gas (RegP2).

This participant suggests that increasing the fines charged corporations for flaring gas to a more significant amount will discourage the practice. The narrative below by corporate participant 4 indirectly corroborates the meagre fines charged for flaring.

> In all honesty, apart from the degradation of the environment, it is way cheaper to flare the gas than to have to do gas pipeline specifically designed for that. You know, having a gas project is highly, highly capital intensive (ICorpP4).

The participant also recognizes that although it is cheaper to flare gas than to gather it, flaring has environmental implications. However, some corporate participants believe that the fines charged for flaring is significant, given that it deters them from flaring gas. For example, when asked a question about the existence of policies and regulations that guide the industry's operations and address gas flaring and the climate change implications, one participant responds:

> Oh yes, yes very, very stringent one indeed [gas flare regulation] and that's because for every cubic meter of gas we flare we pay so much money and it's progressive. As the years go by, you pay a lot of money that you better conserve it than flaring it (ICorpP1).

This indigenous corporate participant notes that there is a high price to be paid should gas flaring regulations be violated by any corporation. The price comes in the form of fines and is also charged in a progressive manner, such that over time it is no longer financially expedient for the corporations. Another corporate participant from a multinational corporation supports the view of fines being a deterrent for gas flaring.

> There is a concerted effort to ensure that gas flaring can be brought to its barest minimal, and of course, the prominence of the government having the largest number of participants [equity interest], you know, everybody asking for their own little bit to ensure the gas flares are out or are being looked at. If you must flare, what do you put on the table? So, it's been costed (MCorpP6).

MCorpP6 indicts the government as the largest joint venture partner in oil and gas operations and thus responsible for more funding than other partners in the efforts to reduce gas flaring. They also confirm that the consequence for gas flaring is payment of fines. How then would the government set high fines that will deter itself from aiding gas flaring, especially if it would also mean funding its share of the projects that would eliminate it? It appears that the payment of fines is a convenient and cost-effective option for the corporations, including for the government. Not all respondents share this same opinion. For example, whereas RegP2 and ICorpP4 earlier suggest that the payment of fines is a cheaper option for corporations than investment in gas gathering alternatives, ICorp1 suggests that the progressive nature of flaring fines implies that over time, it becomes the more expensive option.

Notwithstanding the differences in opinions, even if the fines for flaring were increased, it would possibly be immaterial, considering that in some facilities there are no meters in place for measuring the exact quantities flared as indigenous corporate participant 4 hinted.

> Ordinarily, there ought to be like a meter in place, measuring the amount of gas being flared into the environment. On the basis of that a penalty would be charged, but we don't have that. We don't have a meter at the flare stack. So, it's just an estimate that the government brings and then we pay the fine (ICorpP4).

The fines charged to some corporations for flaring gas are based on estimates since there are no meters (at least in some cases) to monitor the exact quantities of gas flared by the corporations. Moreover, contrary to this participant's assertion, such estimates are based on self-reported data supplied by the corporations. According to Parts III and IV of Nigeria's Gas Flaring Regulations, it is the producers' responsibility to maintain daily logs of flare and vent gas from meters installed in their respective facilities (NUPRC, 2022a). For example, in the case of National Oil Spill Detection and Response Agency (NOSDRA), another agency that also regulates the industry, Nwanolue *et al.* (2022) find that it relies on reports provided by the corporations or civil society groups on issues of oil spills, including the corporations' scheduling and leading of oil spill investigations. Nonetheless, the fines charged corporations for flaring gas are probably irrelevant because of alleged under-reporting of actual quantity of flared gas (Harvey, 2022). Such estimated fees could be underestimated by corrupt regulators for private financial gains. For example, according to ICorpP4,

> Corruption is ravaging the oil and gas industry. You see all these probes here and there; you'll see all these discoveries that they've made regarding people stealing and diverting the funds meant for developmental projects in the country. You still see the issue of tax evasion, companies are not paying PPT, petroleum profit tax, they're not paying all these things.

ICoy 3 corroborates the issue of corruption in the industry below.

> Bribery and corruption present a risk throughout the global oil and gas industry and represent an on-going risk to any oil and gas company (ICoy 3, Sustainability Report, 2019, p.30).

Both ICorpP4 and ICoy 3 suggest from those statements that corruption and misappropriation are systemic problems in the industry. Another participant, MCorpP2, shares a different perspective on the issue of gas meters for monitoring the corporations' flare quantities.

> The regulators on the other part, of course, from time to time they come around to monitor, check our meter because for gases, we meter them so, they come to check our metering to ensure that yes, what we are reporting is actually the case, so that we're not reporting wrongly (MCorpP2).

It is interesting to note that whereas some corporations allege to have their gas flare meters frequently inspected by the regulators to ensure proper metering and billing, others do not have a meter, so they get billed by estimates. However, having meters that are frequently monitored by regulators may not necessarily mean accurate reporting. Afterall, Harvey (2022) discovers that oil and gas corporations around the world emit gases that are three times more than what they report. So, what do the regulators think - are both types of entities policed in the same way?

> Yes of course [multinational and indigenous corporations are monitored the same way]. All the regulations we have issued, all the guidelines, the policy instruments, the whole idea is to make sure that they are monitored. The flare gas regulation has a template for reporting of your flare volumes, your gas production, what you do with it, where it ends up (RegP1).
>
> Because we don't have two laws; we have one law. The guidelines and the regulations that are issued by the minister cover both the multinational and the indigenous companies within the oil and gas (RegP2).

Through the deduction made from corporate interviewees on the issue of gas meters it seems that both types of entities have different levels of monitoring by the regulators. However, contrastingly, both regulatory participants opine that the multinational and indigenous corporations are regulated and monitored in the same manner. This is likely a context-based peculiarity referred to by Jamali *et al.* (2017) as the result of inefficient governance from complicated systems that centre on regulation. Other corporate participants have different opinions regarding the existence of policies and regulations that guide the industry's operations and address gas flaring and climate change.

> The summary of this is that the laws are there. These laws are there, they are like laws in abeyance. The thing is there, but really, it's not really working effectively. I wouldn't say it's not working; the impact is not being felt by the majority of the populace, most especially in these local communities where crude oil exploration is taking place (ICorpP4).

> Yes, but it has not been very effective, and this is a failure from the side of the government. So, because of lack of this proper environmental accountability and integrity on the part of the oil companies too, so nobody is paying real attention to the damages done on the environment. Regulatory bodies are there, there are some regulations, but there has not been effective control over the activities of these oil and gas operators (ICorpP2).

Both corporate participants share similar views and describe regulation as something that exists more likely in theory but not working as it should to achieve its purpose. The implication of the comments above is that the local communities bear the brunt of social and environmental ills resulting from regulatory lapse. The regulatory dysfunction also appears to counteract the climate justice approach to climate action that is based on a desire to respect and protect human rights, especially those of the most exposed to climate change impacts (Robinson and Shine, 2018).

The total reliance on oil export for the country's forex income seems to encourage laxity in policies and regulations and compromises regulatory control of the industry (Idemudia, 2011; Kingston and Lilly-Tariah, 2018; Phiri *et al.*, 2019). Even more so, regulatory costs are borne by those who receive benefits from the activities (Brunel and Johnson, 2019), of which the government is also a party. So, as Shawoo and McDermott (2020) find, institutional constraints sometimes impede non-state actors, like corporations' ability to demonstrate their climate justice beliefs. For instance, the same regulation that supposedly dissuades corporations from gas flaring by way of payment of fines does not appear to be effective in achieving that goal because such fine payments are considered by the corporations as a cheaper alternative to the more capital-intensive investments in gas utilization projects. The government's overdependence on oil revenues tend to undermine its willingness to regulate the industry more stringently. One industry participant shared the same view in excerpt that ensues.

> Nigeria for example, we depend solely on oil and gas. It accounts for over 95% of their foreign exchange earnings. Even their budget too, over 80% of their budgetary revenue. So, that is why they don't really have a firm grip of the policies on these environmental regulations (ICorpP2).

Regulatory participant 2 also corroborates this claim.

> Nigeria being a developing country you don't need to be too stringent in your laws so that you can open room for some investment in developmental prospect. So, the truth here is that the government on the other hand, have to be a bit flexible to ensure that you don't bring in policies that will make companies to run away (RegP2).

So, although the regulations do exist and oil and gas corporations and their personnel are aware of them, they are found to be lax or at least ineffective partly because of government's participatory interest, huge and almost sole investment in oil production. It is discernible from this section that the said fines paid for flaring gas are charged differently amongst the corporations. Whereas some do not have meters for recording the gas flows, others have their meters inspected for proper functionality and accurate reporting. While this may not be new information, it demonstrates that contrary to the claims by regulator interviewees (Section 7.3.3), the two types of corporate entities appear to be monitored in different manners. Regulatory compliance may also be influenced by processes adapted to those of their parent companies as shown in the following. Some reasons behind corporate compliance with regulations follow.

### 7.3.4 Inducements for Compliance with Regulations

Whether or not regulations are stringent, corporations are expected to comply with them. Corporate participants explain regulation and their adherence to it, including the motivations behind such compliance. Another MNC interviewee cites fines and reputation as the motivations for corporate compliance with regulation.

> They fine you very heavy fines, so the companies tend to try as much as possible to play within what is approved for them. And if they must deviate, they must seek a waiver and that must be approved before they can try to deviate. Because if they are caught as I said earlier, the impact is very huge in terms of financial and reputational damage to the respective companies (MCorpP4).

Reputation and financial consequences appear to be the factors that deter corporate irresponsibility. Likewise, Frynas (2005) finds that MNCs are mindful of their reputation. Whereas all corporations in the industry are subject to the same state regulations, the MNCs appear to have practices that are different from those of indigenous corporations because of influence from their parent companies (Ahworegba *et al.*, 2020; Kim *et al.*, 2018) where they are also required to adopt internal processes that emanate from the parents. This difference is also demonstrated in the ways the two types of entities disclose information and the types of information they disclose. For example, only the one indigenous corporation that is listed on the overseas stock exchange and all three multinational corporations had any specific mention of climate change in the reports examined.

Nonetheless, although institutional coercion aims to bring companies to compliance, it may not be compelling enough to produce the desired results, especially when such institutional power becomes compromised by other competing interests. The perceived lax regulation is likely because the same regulation that institutes a ban on gas flaring in Nigeria, also provides a loophole for the corporations with the option to flare under certain conditions and the payment of fines. Offering such an alternative option could be opened to abuses as the corporations would most likely make their choice based on cost-benefit analysis. Not minding whatever induces the corporations' choice to flare the gas and pay the fines, the government still reaps the financial benefits accruing while the communities and environment are left suffer the brunt.

So, consistent with the findings by Derman (2014), despite MNCs ability to provide the required accountability and the capacity to address social and environmental justice problems that elude state control, they are often restrained by states. In this study's context however, both corporations and the state appear to be lacking capacity and accountability, both of which are necessary for addressing community vulnerability. As shown in this section and from statements below, apart from fines imposed on corporations, reputation and stakeholder power also appear to influence their activities and behaviour. Corroborative statements by MNC participant 2 and indigenous company participant 5 who also previously worked several years for a multinational corporation are as follows:

> Some of our investors are like the Norwegian pension fund. So, of course you know that for an investor like Norwegian pension fund that is very big, if you have to have carbon prints in the environment, they will not put their money. So, as much as possible they try to reduce the carbon print in the environment by encouraging decarbonization (MCorpP2).

> Because the major IOCs are under pressure from their host governments and NGOs, international NGOs as well as shareholders, and they have a target for their GHG emissions, so they then force their Nigerian counterparts to manage that GHG emission such that it doesn't negatively impact on the global warming, to make sure that they meet their target (IMCorpP5).

These corporate participants suggest that because the MNCs are pressured by external institutions in developed countries to be environmentally responsible. The comments also validate the findings by Amaeshi *et al.* (2006) and Lauwo *et al.* (2016)

that MNCs are respond to pressures from their parent companies overseas. Such pressures may not hold true for developing countries with weak institutions. The interviewee further provides an interesting insight into government's position on gas flaring and climate change conversations.

> For the federal government, yes, they signed into the climate accord, they are really interested in it, but I think it's less from the impact of gas flaring on the climate. I think it's more, if you ask me, more from the revenue perspective. They have seen that they can make a lot of money from penalizing the oil companies (IMCorpP5).

Comments from this last extract suggest that the government's stance on issues of climate change and gas flaring is motivated by the financial benefits. In order words, government's policies are implemented majorly because of the monetary gains that accrue from the corporations in breach of gas flare ban. They note however, that there is also a recent pull towards gas utilization in the bid to powering up the economy with gas.

> I just think the gas policy is driven by two things (...). Increasingly, the government is also beginning to wise up (...), 'one way to power the Nigerian economy is by using gas'. So, they are beginning to force companies or encourage companies to look for how to annexe that gas, and so that penalty is driven more by (a). they want to make money and (b). they want to enforce the companies to set up gas drilling infrastructure, such that they can use the gas to power the economy (IMCorpP5).

Consequently, the corporations will be required to set up gas gathering infrastructure for that purpose. For issues about climate change as with other issues of global concern, the political structure of the state and accompanying interest of political actors are of high significance, such that the move towards any mitigation or adaption strategies must necessarily flow from the top on national level basis. For example, Littlewood *et al.* (2018) find that government's policies and regulations further the climate change agenda and therefore motivate corporations' commitment and engagement in climate actions. Nonetheless, Tilt (2016; 2018) argues that differences in developing countries' environments, including instruments for regulation and enforcement, political structure, and levels of economic development often blur the social and environmental challenges to policymakers and businesses.

In Nigeria for instance, obsolete regulation, political interest, hence interference, also leading on to the multiplicity of regulators and functions' overlap only go to reveal the entanglements of state, business, and personal interests of political and dominant elites in the industry because of the vast economic power it controls (Noah *et al.*, 2020). So, in contrast to the findings by Littlewood *et al.* (2018), little can be said about policies and regulations that further climate change actions among the corporations of Nigeria's oil and gas industry. The flare down regulation in place that supposedly dissuades gas flaring also makes it acceptable to flare for a fee with ministerial permission. This difference in both results likely exists because in Nigeria, there appears to be less proclivity to environment concerns due to several other seemingly prioritised challenges, such as poverty and insecurity. For example,

> In Nigeria they think more of the oil, how they can get the oil. How much barrels per day they can extract, that is, talking about Nigeria generally. So, they don't really pay much attention to the climatic change, or the damages done from these activities (ICorpP2).

Statement as above has implications for climate justice. Damage to the environment from exploration and production activities of the oil industry are felt more directly by local communities within proximity of such activities. According to Muggambiwa (2021), those least responsible for causes suffer the most consequences, signifying that climate justice is elusive, and not a priority. Non prioritization of climate change is further reflected in the following empirical narrative:

> Climate change is, in Nigeria, (...) they have no business with climate change. If they would do anything on gas, it is less because of climate change but it is more because of the amount of money that is being paid as penalty for gas flaring. So, the company has zero, and I mean it, zero interest in climate change (IMCorpP5).

Moreover, the government's commitment to climate action appears to be hindered by economic and other political interests, especially considering that oil is the major money-maker for the government. Doh and Guay (2006) argue that institutional contexts and stakeholders within it play a large role in evaluating and addressing issues, and these differ considerably across countries (Matten and Moon, 2008). While the role of government and corporate stakeholders are crucial in the Nigerian oil and gas industry, regulating the industry is circumscribed by peculiar challenges.

### 7.3.5 Regulatory Challenges

The industry regulators on their part are not ignorant of the inherent challenges in bringing the corporations in compliance. They acknowledged some of such challenges in the excerpts that follow.

> Chief of these challenges will be the fact that it's common public knowledge that Nigeria relies hugely on the foreign exchange from the sales of hydrocarbon. So, some people would like to refer to Nigeria as a uni-product economy, which is not necessarily so, (...). Because when the entire focus of the country is on one sector, imagine how much interference politically could be there (RegP1).

This regulatory interviewee's comment connotes the absence of regulatory independence, due to political interference arising from the country's economic reliance on oil production. The undue political interference tends to also precipitate regulatory duplicity as revealed in the following narrative:

> The multiplicity of regulators. Several other players who have one or two roles to play, legitimately so, backed by law who also tend to issue out regulations, guidelines, and stuff to manage the industry: certain aspects of the oil and gas industry. So, there's this multiplicity and overlap of functions in the industry,

> that's an issue. I've talked about being a uni-product economy, how that's an issue that it's linked to political influence, how that is even linked to multiplicity of regulators (RegP1).

Overlap of regulatory functions are also likely connected to the political interference initially mentioned by the same participant. Overlapping functions may also undermine enforcement because it becomes unclear which agency is responsible, thereby creating a potential loophole for the oil companies to evade accountability. According to Olaniyan (2015), the multi-agency regulation of the industry is ineffective in practice, but instead results in contradictory and overlapping provision that often beget incoordination. In addition to the highlighted challenges, the regulations and laws are quite old.

> The major challenge is we have some obsolete laws; laws that were enacted a long time ago, maybe sometime in 1969. And considering the fact that you are actually regulating the industry in the 2021, so we expect our laws, we expect us to be at that top level. Not bringing an old law that was enacted in 1969 to implement or regulate the industry in 2021 (RegP2).

As above, the regulatory participants identify various political interests, multiplicity of regulators, functions' overlap, and obsolete laws as some challenges the agency contends with. Likewise, Noah *et al.* (2020) find outdated regulations and the manipulation of regulations to be some factors that enable corporations to evade environmental responsibility. Regulatory failure stems from the idea that industry corporations capture and manipulate regulations (Noah *et al.*, 2020; Nwanolue *et al.*, 2022). Under regulatory capture, industry corporations subvert unfavourable regulations and instead, embrace unethical practices that go against public or local community interest; thus regulators protect instead of policing the corporations (Noah *et al.*, 2020; Nwanolue *et al.*, 2022). The personal stakes of some politicians in some of the corporations, as CommP1 disclosed in the comment below appears to provide a reasonable and crucial explanation for some of these identified regulatory challenges.

> They are operating in a divide and rule tactics. That is what they're using in operating their job in our area. The operation in our area is just divide and rule because the government of the day is with them. The people that even buy these companies they're operating with them, they are on proxy. They're the people in government, so that is why you see the community now does not have the power to really hold them responsible for all these that they have been doing to us (CommP1).

While multiple regulators and overlap of functions are likely due to poor institutional governance, they also likely derive from vested interests. Such premises tend to support the oil corporations' immunity from irresponsible environmental practices (Aghalino, 2009; Bassey, 2012). It also resonates with Kashwan's (2021) comment that climate injustices are mostly the consequence of inequality of exposure determined by inequalities in social, economic and political power. As such, understanding and addressing various power relations across scales and sites are crucial to addressing inequalities, marginalization, and vulnerabilities as they are reinforced by disruptive climate patterns and socio-ecological changes (Sultana, 2022). As discussed in Section 6.2.1, management's perception of climate change induced by their operations determines their approach in dealing with the fallout on the environment and impacted communities in their operational areas. As noted in Chapter 4, climate justice lens affords a holistic means of contextualizing climate change because it considers climate change in terms of both its causes and impacts (Cheng, 2022; Muggambiwa, 2021; Mullen and Widener, 2022). This implies that not only are the causes and causers identified, but the impact bearers are also recognized in response by mitigation and/or adaptation plans and actions.

## 7.4 CLIMATE MITIGATION AND ADAPTATION STRATEGIES

A climate mitigation strategy aims to prevent further global climate change, while an adaptation strategy aims to cope with local climate change challenges (Jennings, 2011). Adaptation allows a system to adjust and improve its ability to endure external stress (Muggambiwa, 2021). Adaptive capacity, which is mostly influenced by economic, social networks, and natural resources, implies that the rich have higher capacity to adapt, whereas the poor have minimal capacity to adapt (Muggambiwa, 2021). This further affirms the need for adaptive strategies that fully consider the poor, marginalized, and mostly impacted communities. According to IPCC (2013), it is not enough to address the impacts of climate change, but biodiversity crises and the poverty and inequality endured by many are integral to climate crises. In Africa for example, farmers are hit by climate impacts, aggravating the already existing hunger. Climate adaptation is therefore an avenue to right a range of social justice issues (Schlosberg and Collins, 2014). Therefore, any climate action necessary for the transition to temperature of 1.5$^{o}$C above pre-industrial levels must also be guided by human rights to avoid adverse human impacts (Robinson and Shine, 2018).

For reasons of over-reliance on fossil fuels across the globe, and the near one-product economy in Nigeria, it does not appear that oil exploration and production activities are anywhere close to ending soon. So, not only will an economy that depends almost wholly on oil need time to wean off it, but also will require finance (Muttitt and Kartha, 2020). Robinson and Shine (2018) and Shue (2014) note that fossil fuels have been essential to the economic growth of every developed country, so that a just transition requires the recognition of the extent of this challenge. Otherwise, climate injustice will encompass more than just the adverse impacts of climate change; it will also inhibit the right to development for people in developing nations. The idea that developing countries, like Nigeria, have no end in sight for oil exploration further underscores the need for oil corporations and the government to invest in gas utilization projects that curb or eliminate gas flaring and its adverse impact on local communities. Hence, MCoy 2 canvasses for a mitigation technique as follows:

> [MCoy 2] believes the world will need to find ways to deploy carbon capture and storage (CCS) – a combination of technologies to capture and store $CO_2$, preventing its release into the atmosphere – to achieve its ambition to tackle climate change (MCoy 2).

The above statement tends to have a global implication where oil and gas exploration activities take place, including Nigeria. It is further recognized that any such mitigation strategy, if not widely practiced, will be futile.

> But wider uptake of CCS is needed. The International Energy Agency says: “CCS is central to a 2°C pathway: As part of the least-cost portfolio for power and as an essential mitigation solution in industry” (MCoy 2).

Another MNC also supports the idea of concerted actions as presented below:

> Addressing climate change will take a broad and coordinated effort of government, companies, and consumers. We respect the efforts of all the companies in our industry who are taking on this ambitious and important challenge. We all bring different strengths and perspectives that will play a significant role in reducing emissions and putting us on the path to a lower-carbon future (MCoy 3).

The said wider uptake further emphasizes the fact that any meaningful and far-reaching effort to tackle climate change crises must necessarily be collective (Coplan, 2020). Creating awareness by educating the populace as discussed earlier (See Section 6.3.3) is also a fundamental tool towards such collective climate action. It requires collaboration between the government, other stakeholders, and communities (Ebele and Emodi, 2016). Nonetheless, it appears that the responses to climate change are dependent on the (in)actions of others that are supposedly part of the collective – the government and the oil corporations. It is thus unclear whether the oil corporations are transparently doing anything on their part being at the front end of causality. Environmental accountability discourses led or endorsed by the industry appears to be mere rhetoric different from practice (Cho *et al.*, 2015; Noah *et al.*, 2020).

Climate justice movement emphasizes the need for studies, policies, and interventions that highlight human rights and ethical aspects of climate change (White-Newsome, 2016). Such climate change education will invariably bring the concept of climate justice to its due position of prominence amongst the major polluters and policymakers. Emission schemes like those of the European Union or the United States do not stop emissions. Rather, they are market instruments to control climate change rhetoric and Nigeria does not currently participate in any. However, Nigeria has regulatory provisions to manage gas flaring, including its abolition and ministerial permit to flare. It suffices to say that the country is not about to be weaned off oil production and use. So, what solutions (in terms of mitigation or adaptation) are in place for managing or addressing climate change issues associated with oil extraction?

> I have not in the case of Nigeria seen any kind of commensurate effort on the part of oil corporations to work towards climate change. There are no offset schemes they support, there are no clean energy frameworks they support, there are no CDM [clean development mechanism] projects they support, absolutely nothing. In fact, the oil companies that operate in Nigeria talk very, very little about climate change. As if they do not want people to establish the link between what they do and the effect it has on acerbating the problems of climate change (NGOP4).

> The Niger Delta initiative and USAID partner together with this company [oil MNC] to make sure that the problem of climate change and issue of gas flaring are solved in the area. And what are they using? All what they do is to make sure that health centres are provided, scholarships are provided for host community young boys and girls that are in higher institutions (CommP7).

NGO and community participants suggest that the oil corporations are not taking actions that address climate change or gas flaring. Rather, they provide other social amenities for local communities. As noted within the regulation and climate justice section, the government must be willing and ready to commit to projects that will curb gas flaring in the country, but NGOP4 opines that not much is done in that aspect. Like IPCC (2022) highlights, adaptation options and implementation are dependent on the capacity and effectiveness of governance and decision-making processes. Corporate interviewees expressed huge financial outlay as being the main factor that deters investment in gas utilization projects. Supporting excerpts follow.

> It's very expensive to build a gas plant. It's a lot of money you have to spend upfront you know, and it has to be available in good quantity for you to be able to want to spend that money upfront. So, from money required upfront, yes, that's the challenge (ICorpP1).
>
> A lot of indigenous companies have just maybe one block, one field, so they do not have then, they might not have sufficient gas to justify, from an economic perspective, building a gas plant or a big gas infrastructure to gather the gas, they don't. You need to have, you need to be a company like [MCoy 2] or (...) or [MCoy 3], where you have a lot of fields and you're producing a lot for you to have the wherewithal to be able to invest in such gas gathering infrastructure (IMCorpP5).

The latter extract by MNC participant 5 corroborates the former by ICorpP1. The huge cost implication of building gas plants to manage associated gas must be commensurate (at least) with the realizable income from the volume of associated gas anticipated by the corporations to be economically worthwhile. Although financial implications are often cited as the deterring factor from gas plant investments, another MNC participant outrightly suggests that the alternative to being mandated to build gas facilities is shutting the oil in the ground. See excerpt below.

> We're into the business of making money by producing oil. For every country that gives us oil, we would rather want to make money out of it and if you are insisting on building some facilities to curb the production or the flaring of gas, it means you really are telling us to shut in those oil and we don't have such a

> solution. So, the challenge is then, how do you manage to do it? The facilities required for managing the gas that's eventually being flared are mega facilities, facilities that are not on ground (MCorpP6).

This statement by MCorpP6 appears to be a blunt sarcasm directed at government's inability or unwillingness to be firm on ending gas flaring. The oil companies ride on the fact that they earn huge revenues from oil production for which the country is heavily reliant and thus, have the government succumb to them. Moreover, being a major joint venture partner, the government is responsible for a large share of the funding required for gas-gathering facilities that would curb flaring. MNC participant 2 shares perspective on their company's efforts at reducing flaring.

> [MCoy 1] started natural gas utilization project as early as 1984. So, about 1984 we had started reducing gas flaring. So, you can imagine with that kind of initiative since about 1984 till now. In 1984 we built the (...) gas utilization project, so it's in joint venture with [MCoy 2]. Then in 1987, we built the (...) gas recycling plant. Again, in 1994, we facilitated domestic gas utilization to reduce gas flaring and the (...) gas plant was further expanded (MCorpP2).

According to the claim by MNC participant 2, their company has already built gas facilities for utilizing gas in-lieu of flaring and was done in JV partnership with MCoy 2. In the Nigerian Oil and Gas Industry annual report, the DPR's Director also corroborates the claim that the industry is reducing gas flaring in the country.

> Overall, gas utilization in the country for 2018 shows the export market accounting for 41%, field/plant use accounts for 32%, domestic market is about 13.6% and flare gas is 11%. The zero routine gas flaring target in 2020 is vigorously being pursued by the Department (DPR Annual Report, 2018, p. 10).

Gas facilities do exist and there are movements in the reduction of gas flaring, but the issue in contention here is whether the gas facilities are sufficient for the scale of oil production in the country. Gas gathering plants are a huge investment and government bears a share of responsibility for building gas facilities. That possibly explains the sneering remarks by MCorpP6 about shutting down production if mandated to build them by the same government for whom they are making money. The huge financial implication of gas facilities likely also explains why multinational corporations with larger capacity have the upper hand in that space. Not only is the continuous gas flaring in the Niger Delta region blamed on the huge finance required for alternatives, but the government is also implicated in the setback. Some corroborative comments ensue.

> The government is not keen about having gas infrastructure in place for people to pipe the gas and send to locations where they are needed. So, we're still flaring it and we're paying the fine to government. It's way cheaper (ICorpP4).

By this statement, the participant from an indigenous corporation shifts the blame for unending gas flaring to the government. They also state that flaring gas is the much cheaper option for the corporations. The MNC participant in extract that ensues also blames the government.

> Efforts are going on but those efforts too, the government is not playing their parts. For example, if someone wants to buy that, there should be a process where you approach the government and the government gives you a waiver, a waiver to say okay, since you're going for these, there should be a waiver to clear your goods on time. But unfortunately, it doesn't happen (MCorpP1).

Both indigenous and MNC interviewees blame the government for the unending flaring. Apart from the government's lack of incentive to persuade corporations from flaring gas, it is a major stakeholder in the industry as a joint venture (JV) partner with all the corporations and as such, bears a higher responsibility in that respect. Moreover, the popularly cited funding shortage is linked to the government's failure to meet its joint venture payment obligations to the oil corporations (Aghalino, 2009; Edeh, 2022; Salau, 2015). For instance, ICoy 3 highlights this issue of inadequate funding as follows:

> The oil and gas industry is highly capital intensive. Significant amounts of capital are required to continue development activities and fund M&A. Non-funding of cash calls by JV partners impacts activities and liquidity (ICoy 3, Sustainability Report, 2021, p.40).

Failing to meet its funding responsibility is possibly a reason that the government cannot strictly carry out its enforcement role that bans the companies from flaring gas (Aghalino, 2009). Plans are underway for the government to sell some of its JV equity stake and improve its revenue. Such equity reductions are seen as an effective solution to mitigate the governments cash-call funding shortfalls and boosts its royalties and taxes towards other vital national needs (Kuye, 2019). The multinational oil and gas corporations (by reasons of greater financial capacity, image preservation, influence from parent companies, international NGOs, and shareholder pressures) appear to be better committed to climate change mitigation efforts (reducing gas flaring) than are their indigenous counterparts. This is corroborated by earlier comments in this section by ICorpP1 and ICorpP4, and in the above 2021 sustainability report by ICoy 3. They all cite high capital requirements as the factor that limits gas infrastructure investment. Statement below is demonstrative of this claim.

> In 2018, because of this trend of consistent investment, flared gas at [MCoy 1] was only 3.6% of gas production. This means that 96.4% of gas produced is being utilized, specifically to generate electricity at (...), and to supply the petrol-chemical plants (...). (MCoy 1).
>
> [MCoy 2] is also building facilities to gather gas that would otherwise be flared. Since 2002, [MCoy 2]'s flaring in Nigeria has been reduced by 90%. Gas that was once flared is now captured and processed to supply domestic and international gas markets (MCoy 2, Sustainability Report, 2020, p.71).

From statement above, both MNCs claim to have curbed gas flaring substantially. However, given that the data reported by the corporations and the regulators are generated by the corporations, there are doubts about what they disclose, which may be significantly lower than their actual GHG emissions (Harvey, 2022). MCoy 1 plans to completely end to routine flaring by 2024 as the next comment suggests.

> In the exploration and production of hydrocarbons, we are committed to reducing gas flaring. [MCoy 1] is playing a particularly important role in this wise, with its objective of reaching zero routine gas flared by 2024 (MCoy 1).

Claimed commitment and targets for ending gas flaring seem to be common amongst the MNCs as highlighted above. Nonetheless, they appear to be what Cho *et al.* (2015) describe as progressive façade where corporations discuss the possibility or plans for change but conceal the fact that essentially, nothing is different in terms of their priorities, decisions, and (in)actions. Another MNC declares its participation in the oil and gas climate initiative thus:

> We also joined the Oil and Gas Climate Initiative, an international CEO-led energy company effort dedicated to developing practical solutions to climate change in areas such as carbon capture and storage, methane emission reductions and energy and transportation efficiency (MCoy 3).

Although reference is made to their global operations, this alleged determination by MNCs in Nigeria will consequently have a positive impact on the climate challenges if matched with actions. To be significant however, all hands must be on deck. See the comment following.

> We are investing in low-carbon energy solutions and advanced technologies, such as those that increase energy efficiency and reduce emissions. We continue to contribute to the public dialogue on energy and climate policy. Yet, the scale of the global challenges that the world faces are too great for one company, or one sector, to resolve (MCoy 2).

Although this is with reference to MCoy 2's global operations (which includes Nigeria), the company urges wider efforts and participation in the climate dialogue because the magnitude of the global climate change threats is well beyond the scope of what one company, or one sector alone can provide solution to. Evidence of shareholders' influence on corporations is indicated by MCorpP2 and IMCorpP5 (see Section 7.3.4). They note that for a listed corporation, the company is burdened with the responsibility for responsible behaviour and strict compliance with established standards, which they consider lacking in other indigenous corporations in the country. Also important in inducing responsibility of corporations is a strict regulatory regime. To have all corporations (indigenous and multinationals alike) on board the flare-down drive, the federal government must incentivise the corporations and make its joint venture payments towards investments in gas-gathering technologies as and when due. One of the MNCs, MCoy 2, on its global website set itself a net-zero target for 2050 or earlier as shown below.

> For society to achieve a 1.5° Celsius future, the world is likely to need to stop adding to the stock of greenhouse gases in the atmosphere – a state known as net-zero emissions – by around 2060. That is why [MCoy 2] has set itself an ambition, to become, by 2050 or sooner, a net-zero emissions energy business (MCoy 2).

In the efforts to accomplish zero-net emissions by around 2060 and attain a future of 1.5° Celsius for mankind, everyone is required to put an end to further greenhouse gases in the atmosphere. In that respect, MCoy 2 asserts that the company plays its part and has set a target towards achieving the zero-net emissions milestone by the year 2050 or earlier. How this will translate to reality in the company's operations in Nigeria remains uncertain. According to Anderson (2021), [MCoy 2's] activities in the Niger Delta (both land and shallow water), produce some of its highest emissions globally, and is blamed on under-investment, vandalism, continued flaring, and harsh operating conditions. The lack of compatibility with the company's ambition towards net-zero has the company on course to divest its total joint venture portfolio in the country (Anderson, 2021). In 1989, Nigeria announced the country's Liquified Natural Gas (NLNG) Act, to harness and monetise its natural gas resources by converting and exporting it as LNG. With its first export in 1999 it had reduced gas flaring in the country from 65 to 25 percent as of 2019 (Okafor, 2019). Expansion of the project is underway and will grow FDIs, create jobs, and ultimately address climate change challenges (Okafor, 2019).

However, the current Nigerian LNG facility appears to be inadequate to manage associated gas from oil exploration and mitigate the impacts of gas flaring on local communities and the environment. This implies that more gas is continually being flared than would otherwise be if the gas facilities were commensurate with the volume of oil production. Inadequate gas infrastructure, corporate rhetoric and façade, inadequate funding, culpability of the government, vulnerability and powerlessness of local community suggest that local communities in the Niger Delta will continue to experience the harsh impacts of gas flaring. Corporate strategies that do not consider the negative impacts on local communities are unjust because they expose vulnerable community stakeholders to risks that endanger their wellbeing (Caney, 2010). Therefore, climate justice principles offer an inclusive method to climate change responses that also consider how they affect community stakeholders.

Any adaptation plans must not ignore the essence of climate justice (righting the wrongs) on the people mostly impacted. Schlosberg (2012) contends that recognition and capabilities-based adaptation models identify vulnerabilities based on location and scale, measure adaptation needs and goals, and include the affected public as part of the policy-making process. It is therefore essential to understand and account for the different hazards and precarities of communities. Power structures and social differences are also important, including how they relate to wider political and economic development (Sultana, 2022). So, not only does climate justice entail ascertaining what fair distribution is, but also what methods are fair for tackling climate challenges (Brandstedt and Brülde, 2019). Participatory justice is at the core of every set of climate justice principles and this demands for the inclusion that extends to adaptation as well (Schlosberg and Collins, 2014), which appears to be lacking in Nigeria.

In their assessment of IPCC report AR6 2022 on impact, adaptation and vulnerability, and its implication for Nigeria, environmentalists, and representatives of civil society organisations (CSOs) emphasized the need for inclusive and multi-stakeholder approach to climate adaptation, including the assessment of project success or maladaptation (Ojo, 2022). As demonstrated under procedural justice in Section 6.3.3, it appears that community stakeholders are not considered, let alone included in the decision-making process of any climate change action, which counteracts some of the main goals of climate justice, including transparency and inclusion.

## 7.5 CONCLUSION

There appears to be no end in sight for oil exploration and production in Nigeria in view of her economic growth and developmental goals. While the country may be making efforts at mitigating further climate change by investing in gas plants to curb gas flaring (GHG emissions) by utilizing most of its associated gas, there still remains a need to take decisive actions to adapt to the current and increasingly changing climate realities. As Muggambiwa (2021) contends, any meaningful adaptation plans that fail to cater for the vulnerable (poor, disproportionately impacted, marginalized, etc), like local communities, by protecting their rights and building their adaptive capacities will imply that climate justice is a sham. Climate justice cannot yield any usefulness if it solely addresses the emitters and sources of emissions. It must span efforts at all levels to address the systems that permit injustices in health, environmental, and economic impacts on communities (White-Newsome, 2016). Therefore, the pathway to climate justice in Nigeria necessarily entails improving accountability and transparency through genuine engagement with stakeholders, including notably the adversely impacted communities. A good starting point may mean establishing and facilitating two-way communication channels (formal and informal) with the community, including via town hall meetings or other community forums and to ensure inclusivity of members. It is also important to build community capacity through workshops and training programmes to empower them with the knowledge and skills required for effective engagement. Community stakeholders should also be involved in decision-making to get their input on issues and initiatives.

Empirical evidence suggests that the corporations readily comply with gas flare regulation because it offers them the option to flare and pay fines, which some see as a cheaper alternative to investment in gas gathering facilities. However, the perceived weak enforcement and monitoring of the industry appear to be the result of regulatory capture by industry corporations (Noah *et al.*, 2020; Nwanolue *et al.*, 2022) and the government's disincentive to enforce. This results in part from the government's failings in counterpart funding of the corporations, thus undermining its enforcement ability. The next chapter examines how corporations in this industry consider climate change in relation to CSR and the practices, including how it is manifested in CSR or sustainability reports of the corporations.

# CHAPTER 8

# CSR AND CORPORATE REPORTING

## 8.1 INTRODUCTION

In Chapter 7, I discussed the regulation of the oil and gas industry in Nigeria. The chapter also explored corporations' lenses of understanding climate change and gas flaring, and their efforts at mitigations. This chapter continues by examining corporate social responsibility (CSR) practices in this context, and the reporting practices of corporations in the industry, including whether they consider climate change as a CSR issue. The chapter makes connections using background knowledge from literature, theories, and empirical evidence in a manner that leads to logical interpretations and aids in answering the research questions. The objectives of this chapter are to know whether corporations in this industry consider climate change as a CSR issue and to investigate how their CSR disclosures reflect their concerns for or commitment towards climate change. Corporate documents and interview transcripts are used collectively in the analyses as complementary sources throughout the chapter. The themes used for discussing and evaluating the issues under investigation are those emerging from theory and data with connections to extant literature.

The chapter is structured in the following manner. It begins with a brief reflection on the concept of CSR. Following that is a section that elucidates meaning derived from data, including a description of the themes emerging from initial analysis. Next is the different CSR practices of the case corporations – zooming further with the analytical frames of the business case and stakeholder accountability perspectives. The penultimate section, CSR reporting, is followed by conclusion.

## 8.2 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The concept of CSR has become very popular among corporations over time, including the reporting of same, either by reason of meeting regulatory requirements or for managing impression. This is particularly so for corporations in the oil and gas industry whose exploration and production activities are prone to carbon emissions and have thus earned them a special place of criticism in the media and by human-rights NGOs (Ali *et al.*, 2017; Deegan and Islam, 2014; Jenkins, 2005; Tavakolifar *et al.*, 2021). Consequently, company environmental performance is becoming increasingly important, and one of the key means of fulfilling that requirement seems to be through CSR (Alshbili *et al.*, 2019; Gray *et al.*, 1995). CSR requires that a company balances different economic, legal, ethical, and social responsibilities toward multiple stakeholders with diverse values and expectations.

CSR is not practiced the same way across board, being that every corporation impacts the environment, society, and ethics in different ways (Moon, 2007). For instance, even with differing practices, oil and gas corporations report more on environmental performance because of stakeholders' criticism of corporate activities, like gas flaring (Frynas, 2009a; Michelon *et al.*, 2019) and engage in CSR initiatives, however cursory (Owen *et al.*, 2000). This implies the business case for CSR where corporations may engage instrumentally to enhance legitimacy and profits, thus enlightened self-interest (Burlea and Popa, 2013; Kim, 2022). As already discussed in Section 2.2, although CSR is a widely adopted concept, its meaning remains vague. Whereas some misconstrue the term for corporate philanthropy (Amaeshi *et al.*, 2016b; Hamann, 2006), others opine that business has a responsibility that spans economic rationality.

Yet some others suggest that CSR distorts markets and diverts business attention from its main goal (Henderson, 2001).

CSR is motivated by different factors, ranging from an emphasis on forward-looking business practices to the need to save business from negative publicity, thus safeguarding shareholder value (Doh and Guay, 2006). Given the diversity of corporate stakeholders, including in spatial term, the CSR activities of corporate entities may be unknown to many stakeholders. A major channel to familiarise stakeholders with an entity's CSR is through disclosure or reporting. Different incentives underlie corporations' decision to disclose their CSR practices. Such incentives include reporting their impact on society, environment, and economy (O'Dwyer and Unerman, 2020), preventing government regulation (Nwoke, 2021), enhancing corporate image (Borges *et al.*, 2018; Idahosa, 2002), social legitimacy (Alshbili *et al.*, 2021; Burlea and Popa, 2013; Deegan, 2002; 2019; Hill and Jones, 1992), political incentives (Uddin *et al.*, 2018), external pressures and media exposure for malpractice (Jenkins, 2005; Tavakolifar *et al.*, 2021). Although corporations use disclosure practices to communicate their actions with different stakeholders (Gray *et al.*, 1995; O'Dwyer and Unerman, 2020), it appears that such incentives to disclose may not necessarily mirror actual corporate practice (Eweje, 2007; Michelon *et al.*, 2019). Notwithstanding the reason for corporate disclosure and whether it mirrors actual practice or not, corporations are keen on disclosing detailed statements of their values, mission, and responsibilities to stakeholders (Idahosa, 2002), and those disclosures provide a platform for stakeholder dialogic engagement (Cho *et al.*, 2018; Pupovac and Moerman, 2017).

However, the many CSR currently practised by corporations in the Nigerian oil industry tends to be an instrumental technology for deflecting attention from negative corporate practices such as indiscriminate gas flaring. Gas flaring is a major contributor to greenhouse gas (GHG) emissions that cause climate change (Comyns, 2018; Nwanya, 2011), which is also linked to health hazards (Edino *et al.*, 2010; Libecap, 2014), and adverse impact on community livelihood (Edino *et al.*, 2010). Those adverse impacts of climate change induced by gas flaring in the Nigerian oil industry thus merit the need to include climate change within the scope of the oil corporations' CSR as part of best practices. As such, this chapter explores the extent to which the notion of climate change is considered and embedded within the CSR landscape.

Section 5.8.3 provides a description for the general organisation of themes in this chapter. As with all empirical chapters, the analysis was guided by both the pre-selected themes and those generated from data, in cognition of the research objectives and questions. In this chapter for instance, I began by discussing the relationships or connections made between the themes identified from data and what they reveal about the subject matter.

## 8.3 MAKING SENSE OF THE EMERGENT EMPIRICAL THEMES

This section begins by explaining the initial themes generated from data as described in analytical procedure, Section 5.8 . Some of the codes and general categories that emerged are combined on tiered levels to make sense of the data and provide logical and illuminating explanations, including those of their connections to concepts and theories that transcend the data. Rubin and Rubin (2004) propose that concepts and themes are connected by theory to offer a general explanation that spans beyond the immediate research question to also develop extensive comprehension of pertinent issues in society. After considering developed codes and categories separately and together, the following themes emerged. These are now presented and discussed in turn.

### 8.3.1 Managing Corporate Appearance

From a review of corporate documents and interview transcripts, the emergent themes suggest that oil and gas corporations in Nigeria adopt CSR to build or bolster their corporate image. It is often achieved by means of patting themselves on the back, proclaiming their different achievements or community investments, and by a declaration of 'doing no harm' and protecting the environment. They skilfully showcase these in their corporate reports, and this is further corroborated by interviews with corporate staff. A participant from indigenous corporation explains why the public is the target audience for CSR or sustainability reports as reproduced here.

> First of all, I think it's the general public really. They want to be seen as a very responsible corporate company, so, I think they achieve that to a certain extent. It's mainly the general public, the host community, and the government (ICorpP1).

This idea of boosting corporate image is not different between both types of entities. Similar point is raised in corporate report documents and by other corporate participants:

> Employees and partners are encouraged to avoid any action or behaviour, which is unethical, illegal, or likely to impact negatively on our reputation and brand equity (ICoy 3 Sustainability Report, 2020, p.35).

> SESCo [safety, environment, and sustainability committee] reviews and considers external stakeholder perspectives in relation to [MCoy 2]'s business, as well as how [MCoy 2] addresses issues of public concern that could affect its reputation and licence to operate (MCoy 2 Sustainability Report, 2019, p.17).

The idea portrayed in these reports is that matters of reputation and license to operate are crucial to the corporations and guide their selected business strategies. Corporate personnel also lay emphases to this image bolstering idea.

> We showcase to them what we've done, how we're trying to improve their respective communities, how we're trying to improve the relationship we have with them. For me, I can say clearly without mincing words, we have made great progress from years back to now (MCorpP4).

> So, corporate social responsibility, every government will want to see their people, ensure they have good roads, ensure they have good health facilities, so if there's anything that we could do, we do get involved in those to help up because it also boosts and beefs up our image (MCorpP6).

Efforts as those demonstrated in these comments seem to be geared towards portraying the image of responsible organizations, hence corporations managing the way they are perceived by stakeholders and maybe other corporations. This finding supports the idea that corporations, particularly those in high emitting industries are keen to publish their CSR and sustainability initiatives (Campbell, 2012; Frynas, 2009a; Ranängen and Zobel, 2014), albeit cursory (Owen *et al.*, 2000) with the motive of promoting their public image (Borges *et al.*, 2018). The disclosure appears to be ultimately motivated to sustain self-interest and corporate legitimacy, and not necessarily for stakeholder accountability purposes (Deegan, 2002; 2019; Manteaw, 2008). This may well imply that all hyperbolic narratives in corporate reports are simply glossy wall papers whereas the status quo prevails behind the scenes.

Whereas corporations in this industry profess several good deeds they have done and continue to do for and within host communities, community and NGO respondents have much different perspectives about this supposed symbiotic relationship. Some phrases like "*everything they do, for me, is peanuts*" and *"where you have 1,000,000 people you only educated ten persons, you've not succeeded"* taken from comments of other interviewee groups (see Section 8.4.1.1) buttress the point. For example, the following comment from community participant 2 reads:

> Everything they do, for me, is peanuts. They give them electricity. Like in my community, there is gas turbine light drawn to the community, so the people are dancing, but for me that's absolutely nothing. We need more things; we need proper health centres, we need proper schools built by these people, proper roads - internal roads made in the community, but this is not coming (CommP2).

Community stakeholders appear to assign a quasi-government role to the oil corporations as they typically provide basic amenities that should otherwise be provided by the government. According to Nwoke (2021), the government lacks presence in many local communities, so the corporations assume the role of the government. While CSR practices by corporations, like the provision of electricity may be considered as a good thing, they do not address issues of pollution from oil activities. Nonetheless, the case corporations claim to protect the environment and adhere to government's regulations in carrying on their business activities.

### 8.3.2 Compliance with Regulations

Corporations of this industry carry out their usual business operations for success and continuing survival (Limbs and Fort, 2000) while professing their resolute compliance with the laws and regulations of the country. They claim to take compliance matters very seriously. For example, the interview data points out:

> I would say that as a stakeholder, we are doing our best possible to ensure that we do what is right, in line with government regulation, in line with every issue that has to do with environmental laws. We try to protect the environment (ICorpP4).

> The Nigerian government regulations, of course, through DPR and federal environmental protection agency, now the federal ministry of environment, so we basically work in line with these regulations. We also pay fines if we violate, so we are very mindful of the regulations and to that extent, our operations are in line (MCorpP2).

Both (indigenous and multinational) corporate participants corroborate the idea of companies' compliance with local regulations and the latter participant also mentions the payment fines for violation as a deterrence from non-compliance. Further validation from corporate documents follows.

> [ICoy 2] ensures that its Community Relations activities are not in violation of statutory laws of Nigeria. it maintains a cordial relationship with state governments, government departments and local government (ICoy 2).

> All [Oilgas] companies in Nigeria carry out their activities in strict compliance with all relevant legislations and standards, in order to ensure the Health and Safety of the employees and the people who could be directly impacted by our activities, and the Protection and Preservation of the Environment and the adoption of principles of Environmental Sustainability (MCoy 1).

Evident in the foregoing statements is an indication that regulation and compliance with laws are a key concern for corporations in this industry, and they communicate that information in corporate documents, on corporate websites, and by testimonials from corporate interview participants. A corporate interviewee even described defying regulations as an error with fatal consequences.

> it's a very big fatal flaw if anyone is found doing the contrary against the guidelines and between both company guidelines, regulatory guidelines, and international standards. So, we're fully on board in that space (ICorpP3).

Not minding the often-professed compliance with regulations, Coplan (2020) notes that government regulation, however well-designed, is hardly enough to impact change without a bottom-up change in culture. Issues around regulation and compliance have been addressed in Chapter 7 (regulation, climate mitigation and adaptation). While complying with regulations as the corporations allude to, they engage in instrumental social responsibility to manage community stakeholders.

### 8.3.3 Stakeholder Management

In the bid to attain business success by way of operating smoothly without disruptions from local communities, corporations of the oil industry of Nigeria assert their engagement in mutually beneficial projects, thus employing strategies that culminate in win-win position for both parties (corporation and local communities). Such scenarios reflect the business-case perspective of stakeholder management, and the corporations achieve this making social investments and providing basic infrastructure in the communities. These include expending in areas such as skills acquisition programmes for youths, creating employment opportunities and training, providing educational support, and infrastructural support. Other means are by capacity and economic growth and development, including stakeholder empowerment (especially of women), local economic growth and development, and youth enterprise development. Some testaments from corporate reports and interview transcripts ensue.

> Working with the local communities' approved leaders to create shared value for communities, [ICoy 3] channels investment to areas that align local priorities to its business objectives whilst addressing the broader development objectives of the people (ICoy 3 Annual Report, 2019, p.79).

> [MCoy 3] works closely with the communities where we operate to identify and invest in initiatives that help support their needs. We collaborate with governments and local stakeholders to invest in programmes that promote local economic growth and help improve social conditions (MCoy 3 Sustainability Report, 2019, p.25).

Both corporations allude to providing support to and developing local communities. ICoy 3 declares its collaboration with local community representatives to create economic prosperity for the company, while simultaneously meeting the developmental needs of the communities. The company asserts that it focuses investments in areas that bring local priorities in accord with the company's business purpose and sees to the wider development goal of the community, to ultimately create shared value. Corporate interviewees also discuss social investments made by the corporations in the local communities.

> Sometimes too, they create some meaner jobs for their youths to reduce some restiveness, and that's why today, the issue of pipeline vandalization and the rest of them have reduced to almost zero because of dialogue and coming close to the community. So, it's more like a win-win for the company and the community (ICorpP2).

Indigenous participant 2's comment suggests that their company hardly faces challenges of pipeline vandalization by community youths because the youths are hired to do jobs for which no specialist skills are required, often low-income jobs. By reason of being gainfully employed community restlessness is lessened. So, both the company and the communities benefit in the end; a win-win for the company as they claim. The next comment from an indigenous corporate participant provides some interesting insight on corporate investment in communities.

> There are some things that at the end of the day, it might just be your best bet to say that the community should just take the funds and go and manage it themselves, if it's really something that they want at the end of the day and there are clear justifications for it, but unfortunately, it's quite clear also that we won't be able to manage it. Because it goes beyond just building (ICorpP3).

This corporate interviewee states that although the company provides infrastructural projects to the communities, there are times when it is not in their best interest to do so, because they may not want to be saddled with the responsibility that "*goes beyond just building*". To manage such situations, if it is something the community desires and there are justifications for the investment, then the company only provides the funding to the community in question, so that they can deal personally with the project as well as whatever else that follows. This provides a clear corroboration for the 'white elephant' projects Frynas (2005) notes, referring to the many uncompleted or abandoned buildings supposedly meant to be health centres, schools, or other non-functional infrastructure in the Niger Delta region (Nwoke, 2021; Ojo, 2012). It also consistent with Berman *et al.* (1999) who find that managers consider a stakeholder's interests only as long as doing so will have a positive impact on financial performance. For example, according to Nwoke (2021), the case corporations often prefer to build infrastructure in local communities than to invest on equipment for use in curbing gas flaring. Extract following further affirms this instrumental stakeholder management.

> While I have a flow station in a place that flow station that I will always run, keep on because I need to produce, I can extend that to the community and the community will not shut me down because they're having light. And if they should shut my operation down it would affect them because they would not have light (MCorpP6).

Providing electricity to the immediate community as this corporate participant shows is done, not from the goodness of the company's heart or other ethical considerations but just so that they do not get shut down by an angry community. Moreover, Brammer *et al.* (2012) assert that corporations can safeguard their reputation by embarking on social and other outreach programmes. In doing alleged CSR good in local communities, how the case corporations address pollution and climate change is also important for consideration, that is, addressing the negative injunction duties (Nwoke, 2016).

### 8.3.4 Climate Change

In carrying on with their usual business, the oil and gas corporations also acknowledge their awareness of climate change and the impacts of their exploration and production activities on the environment. Such climate awareness is reflected in the alleged recognition of and the support for energy and climate policy and zero-emission targets as embodied in the following.

> With the aim of achieving Zero Routine Flaring, in the past 10 years [MCoy 1] has developed a number of projects on its operated JV onshore assets to valorise produced gas and increase the amount of gas sold to the domestic market for power generation or to industrial plants (MCoy 1).

> Nigeria is a signatory to Kyoto protocol. And because we are signatories to United Nations Convention on Climate Change, in our operations we assure that the programmes are cut as they are expected. We try as much as possible to reduce emission of greenhouse gases, so to this extent we are sure that most of our operations, our carbon print is as low as reasonably practicable. We also do have investors in our business (MCorpP2).

To reduce the amount of gas flared into the environment and towards an eventual zero routine flare, MCoy 1 alludes to the company's investment in gas utilization for domestic use and MCorpP2 purports that their company works at reducing GHG emissions. A more in-depth analysis of data on climate change and gas flaring in the industry was covered in Chapter 6.

### 8.3.5 Social Licence to Operate

All corporate actions described in the preceding paragraphs appear to be targeted towards the corporations' motive of gaining or building trust with local community stakeholders and securing their social license to operate. This is further manifested in the codes of smooth operations, license to operate, relationship management, mutual understanding and trust, and supporting community needs. Some confirmatory narratives from corporate documents and interviews are as follows:

> We implement high-impact corporate social responsibility (CSR) initiatives designed to deliver optimal benefits to our host communities and guarantee our freedom to operate (ICoy 3, Sustainability Report, 2021, p.15).
>
> For [ICoy 2], like presently I am working on one MOU, social investment that we carry out is most of the time as a fallout of the dialogue or preliminary meetings we have with host community. They will say okay, this and this and this are the developmental or social projects we want. So, we now look at our books and see if it's going to be a viable project, if it's going to be something for the financial year we can entertain (ICorpP4).

ICorpP4 hints that the social initiatives carried out in local communities are mostly those requested by the communities and are feasible and within the company's budget for that year. Other comments by MNC participants ensue.

> For the onshore operations, we have community social responsibility projects which we carry out with our host communities or where we have any facility in these areas, we carry out CSR projects. So, the relationship with my company and the host communities is one that has been very peaceful over time, and we work in partnership in the development process of these communities (MCorpP5).

> For our communities, we do as much as we can to take from them with our left and give to them with our right. Take from them what they can give to us and of course, we try and keep them happy as well by ensuring we give back to them. Some of us were [MCoy 2] scholars. The [MCoy 2] scholarship is one of these composites for keeping them okay (MCorpP6).

By these statements, the participants insinuate that CSR initiatives carried out in local communities are the ways to ensure peaceful corporate-community co-existence as also demonstrated earlier. This appears to indicate that the case corporations use instrumental strategies to advance other corporate interests.

As shown in Chapter 6 , oil corporations in Nigeria's oil and gas industry understand that corporate activities, like gas flaring, induce climate change and negatively impact local communities. These entities also use CSR programmes in such communities as a means to ameliorate perceived impacts. CSR/Sustainability reports are some of the means corporations use to demonstrate (or manipulate) their corporate, social, and environmental activities and accompanying accountability (Gray *et al.*, 1995; Muttakin *et al.*, 2018). Therefore, the reports of oil and gas corporations in Nigeria supposedly mirror their CSR practices. To discover how the reports demonstrate corporate concern for climate change arising from oil and gas operations necessarily entails exploring those CSR practices and comparing them with the CSR disclosures.

## 8.4 CSR PRACTICES

As demonstrated in Section 8.2, corporations in the extractive industries, like oil and gas, commonly embrace CSR practices and reporting in response to increased stakeholder scrutiny and demand, partly due to the ecological footprint of their activities. In attempt to address the research question on climate change as a CSR issue, the remainder of this section assesses some CSR practices of corporations in Nigeria's oil and gas industry to see how they make a connection between those practices and climate change. Specifically, the analysis seeks to ascertain whether the corporations consider climate change as a CSR issue. It begins by evaluating the CSR practices to see how the corporations and other stakeholders consider them, using evidence from corporate documents and interviews. The section is organized mainly according to themes generated deductively from the theories introduced in Chapter 4, with subthemes derived inductively from the empirical data (described in Section 5.8.3).

### 8.4.1 Business Case Approach

The business case strategy is focused on instrumental stakeholder management by corporations to further corporate goals or interest (Brown and Fraser, 2006). Lauwo *et al.* (2016) argue that although stakeholder and legitimacy theories provide the basis for grasping and analysing business-society relationship, they fail to address other broader issues of developing countries, including power relations within the context of CSR practices. In this instance, it is apparent that corporations in the oil industry of Nigeria employ the business-case approach in managing their relationship with community stakeholders. As discussed in Chapter 4, this approach is opposed to the principles of justice because it privileges certain stakeholders over others. For example, from the foregoing in Section 8.3, whereas these corporate entities claim to engage in CSR activities that supposedly create shared value by working with communities approved leaders, creating jobs for community youths, and social investments agreed upon from dialogue with host communities, community respondents have different takes on the issues. These are further unpacked in the sections following.

#### *8.4.1.1 Creating Shared Value and the Business Case Approach*

Ferrell *et al.* (2019) and Rangan *et al.* (2015) propose that CSR is presumed to align a corporation's social and environmental initiatives with its business purpose and value. Nonetheless, rather than adopting shared value practices, corporations may use other strategies or CSR versions, like corporate philanthropy (Rangan *et al.*, 2015). The idea of shared value implies value for all stakeholders, and is based on justice and fairness, rather than value for certain specific stakeholders only (Jones and Wicks, 1999). Under the business case approach shareholders' interest is prioritized over the interest of other stakeholders. However, this approach claims to embrace win-win strategies as shown in corporate document and by corporate participant in the following.

> [ICoy 2] as a responsible corporate citizen maintains a cordial relationship with host communities to ensure uninterrupted oil exploration and production operations. [ICoy 2] holds regular quarterly meetings with each host community as a means of identifying their desires, aspirations, and expectations (ICoy 2).

> The international oil companies, IOCs, international companies who know better that are expected to yes, take away but give back. That's why they reside in systems of this symbiotic relationship that we have here. You'll allow me to produce in your area and I give you constant power supply. Constant power supply allows you to become vulcanizers you know. Just for having light alone, there's a lot of business opportunities that will spring up (MCorpP6).

Indigenous corporation 2 alleges it works at guaranteeing its smooth operations by paying attention to the needs of its host communities. The MNC participant refers to philanthropy CSR, like power supply to a community, as something that fosters interdependent relationship between the corporation and its local communities. Earlier in Section 8.3.1, a community interviewee disdained the supply of electricity by a corporation but wanted more support from them, even though those should be the government's responsibility. Power generation to a local community affords prospects for business start-ups in those communities as MCorp6 comments. However, evidence from community interviewee following shows that the said power supply to the community is done only as long as the corporation has some ongoing activity in the area, meaning that it is supplied on temporary basis.

> For about two months the gas turbine light was put out, so, the women, the men went to tell them then they used government security to chase them away. (...). So, they [the women] now formed their group and then sat on the road and then [MCoy 2] would not pass this road to go and do their mission. So, that took some time. They [the company] tried to infiltrate them through the boys from the community, the chairman of the community, but the women stood their point; they said, "if you don't repair this light, you will not also go and repair a leaking pipe". So, that gave them a concern and then they temporarily brought the light, which came for just one month, then it went back again up till now (CommP2).

By this participant's narration, it also appears that the communities first have to put up some resistance or demonstration before some of the philanthropic projects are put in place or made functional. This probably explains the indifference about power supply by the same participant in Section 8.3.1. Industry corporations also allude to the concept of shared value creation as demonstrated herewith.

> From 2014 [Oilgas] has been profoundly renewed thanks to its people and a new integrated business model that leverages new business opportunities to create shared value in the long term (MCoy 1 Sustainability Performance Report, 2018, p.8).

> We have built strong relationships with our key local communities, promoting trust and confidence amongst our various stakeholders, ultimately resulting in a

> stable operating environment that facilitates the creation of shared value (ICoy 3 Sustainability Report, 2021, p.14).

The two types of corporate entities allege adopting strategies that create shared value for all stakeholders. A corporate statement already referenced in Section 8.3.3, also shown here, provides a glimpse of how the said shared value is typically created.

> Working with the local communities' approved leaders to create shared value for communities, [ICoy 3] channels investment to areas that align local priorities to its business objectives whilst addressing the broader development objectives of the people (ICoy 3 Annual Report, 2019, p.79).

This corporation discloses that it works with local communities' "approved leaders" in the creation of shared value. Nonetheless, community stakeholders have differing experiences in terms of the supposed approved leaders and value creation.

> They pick one or two, three people from a particular community, empower them to be their own representative, to be their eyes, and even to be their mouthpiece. As a result of that, they shut down other members of the community that are supposed to be part of the process, and then they use them against the people. That is why in almost every community where [MCoy 2] operates you see a lot of crises and so on because they empower these few people against the people. And sometimes when they [other community members] rise up against those few people you see crises that may lead to burning of houses, killing of people, vandalization of properties and things like that. So, that open engagement is not there. (...). So, they divide the community and use those few people (...) to rule the other remaining parts of the community. So, they are just like the colonial masters that appointed warrant chiefs in the colonial days and use them to interface with the people (CommP3).

Community participant 3 describes the "divide and rule" tactics also mentioned by Akpan (2006) and Nwoke (2021), as a strategy used by the corporation to hand-pick and empower some people from the communities and by such practice cause disputes between the chosen few and other community members. Community participant 6 also asserts that the corporations employ the divide-and-rule method but in a more subtle way.

> They [the corporations] pass through the people. Let me use the word indirect approach to reach out to the people. And some of the people whom they would have hand-picked too are not lettered; they don't know the legal implication of

> whatever thing that they are going to do, and they will take them to one big hotel, lodge them there. Of course, a poor man who has never been to a good place, you take him to a good place where there's luxury, he will eat good meal, see a fine environment, of course, you've shut his mouth already. So, that is what they normally do, using a kind of pleasantry approach whereby the people do not have personal will. (...). Of course, a local man from a far, far Ahoada West who has not been to Port Harcourt, what do you expect from him? He has to keep quiet, so whatever thing they tell him he'll be shaking his head and at the end of the day everything that the company said is right (CommP6).

Going by community interviewees' narratives, and as Akpan (2006) and Renouard and Lado (2012) contend, some of the CSR practices of these corporations in local communities of the Niger Delta region have not stalled violence in the region but have rather heightened the incidences of different community conflicts, created fractions amongst communities, and widened the economic divide. The finding also validates that by Blowfield and Frynas (2005) and Idahosa (2002) who argue that CSR approach depends largely on power relations between the corporation and competing stakeholders, especially if the corporation's main focus is the bottom line. Such power disparities also breed social injustice perpetuated against the least powerful local community members. Edwards (2020) argues that the practices that encourage suppressing certain voices while concurrently amplifying others only create and increase injustice. Therefore, creating shared value in the real sense of the word necessarily entails reframing the CSR strategies frequently used by corporations to a more inclusive and proper representation approach, with its focus on the moral obligations to all stakeholders. NGO interviewee 2 sums up the injustice perpetrated on host communities by the corporations thus,

> According to Nnimmo Bassey in one of his books, "we thought it was oil, but it was blood," the communities welcomed the oil companies with palms and pleasantry, they were so happy; they thought that development had come. They thought that this was going to be the end of the poverty line that they knew. They saw the next Netherlands in front of them, they saw the next Scotland in front of them, they saw the next Dubai in front of them, that they had always hoped for and wished for. That wow, after that, we're going to have X, Y, Z type

> of development. Our people will have good access to education, our medical facilities will be well improved where women don't need to trek two, three, four hours to go to the medical centre just to give birth. But at the end of it, what did they get? Nothing. That was the blood when they thought it was oil (NGOP2).

Although local communities are believed to be lacking the development that they had hoped would come from being oil-bearing communities, they now appear worse off from environmental degradation they suffer from oil operations. Another NGO participant's comment follows.

> The most damaging and atrocious trend is the fact that a lot of the multinational operators that have so negatively impacted the people of the Niger Delta region are currently divesting and by divestment they are selling off assets and they are going away, leaving their responsibilities, leaving the community with the many decades of impact to live with. And when the Nigerian companies, small oil companies in Nigeria buy off those assets, they claim to buy only the assets and not the responsibilities (NGOP4).

Comment by NGO participant implicates indigenous corporations of shirking environmental responsibility associated with the oil facilities they acquired from MNCs. This brings back the discussion in Chapter 7 (regulation, climate mitigation and adaptation), on whether the multinational and indigenous corporations are regulated and monitored in the same manner. Even with the conflicting views amongst the different participant groups on the shared value of oil and gas exploration, ICoy 3 and some corporate and community stakeholders look forward to and hope that the long-awaited petroleum industry bill will correct the various anomalies.

> We believe that the passage of the Petroleum Industry Bill (PIB) currently awaiting full legislative process at the National Assembly will provide the enabling environment to promote innovation through research & development. This will create a viable sub-sector and make gas business more attractive to investors through a proper pricing structure, while Nigeria bids goodbye to gas flaring (ICoy 3 Sustainability Report, 2019 p.45).

> Today we're talking about PIB, petroleum industry bill. It is the bill of 'let's make Nigeria have an oil industry that is for Nigeria to help build Nigeria' but I'm thinking that is it working? Although it has been marred with a lot of in our own words, our way of thinking. People are being hurt struggling for this oil, people

> are being maimed, people are dying, and there is still hunger in the land (MCorpP6).
>
> What we're doing is just praying that let the PIB that is before the National assembly now, if that bill could be passed before this month of April, I think with the percentage that the host community will be taking home now, I think there is going to be smooth operation for all these companies and community relationship (CommP1).

Whereas some participants expect that the petroleum industry bill will resolve some of the challenges that plague the Niger Delta communities, other community participants' comments suggest that the PIB is unlikely to fix the issues at stake, given that it does not meet the communities' expectation and demand.

> The PIB that was passed in the national assembly, remember our people were arguing for five percent they gave us three percent. That is not acceptable by us, and these are the challenges that we face that we're talking about. We are the owners of the oil; we own the property, (...). Of course, some of us can confidently tell you that oh, we have scholarship from secondary school to university, even that is not enough. Where you have 1,000,000 people you only educated ten persons, you've not succeeded (CommP6).
>
> Nigeria as a country, federal government being the major stakeholder here are not really doing enough. The issue of petroleum industry bill that has just been passed in the house, communities in the Niger Delta are demanding for 10 percent derivation or at least 30 percent host community. But it has just been passed now is only three percent will be given to the host community, which is not good enough. Government on their own are not even trying. It's even only these companies that are looking into our structures here and there to see that communities in the areas of their operation benefit from what they are taking away (CommP7).

Although these two community participants emphasize that the funding provided to host communities for development is inadequate and unacceptable, the main concern however, is whether granting the communities a higher amount will substitute for corporate environmental responsibility. Community agitations following the PIA signals that community conflicts and uprising may persist in the region beyond the PIA. This bill was signed into an Act (PIA) on July 1st, 2021, after 19 of 25 interviews were already concluded. Other areas of CSR initiatives mentioned by the corporations and corporate executives follow in the next sections.

#### *8.4.1.2 Creating Jobs for Community Youths and Capacity Building*

The principles of climate justice advocate building the adaptive capacity of vulnerable communities (Cheng, 2022). When communities are empowered through the creation of employment or other empowering initiatives, like skills acquisition programmes, the community is better able to cater for itself and build resilience, especially against poverty or deprivation and impacts of a continually changing climate. Although without explicit reference to climate change, the case corporations recognise and often discuss their efforts in the area of empowering the community. Corporate statements following provide support for this argument.

> Women and youth constitute a major block in the provision of labour especially at the grassroots level. One of the key pillars of our delivering shared value to society is the economic empowerment of this category of stakeholders (ICoy 3 Sustainability Report, 2021, p.76).

This indigenous company claims to focus its capacity building initiatives on community youth and women as they represent the grassroot groups for labour programmes.

> [MCoy 1] has also taken giant strides in development of vocational and technical training of youths in its areas of operation and beyond. Some of these initiatives include the provision of 'on-the-job' training in various disciplines including geology, electrical engineering, welding, fitting, piping design & fabrication, seismic data processing, and civil works, during projects executed in collaboration with the Nigerian Content Development & Monitoring Board (MCoy 1).

> [MCoy 2's] Nigerian businesses support the development of local communities and companies. The businesses in which [MCoy 2] has interests employed 2,500 people directly in 2021 and provided jobs for many others in supplier networks. In 2021, [MCoy 2] Companies in Nigeria (...) awarded contracts worth $800 million to Nigerian-registered companies (MCoy 2 Sustainability Report, 2021, p.53).

The multinational corporations also believe that building community capacity necessarily entails creating youth empowerment programmes which they claim to be involved in doing. Corporate participants also allude to initiatives that enhance community livelihood through creating employment and contracts.

> Before we move in at all, we hold meeting with the community, their leaders and we ask for the technical expertise available in that community, what can they do, what they cannot do and so forth. So, as much as possible we engage people in the community, even in the operations for the things they can do, you understand. So, they're involved as a community, then there's another forum, which is contractors' forum (ICorpP1).

> Sometimes these communities benefit a lot from these operations because sometimes they give them some unskilled jobs, some meaner jobs to do around the location and from there they make their living. During the pandemic some of these activities were stopped completely and it impacted seriously on the communities. Some of them lost their jobs (...), and up till now some of those jobs never came back (ICorpP2).

Amid the hype on economic empowerment and job creation from the foregoing, community and NGO participants have much different opinions.

> If you go to the management level of the oil companies in the communities or wherever they are operating, you'll only find the community people having jobs like tea server, grass cutter, gatemen, maybe sometimes driver. Those that are well educated and maybe well positioned in the society, go as far as getting jobs at the headquarters, maybe in Lagos or in Abuja or in Port Harcourt. But the local communities have little or nothing to reap from what they've been able to give out in the past (NGOP2).

Whereas, the NGO participant confirms that communities are often offered unskilled jobs, like the corporate participants also allude to, the educated ones are also said to secure good jobs in different parts of the country. Although it seems like a good thing but the participant's argument is that the communities have been sapped by the oil corporations with no commensurate benefits. Community participant provides an interesting insight into what sometimes happens in the unskilled job arena as explained next.

> According to CommP2, when the oil companies go to operate in the host community, they (company and community) sign an agreement to exchange social operational license for employment for some community youths. However, they assert that behind the scenes, the supposed roughneck or roustabout rig jobs for the youths is a farce. The said employees are provided with a speed boat to travel to and from the rig just to have their 3 meals daily, leave with some provisions, and get paid their salaries at the end of each month. So, the youths are engaged only in theory and when the jobs end, there are no knowledge or skills transfer to the locals.

From this narrative, when the corporation in question concludes its activities in a location, the hypothetically employed community youths return to square one, with no skills learned, no experience gained, and of course, no continuing employment, even though it was a hoax from the onset. This appears to be an instrumental strategy by the corporation that supposedly keeps community youths engaged to forestall youth restiveness and guarantee uninterrupted oil exploration activity. The next section examines corporate accountability to community stakeholders on environmental matters.

### 8.4.2 Stakeholder Accountability Approach

The stakeholder accountability approach is predicated on corporate responsibility to stakeholders, including stakeholders' right to information (Gray *et al.*, 1997; Gray *et al.*, 2014; Unerman and O'Dwyer, 2007). The approach assumes that corporations have multiple stakeholders to whom they must account for their actions, and it aims to correct the power imbalance between corporations and stakeholders by promoting information disclosure. Cooper and Owen (2007) propose that stakeholders (local communities in this case) must possess power to hold the account giver (case corporations) accountable to ensure proper accountability. Consequently, the involvement of community stakeholders in CSR projects is examined under corporate-community dialogue.

In Chapter 6, I discussed gas flaring as a contributor to climate change, including the associated impacts on the environment and community stakeholders. Livelihoods could be affected due to poor farm produce and other consequences of climate change, like community health hazards which have been particularly linked to gas flaring. It is thus considered as a human rights and justice issue (Mehta et al., 2019, White-Newsome, 2016). It is also unarguable that climate justice is crucial to climate change response or action to adapt or mitigate, considering the causes and distribution of impacts (Cheng, 2022; Mullen and Widener, 2022). Climate change challenges would need to be addressed and as such, CSR practices in the form of community development and decisions on flare down might be some ways of mitigating or addressing those impacts created by gas flaring. Dialogue with stakeholders is essential to an inclusive or participatory justice, including their rights to information (Schapper, 2018). Even more so, given that corporate participants consider the environment and by extension, climate change as a CSR issue as extracts following indicate.

#### 8.4.2.1 Climate Change as a CSR Issue

Data evidence from corporate participants ensue.

> Yes, it is [environment as CSR issue]. It is, but I will say maybe the real focus is not the ... (...}. When I say environment, like there're some government regulations. For example, you cannot spill oil you know, it's a very stringent rule. When you spill it's a big deal but when you burn gas, main thing now is "you pay" (ICorpP1).

> The environment is considered [as CSR issue]. Yeah, it's considered. Like I said, the government through the department of petroleum resources, have some regulation on how you can leave the environment even better than it was after your operation. They came up with one document called EGASPIN [Environmental Guidelines and Standards for The Petroleum Industry in Nigeria]. EGASPIN has all the rules and regulation concerning the environment (ICorpP2).

The two corporate participants perceive the environment as a CSR issue but abdicate their environmental responsibility to the government through its regulatory agencies and instruments. ICorpP1 specifically refers to the fines charged the corporations for flaring gas as a tool used by the government to deter them from flaring.

#### *8.4.2.2 CSR in Lieu of Environmental Accountability*

The oil and gas corporations in recognition of corporate externalities and the demand by community stakeholders, promote social development initiatives in the communities, given the several corporate-community interactions that endure during oil exploration activities (Frynas, 2009b). Further supporting statements made by corporate participants ensue.

> If you discover that some of them their farmlands have been badly damaged, the rivers have been polluted in one way or the other. The ones that are fishermen can no longer do that. The farmers can no longer go to farm. So, this CLO [community liaison officer] will now take their complains to the oil company and they now have a common ground and say “OK, what can we do to ameliorate your suffering?”. And that’s why they came up with some of the basic amenities I mentioned earlier. Maybe sinking boreholes for them, building hospitals and some health centres and sometimes support them with some grants, agricultural grants (ICorpP2).
>
> There are memorandums of understanding in place for most of our host community where we do our exploration and production work. (...), so that in the process of us impacting developmentally in the community we know that our exploration activities there’s a way it will be impacting the local communities positively, at the same time whatever impacts that will be felt by them can be mitigated (ICorpP4).

Both corporate participants allude to basic amenities to local communities to alleviate the impacts on them. However, environmental matters are left to the government as ICorpP1 and ICorpP2 hinted at earlier. Corporate document of indigenous company 3 also reflects the idea of using CSR programmes in communities to gain their support and ensure peaceful operations.

> Our long celebrated GMoU, which guides our relationship with our communities and largely responsible for our social license to operate, is a product of such proactive stakeholder engagements (ICoy 3 Sustainability Report, 2020, p.37).

As deduced from the CSR practices described prior (Section 8.4), corporations in the oil and gas industry of Nigeria adopt the business case approach that mostly focuses on corporate enlightened self-interest. Consistent with the findings by Frynas (2005), business-case strategies for CSR employed by corporations are restrictive in design and often times end up in futility. At best, they are sometimes expended on the wrong, unintended, or only selected beneficiaries (Frynas, 2005; Michael, 2003) as also determined in the preceding. Such practices are mostly dependent on home-country's directives or targeted mainly at maximising shareholder profits (Nwoke, 2021). Campbell (2012), Idemudia and Osayande (2018), Jamali and Karam (2018) and (Ojo, 2012) find that institutional voids pressure MNCs to deliver CSR in the form of infrastructure while environmental CSR still appears weak. In this study's context however, institutional 'compromise' emanating from government's vested interest appears more properly fitted.

The government is often implicated on issues of development and rightly so, especially in oil-bearing communities of the Niger Delta region. NGO participants also have the same opinion on government's role.

> In most of these communities, especially the ones where the level of poverty, the level of lack, for instance, is high, there is often lots of expectations from the oil companies to turn up and do more for the community. And in that context, the oil company is often exclusively seen as the only development partner, the oil company is seen more as the government in that community. (...). The oil company becomes the oil company and the government because the government is failing in its responsibility to develop the community. So, issues around health care, scholarships, for instance, education for instance, all of that are expected to be done by the oil company, so the process of signing the MOUs and the GMOUs between the companies and the communities become a tug of

> war, becomes a conflictual process because of the various interests, because of the requirements by the community for that to be done (NGOP1).
>
> We do not think that statutorily, oil companies owe the people much. Also because of the way that oil contracts were negotiated in Nigeria. They were negotiated without any single consideration or input from community people. So, the major framework upon which we support communities to engage is where issues of spillage, environmental degradation, and security breaches have taken place (NGOP4).

Not only is the government blamed for its shortcoming in the development of the local communities, but it also seems to enable the industry corporations' disregard for the environment. Nwoke (2021) describes the Niger Delta region as an area of limited statehood, indicated as the inability of government to effectively monitor the practices of oil corporations in the region. This finding is consistent with those of Archel *et al.* (2009) and Idemudia (2014) that show how state or political interventions can promote, facilitate, or constrain such legitimising strategies of corporations. Government takes sides with the case corporations because of its dependence on oil revenue. This then leaves local communities to suffer the environmental ills from oil production. Equally, Sikka (2011) argues that corporations' increasing power compromises government's autonomy and curbs its power to protect the rights of its citizens. Nigeria's case appears to be further aggravated by the state's highly vested economic interest in this sector.

Nwoke (2021) argues that corporations instrumentally commit to CSR as a means towards maximizing profits and preventing regulation. It is commonly viewed by numerous investors as a guise for managerial opportunism that undermines corporate accountability to stakeholders (Brammer *et al.*, 2012). Actual accountability to stakeholders necessarily requires empowering them first (Cooper and Owen, 2007), considering that mere disclosure simply implies passing information to stakeholders with no power to challenge the corporations or hold them accountable. Nonetheless, Deegan (2019) and Zyznarska-Dworczak (2018) contend that instead of taking responsibility and being accountable for their actions, corporations use CSR and disclosure as legitimising strategies. Contrarily, climate justice approach promotes the recognition and participation of stakeholders or impact bearers of climate change in decision-making. This entails dialogue with community stakeholders in decisions that affect their wellbeing and include access to information and justice (Jodoin *et al.*, 2021)

To answer the research question - do the corporations consider climate change as a corporate social responsibility issue? Data evidence from corporate interviewees (Section 8.4.2.1) demonstrate that the case corporations regard climate change as a CSR issue. Supporting evidence are shown both as direct participants' affirmations (Section 8.4.2.2) and others deduced from participants statements to suggest that the corporations engage in CSR activities as a way to ameliorate the environmental and other impact endured by community stakeholders as a result of exploration activities.

The CSR practices described in Sections 8.4.1.1 and 8.4.1.2 are probably some of the reasons why oil investments have not enhanced the quality of life of local communities. The government, on the other hand, directs oil revenues for private gains instead of public benefit (Ite, 2004), especially those of Niger Delta communities endowed with mineral resources. Okoye (2012) argues that CSR programmes in a developing country should be focused on development rather than the current business-case approach, and should be relevant to the nation's development agenda, incorporated into legal or regulatory frameworks (Okoye, 2012). NGO participants also note the nondevelopment impact of CSR methods used by oil and gas corporations in Nigeria in statements following.

> We've looked at issues around the impacts oil companies have had on communities in terms of development, their impacts in terms of climate change, and again the developmental strides of using what they call the GMOU [global memorandum of understanding] as a way of fuelling conflicts or reducing conflicts within communities. That GMOU comes with some amount of money, the communities just run and buy into it. It's within their rights to accept the GMOU, but looking at the GMOU, I don't see the huge difference between it and a corporate social responsibility (NGOP2).

> We looked at the issue of CSR of oil companies and climate change. We were trying to look at if oil companies have sort of integrated, factored in climate change practices into their GMOU (...). They talk about all they are doing, when you go to communities, that is not the case. (...). Currently in the Niger Delta, the much I know is, there has not been any deliberate efforts by the international of course, even indigenous oil companies to specifically implement climate resilience, or sort of resilience approaches within their GMOU and MOU processes. The conversation is still pretty much around, (...) building physical projects, for instance, constructing roads and what have you (NGOP1).

According to NGOP1 and NGOP2, the CSR programmes carried out in communities by the case corporations are devoid of consideration for climate change impacts, but rather focus on infrastructure provisions. Although oil corporations appear to consider climate change arising from gas flaring as a CSR issue, their CSR programmes do not appear to demonstrate such connection. Consequently, long after discontinuation of exploration activities in an area, issues of environmental pollution still linger on.

Despite developing countries' severe environmental pollution, exposure to climate change threats and the global transition towards a net-zero era, among others (Qian *et al.*, 2021), Nigeria's oil and gas corporations focus their CSR initiatives on the provision basic community needs agreed and stipulated within GMOU and pay little or no attention to issues that border on accountability and environmental impacts of their activities (Campbell, 2012; Ite, 2004; Jamali and Karam, 2018; Phillips, 2006;

Renouard and Lado, 2012). These are some of the reasons that short-term, nondevelopment-focused CSR programmes carried out in these communities by corporations do not balance the impact of corporate externalities, like gas flaring continually endured by the people (Idemudia and Ite, 2006b; Nwoke, 2021). It also corroborates Campbell's (2012) argument that the deep structural problems specific to each country cannot be fixed by any measure of CSR because the current approaches replicate the same deficiencies of the past fragmentary agendas by external actors. The section that follows looks at CSR reporting or disclosures of the case corporations, including the channels used for it.

## 8.5 CSR REPORTING

This section considers and illustrates the different channels through which the case corporations make their CSR disclosures. Disclosures made by the corporations expectedly mirror their CSR practices, however controversial, as demonstrated throughout the preceding Section, 8.4. Corporations engage in CSR activities and reporting presumably as a demonstration of accountability stakeholders or to the economically influential ones, depending on the stakeholder approach adopted (Fernando and Lawrence, 2014). CSR reporting is the narratives companies use to convey information about themselves, their relationships with communities, and their responses to conflicts and threats to legitimacy (Jenkins, 2004). However, the empirical narratives provided by both community and NGO participants often do not corroborate those disclosed in corporate reports or by corporate participants. As demonstrated in Section 8.4.2., it is also understood that corporations in Nigeria's oil industry use basic CSR provisions to placate local communities while degrading the environment through exploration and production activities.

Consistent with the findings by Amaeshi *et al.* (2006) and Ojo (2012), the foregoing from Section 8.4 suggests that CSR of Nigeria's oil industry is tailored more towards corporate philanthropy that meets the basic needs of local communities. Literature evidence indicates that the priorities of any country are determined by the immediate needs or lack experienced by such country, like the basic needs of food and shelter (Jones and Wicks, 1999). In Nigeria for example, despite the resource endowment a vast majority of the populace, especially resource-rich communities, live in abject poverty with little or no basic amenities (Ajiboye *et al.*, 2009; Nwoke, 2021). Moreover, the activities of oil corporations also aggravate the poor conditions facing the local communities. Addressing those social ills (especially those linked to corporate operations) through CSR would fundamentally require corporate-community accountability relations driven by dialogic engagement and information disclosure (Egbon *et al.*, 2018). The empirical data indicates that two forms accountability exist between the corporations and host communities, and these are now presented and discussed.

### 8.5.1 Formal Accountability/Reporting System

Corporations typically use CSR or environmental reports as a way of discharging accountability to their respective stakeholders (Cho *et al.*, 2018; Frynas, 2009b). This represents a formal form of accountability. The fallout from oil exploration activities, like gas flaring, is associated with environmental impacts and corporations typically rely on CSR projects and reporting as a means of demonstrating accountability to stakeholders, in view of heightened stakeholder criticism. According to Gray *et al.* (1995) and Noah *et al.* (2020), such corporate disclosures are used either to meet or manipulate accountability to stakeholder. Companies in the oil and gas industry of

Nigeria produce some formal reports around community development projects on their websites and CSR reports. Some examples are shown below.

> Key projects implemented in Africa in 2020 include initiatives to encourage: (i) access to water through wells fed by photovoltaic systems in north-east Nigeria; (ii) access to electricity in Libya and Nigeria; (iii) economic diversification both in the agricultural sector in Congo and Nigeria and to support local and youth entrepreneurship in Nigeria and Ghana (MCoy I, Sustainability Report, 2020, p.35).

> We engage with communities and other stakeholders to discuss projects. Their input helps us to design better projects, comply with relevant social and environmental regulations, and align with international standards (MCoy 2, Sustainability Report, 2019, p.12).

While MCoy 1 lists its CSR initiatives in different communities, MCoy 2 asserts it embarks on CSR projects following engagements with host community stakeholders. Both CSR disclosures are made on their respective sustainability reports. Other CSR disclosures ensue.

> We support communities via a myriad of ways like Youth Employment, Young Graduate Training Scheme, Scholarship Awards, Infrastructural Development (Roads, Land Reclamation, Shore Protection, Potable Water Supply to our Host Communities and far-flung places in the North-East and other areas (ICoy 1).

> Communicate with local residents in areas where we operate through direct correspondence and group meetings. Dedicate personnel responsible for community engagement, as well as receiving, tracking, analysing, and responding to potential community concerns. Establish channels for communities to provide input or seek information. Use social media platforms to share project updates (MCoy 3, Sustainability Report, 2019, p.7).

Here, information on MCoy 1’s CSR initiatives is provided on their corporate website while MCoy 3’s is on its sustainability report like the previous two corporations. Regardless of the channel used for reporting, it appears to portray the corporations’ discharge of accountability to their stakeholders by formally reporting on their CSR activities. Such reports have their downside. First, the reports contain selective information that potentially portrays the corporations in good light – amplifying good news and suppressing bad news. Second, it is a form of passive engagement between the corporation and their stakeholders, being a one-way communication channel. Third, not all stakeholders access those reports. For example, the local communities may be unable to access those reports or understand them. This limitation makes it imperative for corporations to adopt another accountability channel or mechanism suitable to local communities. Hence, informal reporting channels follow in the next section.

#### 8.5.2 Informal Accountability/Reporting System

Under informal reporting, the case corporations use informal relational system as a show of accountability to community stakeholders who may otherwise be unable to appreciate the formal reports on corporate websites due to access problem or literacy levels. This might occur in different ways: face-to-face meetings/engagement with community members, corporate-community feedback mechanism, liaising officials, dialogue, provision of developmental projects, etc. Corporate interviewees provide some insights on other channels they use to demonstrate accountability or engage with community stakeholders, including how they evaluate the impacts of their CSR projects.

> For both the GMOU and the MOU they have what they call interface meetings. Typically, those interface meetings are done quarterly. So, that's where there's an assessment of the impact, and then feedback is gotten from the community, and of course, the companies also send their reps. Like I said, the companies also have interface officers, who most times are resident in the communities. And so those interface officers, of course, provide feedback on the impact on a regular basis (IMCorpP5).

> My standard for measurement would be what the company has done for communities, vis-à-vis what the government has done for these communities. So, if you look at what government has done for the communities and if you look at what the company has done for the communities, of course, you will see that most of the projects are actually by the company and not by the communities and the government (MCorpP2).

In addition to IMCorpP5's narrative above, ICoy 2 in Section 8.4.1.1 asserts that their company holds quarterly meetings with host communities to determine their expectations and resolve any issues. Although the informal reporting system sometimes provide the forum for community stakeholders' involvement or participation on issues of concern, the contention might be on whether the community stakeholders are adequately represented or allowed to be adequately represented because irrespective of the corporate-community relation, power has a role to play. Power inequality among stakeholders explains why Kortetmäki (2016), Mummery and Mummery (2019) and Newell *et al.* (2021) contend on the need to transform the power structures that often perpetuate climate injustice. In Section 6.3.3, it was shown that corporate-community dialogue exists in some communities but only in matters concerning the GMOU. MCorpP5's comment above also corroborates that. As noted in Section 6.5, the government is implicated by ICorpP2 in its neglect of development of the local communities. However, technically, whatever the corporations expend on the communities are jointly borne by the corporations and the government, considering their joint venture partnerships. CSR report by MCoy 2 provides support to the idea of the government's involvement in some CSR initiatives.

> Our activities contribute to economies through taxes, jobs, and business opportunities. We also make social investments in areas determined by local community needs and priorities. This investment is sometimes voluntary, sometimes required by governments, or part of a contractual agreement (MCoy 2, Sustainability Report, 2021, p.51).

MCorpP4 mentions the use of third-party agency for their CSR project assessment.

> We use independent agencies to go and assess the impact of what we've done in the various communities, and reports are sent to us with various feedback from the respective communities. And we see what we've done, whether it has made a great impact on the various communities, or the impact is medium, or the impact is low (MCorpP4).

The preceding excerpts indicate that the case corporations use different channels to showcase their CSR initiatives in local communities. Whereas some appear to rely on interface meetings with community stakeholders as a way of discharging responsibility and assessing the impact of their social responsiveness within the communities, others perceive the ‘business as usual’ or ‘smooth operations’ as indicative of “all is well” situation and it makes them to believe that the CSR investments in local communities have positive impacts on the communities. To them, this implies that they have a good handle on issues with community stakeholders. Corroborative extracts for the said peaceful company-community co-existence ensue.

> It’s very easy to assess [impact of CSR on communities] because you’ll see that in [ICoy 3], there was a time they celebrated how many years of not one day of disturbance by community in Niger Delta (...). Even if there are grievances, there are channels made known to the community. The community liaison officer must most of the time they’re from that community, so the people, they know him. He’s one of them, he relates with them you know (ICorpP1).

> We’ve been able to manage that relationship and because of our past experiences and our successes within the company and also the communities, they tend to have given us a leeway and understanding and try to be part of our process. So, most of the time we’ve attended to their needs positively and also tried to give solutions to their challenges and even go beyond and also support them as a company, to make them have a better livelihood (ICorpP3).

Both participants from an indigenous corporation construe the peaceful co-existence with local community as indicative of the positive impact of their CSR initiatives. However, since the communities lack the power needed to challenge the corporations when they are aggrieved, they just learn to live with the practices of the corporations. Another participant, ICorpP2 has a different opinion and supports the idea that corporations conceive their smooth operations as indicative of impactful CSR performance.

> I think basically, if from time to time, they’re not having the issue of youth restiveness or any agitation from any angle, they will just assume that everything is fine. But if there’s agitation from any angle or from any of the

> factions, they will now listen, go for dialogue and they see how they can close-out some of their demands. But if there are nothing like that, they will just assume that everything is fine (ICorpP2).

Following are some opinions of community and NGO participants on their assessment of CSR programmes on local communities.

> In terms of CSR, they [the corporations] will tell you that oh, we give scholarships, they will tell you that oh, we give stipend. It's not enough. I sincerely believe in terms of climate change; it has also affected us negatively. Like I talked about gas flaring. They flared gas over the years and till date they are still flaring gas. So, the carbon emission that our people inhale has affected our people that we no longer live long (CommP6).

> Communities are not impressed with the performance of the oil companies with regards to their development needs in the community viz-a-viz the amount of resources the companies extract from their community, and the damage, the pollution that the oil companies leave in their wake. Pollution that often leads to a destruction of their economic, their sources of livelihood, their farms, their streams and what have you. Communities are not impressed. Often times the relationship between the oil communities and the companies are very confrontational, and I can give you a thousand examples of how that has led to violent conflicts between oil companies and communities. So, generally, that is still the position in Niger Delta (NGOP1).

From these comments and as previously determined, the case corporations focus their CSR initiatives on the provision of basic necessities and infrastructures in local communities but not on environmental issues (Idemudia and Osayande, 2018). Like Ojo (2012) suggests, they placate communities with CSR projects as substitute for other shortcomings, like managing environmental standards, and secure community co-operation. So, to address the research question - How do the CSR disclosures by the oil and gas corporations in Nigeria reflect concerns for climate change arising from their operations? Data evidence from Section 8.4.2 reveals that although the case corporations consider climate change as a CSR issue, corporate disclosures hardly discuss matters accountability for climate change arising from their exploration activities. Instead, they provide disclose information on infrastructure and social amenities provided to local community stakeholders.

Communities on the other hand, lack the power to challenge the oil companies and hold them accountable on environmental issues. Moreover,

> In other to stifle community defence, community anger, community expression or discourse with what is going on, what is being done by the oil companies, every community attempt to express displeasure has always been met by thugs and this has led to unprecedented militarization of the Niger Delta which has lasted for decades (NGOP4).

> Their community liaison officers they're not doing their job because they believe in carrying their security men along; soldiers and police always go with them to intimidate the people so that they can do their drilling and go. So that is how they have been doing it (CommP1).

> If a corporation staff is coming to my community today, they would come with so many security guards, like the governor of a state in Nigeria. (...). They do a very serious security team, such that nobody can even come closer to them when they come to the community to check their facility (CommP3).

The statements by NGO and community participants show that the communities are forced to live with whatever is meted out to them by the oil companies in Nigeria, who use other means to appease the communities. They use power, oppressive or intimidation tactics to keep communities at bay while carrying on with business as usual. Like Frynas (2009b) finds, most oil companies appear to be content with spending money on 'development', with no scientific measurements or economic analyses performed to measure the impacts or effectiveness of such initiatives. It is also unclear whether such investments have any meaningful benefits to the local communities. While the narratives from the reviewed corporate documents and corporate interviews portray a great corporate-community relationship, both community and NGO interviewees believe otherwise.

So, as Sikka (2011) contends, corporate statements are seen as self-acclaimed disclosures when they are not backed-up by stakeholders. The corporations attempt to build legitimacy by signalling positive externalities and showcasing their CSR initiatives (Amaeshi *et al.*, 2016a). This finding supports that of Alshbili *et al.* (2021) who argue that the lack of a mandatory legal requirement, inadequate knowledge and awareness, lack of government support or incentive, and the absence of civil society organizations in Nigeria appear to impact negatively on well-developed social and environmental reporting. In this study for instance, only one indigenous and other three multinational corporations have stand-alone CSR or sustainability reports of their operations. The one indigenous corporation may have been spurred by the fact that the company has foreign investors and is listed on a foreign stock exchange, like the other three MNCs. Although not overwhelmingly stated by corporate participants, it appears that investors also have important influence in shaping the direction of the corporation. Comments by indigenous corporate interviewee 3, for example, corroborates this argument.

> Our CSR is quite good, but like I did say, because we're listed in the oil and gas industry there are lots of things that we're not permitted to do because of our integrity and the rest of it. So, at times it's a challenge for us in the Nigerian work environment because what another company would do and probably get away with it, we can't; because a lot of things that have to do with bribery and corruption, we have high work ethics that doesn't permit us to do a lot of things. So, we have good CSR between ourselves and the communities and also the government. But our CSR is within our company's rules and policies (ICorpP3).

Moreover, for all four corporations that have produced CSR/Sustainability reports, the years covered by the reports differ amongst them, implying that the reports are not mandated but produced voluntarily, and neither are they provided regularly. So, like Olawuyi (2016, p. 40) suggests, for the end users of corporate reports to have the ability to assess the reports, judge them fairly, and compare them over years or between corporations, the corporations necessarily have to be mandated to adopt uniform, simplified and people-oriented reporting standards.

To cater to the different reporting needs of diverse stakeholders, oil corporations also use other forms of informal engagement to discharge accountability. These engagements include appointing community liaison officials and holding regular interface meetings with community stakeholders. Informal reporting facilitates interactive dialogue and builds stakeholders' trust and confidence (Amoako *et al.*, 2022). It is especially useful for responding to stakeholders who are incapable of assessing formal reports and should be used alongside formal reporting.

## 8.6 CONCLUSION

The main purpose of this chapter is to analyse data from CSR disclosures or information compiled from corporate websites of the six surrogate corporations used in this study, and from interviews. The analysis provides insights on the perceptions and ideologies of the corporations in the industry regarding CSR and climate change, including CSR reporting. The chapter provides evidence of how the oil and gas corporations in Nigeria comprehend the subject matter and the issues that are important to them as informed by meanings formed from the codes and categories that developed from data analysis and interpretations presented in Section 8.3. It appears that the business-case approach by corporations of the industry may not be achieving the expected results. The claimed peaceful co-existence with local communities possibly exists because the communities are kept muted enough (through the provision of basic needs) to avoid rebellions and possible lawsuits. Furthermore, the communities seem to lack the power that enables them to hold the corporations accountable for corporate activities that impact them negatively. So, even with the flashy statements in CSR reports, the corporations do not appear to have real accountability to stakeholders.

Corporations of the industry consider climate change as a CSR issue. However, CSR disclosures do not appear to adequately reflect environmental problems raised by local community and NGO interviewees. Rather, they focus more on acclaimed achievements in infrastructure provisions and skills acquisition programmes in local communities. So, in support of the study by Nasiritousi (2017), corporations self-reported climate change activities display active engagement in climate change but to different extents that are not always consistent with climate action. Since CSR reporting are mostly undertaken by corporations without any compulsion, there is hardly any disclosure on the adverse impact (potential or real) of their activities on human rights (Sikka, 2011). In this context for instance, although the corporations use reports or other website information to communicate with their stakeholders, the content and quality of such information vary considerably amongst the corporations. For example, only the MNCs and the one indigenous corporation with overseas listing make any mention of climate change in their reports, but even those lack detailed information. The next chapter provides a summary of the key findings of this thesis in relation to the research questions. It also states the contributions of the thesis, including its limitations, and suggests the direction for future research.

# CHAPTER 9

# SUMMARY AND CONCLUSION

## 9.1 INTRODUCTION

Following from previous three empirical chapters, this chapter summarizes the key empirical findings of a qualitative research using corporate documents and interviews. The aims and research questions of the study border on deciphering how the oil and gas corporations in Nigeria make sense of climate change, including its connectedness to gas flaring from their exploration and production activities. The chapter also states the contributions of the thesis and limitations arising. It provides suggestions for future research and ends with a concluding remark.

The remainder of the chapter continues by summarizing the key findings of the study. That is followed by the contributory statement. Next is the research limitations, which is followed by suggestions for future research, and finally, conclusion ensues.

## 9.2 KEY FINDINGS

This thesis set out to explore gas flaring and the CSR activities of the oil and gas corporations in Nigeria. It used interpretive research method through themes and subthemes generated deductively and inductively from theories and data respectively, to elucidate how the case corporations understand and frame their perspectives around gas flaring and its impact on climate change. The research questions were motivated by the need to explore how oil and gas corporations understand climate change induced by gas flaring because such understanding determines how they respond to it. Climate change is a pertinent and global concern, therefore, it is necessary to consider the causes (causers), while proffering solutions to address the consequences. Although previous studies have considered CSR in the oil and gas and other industries, or other issues within the oil industry, this thesis explores CSR in relation to climate change exacerbated by oil exploration activities. The fact that the case corporations consider climate change as a CSR issue may also be a reason that efforts to address it will remain futile or slow, given the voluntary and business case approach of CSR. As King and Lenox (2000) note, the voluntary tools adopted by corporations have been ineffective in ending the environmental damage that they cause. This section continues thus:

Section 9.2.1 summarises the case corporations' perception of climate change explored in Chapter 6. Key findings on regulation of the industry and corporate lenses of articulating climate change that results from their gas flaring activity (covered in Chapter 7) are presented in Section 9.2.2. The key summary in Section 9.2.3 discusses how the corporations consider climate change in relation to corporate social responsibility, including how CSR disclosures of the corporations demonstrate concerns for climate change induced by their oil exploration activities. This section was covered in Chapter 8.

### 9.2.1 Understanding Climate Change

Based on the findings presented, oil and gas corporations operating in Nigeria recognise their activities' impact on climate change, mainly through gas flaring. However, despite this recognition, there appears to be little urgency among the corporations in addressing the issue, partly due to their alleged need to meet the growing energy demand. As a result, the negative impacts of climate change induced by oil extraction and production, such as droughts, floods, and extreme weather conditions, will likely continue unabated. Additionally, the government's dependence on oil and gas revenue apparently encourages destructive oil operations, regardless of their adverse environmental impacts. These findings suggest that strong actions are necessary to address climate change and its impact induced by oil operations in Nigeria.

Consequently, the society, especially the poorer communities who in most cases are already deprived are more exposed and therefore worse hit by the consequences climate change (Dolšak and Prakash, 2022; Porter *et al.*, 2020). These are exhibited and exacerbated by unequal access to resources and other basic human needs because those with less are also the ones most exposed to the harsh realities of climate impact. As such, Kashwan (2021) and Pueyo and Maestre (2019) argue that exclusion, unequal access, and injustice are reflected for instance, in areas of food, land, energy and water. It underscores the need for responses and remedies that are bottom-up from those on the frontline of climate change (see also Mehta *et al.*, 2019).

Further findings determined that corporations of the oil industry of Nigeria seemed to make sense of their perspectives around climate change under the business case approach. The corporations considered climate change as posing a global challenge, rather than a localised issue requiring proximate attention. Such a perspective has tended to influence the lack of urgency by oil and gas corporations to address climate change concerns in Nigeria. The government's lack of political will for climate action is further compounded by its joint venture partnership with the industry's corporations, which makes the government more liable than the corporations for costs associated with climate actions. However, the inability of the government to meet its cash call obligations to the industry corporations has been publicly documented (Aghalino, 2009; Edeh, 2022; Nnodim, 2022; Resolution Law Firm, 2020b). Although climate change crises are endured by virtually all countries across the globe, Nigeria's case is exacerbated by poverty and community crises fuelled by oil activities.

### 9.2.2 Industry Regulation, Climate Mitigation and Adaption

As the findings in Chapter 7 indicated, the two types of entities alleged to be keen on abiding by regulation, which appeared to be undermined by government's self-interest and corporate regulatory capture as also demonstrated. Despite regulatory and corporate participants' assertions about the strict regulation that supposedly deterred the corporations from flaring gas and the claims of compliance with regulations, the payment of fines by the corporations for flaring was considered as a cheaper alternative to investments in technologies that would eliminate it. Moreover, funding gas investment projects to eliminate gas flaring would also require the government to provide its own share as a joint venture partner of the case corporations. The latter tend to create a big hurdle for the corporations because of the government's failure to meet its counterpart payments. The inadequate infrastructure for gas utilization to curb gas flaring in the Niger Delta region has meant that the environment and local community stakeholders continue to suffer the associated impacts. Also, the power asymmetry between this stakeholder group and the corporations renders them powerless to hold the corporations accountable, and so a climate justice mindset would need to be in place if their plights or concerns are to be effectively addressed.

Given that climate justice aims at reducing exploitation, marginalisation, and oppression, including increasing justice and equity (Sultana, 2022), regulation offers an effective means of operationalising justice (Derman, 2014). However, consistent with prior studies about Nigeria and other developing countries, the findings indicated existential weakness, ineffective and inadequate monitoring of regulation (Alshbili *et al.*, 2021; Escobar and Vredenburg, 2011; Ite, 2004; Jamali *et al.*, 2017; Lauwo *et al.*, 2016). Such outcomes have been partly adduced to the vested interest of the government as both a joint venture partner in the case corporations and as a regulator of the industry, posing risks of conflict of interest and weak grip on regulation.

Additionally, as hinted in section 9.2.1 above, the corporations continue to flare gas from oil exploration to meet increasing energy demand at the expense of environmental degradation. What this means is that local community stakeholders continue to suffer exposure to negative impacts, like poor farm yields, corrosion of zinc roofs, health challenges, threat to animals and aquatic lives, etc. (Ayanlade and Howard, 2016; Chimezie, 2020; Nriagu *et al.*, 2016). The business case approach typically benefits some stakeholders (corporations and government), while exposing others (especially community stakeholders) to negative impacts of gas flaring.

Unerman and O'Dwyer (2007, p. 334) argue that increased regulation to protect the interest of various stakeholders will potentially boost corporate economic performance and shareholder value, because it reduces both actual and perceived risk associated with many business activities and hence, enhance stakeholder trust, necessary for shareholder value. For any meaningful or positive outcome in the effort to end gas flaring and mitigate the associated climate change impact in Nigeria, robust and enforceable regulations must be in place to tackle same.

### 9.2.3 Climate Change, CSR, and Disclosure

From the empirical analysis in Chapter 8, there is also evidence that the industry corporations appear to consider climate change as a CSR issue. However, the CSR/sustainability reports or website disclosures of industry corporations mainly focus on discussions about their achievements or other community investments (like infrastructures and other social amenities for local community stakeholders) that portray them in good light, with little or no mention of issues that border on accountability and climate change impacts from their activities. Through such provisions, they sometimes gain some community acceptance. This is in line with Campbell's (2012) observation that CSR in sub-Saharan African countries obscure accountability between actors and creates legitimacy problem. In this case for example, the host communities have come to expect that issues of development be handled by the oil and gas companies, especially as the government is in joint venture arrangement with the corporations.

On the part of corporations, Wood and Frynas (2006) suggest that businesses are unable to rely on continuity assumptions, considering the void or weak institutional framework, including the complications that stem from various actors and factions that work towards strategically promoting their different interests (Eweje, 2006; Jamali and Karam, 2018). The various CSR strategies employed by the corporation to allow smooth operations within their local communities of operation, while achieving that purpose of peaceful co-existence in the communities, also incite opportunistic behaviour and increase communal clash (Akpan, 2006). For example, the 'divide and rule' tactics referred to by some participants in the CSR and disclosure empirical chapter.

Importantly also, as Jamali and Karam (2018) and Werther and Chandler (2011) suggest, the CSR is shaped by and dependent on a country's need, which is why in developing countries, like Nigeria, development objectives are typically expected of corporations (Okoye, 2012). A society's first priority is usually to cater for its primary needs of food and shelter before conceiving other secondary needs like environmental issues (Jones and Wicks, 1999). This likely explains why Nigeria's inclination to climate action is lagging, given that the country is plagued with other challenges, like poverty, kidnapping and banditry. This is coupled with the fact that the system in Nigeria is such that a certain class of people, like the political and wealthy elites make the system to work for their self-interests. It resounds Wood and Frynas' (2006) argument about the segmented business system that does not serve to enhance national economic performance but preserves the existing power structure while also creating income for specific individuals. This translates to exploitation of the rights and powers of the less privileged and marginalized by the privileged, powerful and/or elite groups (Leach *et al.*, 2021).

As determined in Section 8.5, the oil corporations use both formal CSR/sustainability reporting and/or other forms of informal engagement to discharge accountability to different stakeholder groups. While the oil corporations claim to meet with community stakeholders and use interface of liaising officials as informal relational engagement, it appears that such informal engagements are either not well implemented, or community stakeholders inadequately represented. For example, the corporations interpret peaceful co-existence as connoting positive impact of CSR initiatives. Community and NGO participants' narratives suggest that both corporate staff the supposed liaison officials appear empowered to intimidate community stakeholders with security officers. According to Sawandi and Thomson (2014), promoting accountability at the grassroots (downward accountability) necessarily means that the corporations adopt practices that permit stakeholders' participation in activities.

## 9.3 CONTRIBUTION

The contribution of the thesis lies in the fields of social accounting, accountability, and reporting literature. By focusing on the oil and gas industry's impact on climate change, the thesis provides a more in-depth understanding of how this industry approaches the issue and the strategies they have in place to address it. Furthermore, the thesis recognizes the importance of local community stakeholders, who are often most affected by the impacts of climate change, despite being the least responsible for causing it (Dolšak and Prakash, 2022; Kashwan, 2021; Muggambiwa, 2021). This focus on local communities aligns with recent literature on climate justice, which emphasizes the need to address the disproportionate impact of climate change on marginalized groups. By bringing attention to these issues, the thesis contributes to the ongoing debate surrounding climate change and its effects on society and the environment.

The study used a multi-theory approach (climate justice, business case and stakeholder accountability) to highlight the shortcomings of a strictly business case approach or the stakeholder accountability, if such accountable were unenforceable.

This was achieved by exploring CSR and climate change challenges in the context of the oil industry of Nigeria and its host community stakeholders. The study advocates ethics or climate justice lens as an overarching theory for addressing justice issues like climate change.

Furthermore, this study has contributed to the existing literature by providing an in-depth analysis of the role of regulators in shaping corporate behaviour towards climate change. The findings suggest that the regulatory framework in Nigeria's oil and gas industry is weak, and there is a lack of enforcement of existing regulations, resulting in inadequate action from corporations towards mitigating climate change impacts. This underscores the need for a more robust regulatory framework that is better enforced to ensure corporations' compliance with environmental regulations. This study explored how corporations of the industry (multinational and indigenous) make sense of the impact of gas flaring as an inducer of climate change. It is important because such perception undoubtedly influences their corporate strategies and hence, (in)action or response to climate change.

The findings summarized in Section 9.2 demonstrate that the current voluntary and business-driven CSR of corporations fails to adequately address ethical and justice issues, such as climate change and its impacts on the environment and human health. Overall, this study has contributed to understanding the challenges and opportunities for Nigeria's oil and gas industry to address climate change impacts and adopt sustainable practices. It highlights the need for a collaborative effort among stakeholders, including corporations, government, NGOs, and local communities, to address climate change impacts and promote climate justice. The study's findings can inform policy development and guide future research in CSR, accountability, and reporting concerning climate change and sustainability issues in the oil and gas industry.

This thesis has also contributed to literature in terms of context. Many studies examine the activities of oil and gas companies in western countries, with little knowledge of those in developing countries (Nasiritousi, 2017), especially given that CSR practices are unique and nation specific (Jamali *et al.*, 2017). A further contribution of this thesis to accounting, accountability, and reporting literature is that it increased our understanding of CSR/sustainability disclosure in Nigeria's context as a measure of corporate accountability to stakeholders, and in response to the scarcity of knowledge of sub-Saharan Africa (Tavakolifar *et al.*, 2021; Tilt, 2018). Its relevance is that it provided some insights on CSR practices and disclosures in the oil and gas industry. This includes understanding the intertwine of formal and informal forms of corporate accountability in Nigeria's oil and gas industry in corporate-community engagements. As power relations typically permeate accountability relationships between social actors, it is imperative for an ethics or justice approach to address gas flaring, climate change, and accountability issues.

In summary, this thesis contributes to the literature on social accounting, accountability, and reporting by providing an in-depth analysis of how corporations in Nigeria's oil and gas industry understand and address climate change, specifically the impact of gas flaring. It also highlights the importance of incorporating the perspective of local communities most affected by climate change consequences. Additionally, the study contributes to the theory by applying the lens of climate justice to analyse corporate climate actions in Nigeria's oil and gas industry. The study offers insights into the need for a more justice-driven approach to addressing climate change and its impacts on the environment and society.

## 9.4 LIMITATIONS OF STUDY

One possible limitation of this study is that it focused on gas flaring as an inducer of climate change, even though many other human-induced GHG emissions sources simultaneously contribute to climate change. Notwithstanding this limited focus, it would seem worthwhile because according to World Bank (2020b), global gas flaring is estimated to have increased to levels not seen before in over a decade and this impacts the environment, hence climate change, and communities around the world. It is therefore considered a pertinent issue that demands attention.

A further limitation is that the thesis focused on one GHG emitting industry - oil and gas, although many others also engage in contributory activities, like transportation, manufacturing, etc. For CSR too, although there are many aspects to it (Campbell, 2007), this thesis focused CSR primarily on the environment and local community stakeholders in proximity of oil activities as the subjects of the CSR initiatives. Nonetheless, concentrating on one industry, one activity, and subjects of CSR allowed for a more in-depth exploration and wider perspectives of the issues under study. It also considered the perspectives of the industry’s other stakeholders in the analyses.

On a last note, another limitation of this research is that the findings from the industry and their other stakeholders, in relation to climate change and CSR, might not be generalizable to include other GHG emitting industries, like manufacturing, whose activities also induce climate change. Neither can it be assumed to be the same for oil industries of other countries, developed or developing. However, the complexity of multiple regulators and publics is removed when one industry and region are involved (Deephouse, 1996). So, although data for this thesis is covers multinational and indigenous corporations, the two types of entities belong in the same industry and are bound by the same regulator and publics in Nigeria.

## 9.5 POLICY RECOMMENDATIONS AND IMPLICATION FOR STUDY

On policy recommendations, findings from Chapters 6 and 7 demonstrate that the case corporations take matters of regulation seriously, however weak or captured. Therefore, the onus rests on the regulatory authorities to design and properly implement stricter regulations and policies, particularly on issues of justice that affect vulnerable stakeholders, like some host community stakeholders. For instance, while the existing gas flaring regulations are targeted at emitting corporations, it is also imperative for action plans that cater to the impact-bearers. This could be achieved by means of regulatory apparatus that protect the rights and build or increase adaptive capacities of community stakeholders.

As the case corporations also consider climate change as a CSR issue, it offers a rationale for CSR to be regulated, especially as evidence has also shown that the business-case CSR or unenforceable stakeholder accountability approach is not suitable for addressing justice issues, like climate change. Additionally, climate change poses a global challenge, signalling the need for concerted action backed by regulatory instruments.

## 9.6 FUTURE RESEARCH

Although impacts might take long to observe, it would be good for future research to assess the effect of the much expected and long-awaited petroleum industry bill (now an Act signed in 2021) on all stakeholders, particularly local community stakeholders in the Niger Delta. This suggestion is relevant because study participants cited this bill. Some considered it the solution to the many problems facing Nigeria's oil and gas industry and its various stakeholders. It was finally signed into law at the time of this research analysis, in the hopes of promoting desired change in the industry. Exploring the actual impact of this Act on local communities and other stakeholders would be worthwhile for future research.

Future study could replicate this thesis, but with focus on a different industry and other facets of CSR. As mentioned in Section 9.4 - study limitations, many anthropogenic activities concurrently exacerbate climate change and so do different industries' activities. So, by focusing on another industry and one or more other facets of CSR, a wider insight that extends beyond the oil and gas industry would be gained.

## 9.7 CONCLUSION

Climate change affects the poorest countries and communities the most, and these population have the least resources for improving their current situation and reducing future vulnerability. Therefore, they suffer disproportionately (Dolšak and Prakash, 2022; Kortetmäki, 2016; Porter *et al.*, 2020). Climate change and associated global warming requires that appropriate action be taken, and such action must necessarily transcend merely recognizing climate change as a problem (Laine *et al.*, 2021). In other words, a holistic approach as climate justice would seem vital for considering and/or addressing climate change and its associated challenges. In Nigeria's oil and gas industry for example, local community stakeholders in the Niger Delta region are most vulnerable to the impacts of oil activities, like gas flaring. Climate justice approach offers the means to recognise this group and ensure their representation in the planning and decision-making for climate action that also concerns them. It allows for or increases equity and justice by reducing marginalization and oppression (Sultana, 2022). Additionally, in order to demonstrate corporate accountability, and ensure adequate representation of stakeholders, oil corporations should adopt other forms of properly instituted informal reporting, alongside the formal reporting system. This will enable them to cater to the different needs of their diverse stakeholders, some of whom may be incapable of assessing formal reports.

Formal structures, like regulation are the most effective ways to identify and implement justice principles (Derman, 2014). However, Frynas (2009a) notes that when environmental regulations are inadequately enforced, environmental degradation is chucked off as CSR, which is usually considered as a voluntary exercise by corporations. By that conception, it is important to note that not only are certain elements of CSR (like legal and ethical) involuntary, but it is also imperative that they be mandated on corporations through government regulations. Like Okoye (2012) argues, certain aspects of CSR matters may be made voluntary, mandatory or the amalgam of both by regulation. Consequently, the onus is on the government, through its regulatory body, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), (formerly the Department of Petroleum Resources (DPR)) to be on board with and facilitate plans for mitigation or adaptation of climate challenges and to also address the developmental needs of the host communities, either directly or by promoting the agenda to corporations using regulatory instruments. It is the primary responsibility of the state, which is represented by the government to map out and organise the nation's developmental agenda, and in the context of Nigeria, oil is vested in the state and the government grants operating licences and conditions for oil exploration, including the roles of other stakeholders (Okoye, 2012).

As demonstrated in the empirical Chapter 7, the oil corporations take issues of regulation to heart, notwithstanding the rationale behind that. Therefore, the government has a greater role to play in this domain, both for climate change and CSR, including the practices by oil corporations. The government, by reason of its political will (or otherwise) can actively stimulate or constrain corporations and their socially responsible practices. A notable challenge mentioned severally is the fact that this industry, a major contributor to GHG emissions also happens to be the mainstay of Nigeria's economy. Moreover, capital markets typically assign fossil fuels' untapped reserves as assets of positive values (Bebbington *et al.*, 2020). In Nigeria, the untapped oil reserves are likely factored against the country's borrowings, being that they are typically allotted certain values.

So, it is almost impossible (at least in the short- to medium-term) to shut the valve on oil production in Nigeria because of its developmental goal and heavy reliance on oil revenue as the nations' lifeline. The industry also provides employment for numerous families' wellbeing. However, it would be reasonable and a matter of necessity and urgency that the government begins the gradual process of weaning the country off the total reliance on oil and gas mining, by investing significantly and encouraging investments in other viable areas in recognition of the rising climate crises. In the meantime, it might also be worthwhile to embark on different mitigating actions (for example, intensively planting trees in the right places) against climate challenges while concurrently working at transforming the methods of exploring for oil to reduce or completely eliminate gas flaring, like carbon capture, for example, albeit expensive.

Although corporations in this industry alone are unable to resolve all climate change problems, they are a good place to begin because they are a highly visibly and culpable industry for GHG emissions (Boon, 2019; Cadez *et al.*, 2019; Campbell, 2012; Ranängen and Zobel, 2014). Nonetheless, while their activities have an impact on global warming, hence climate change, they are also exposed to even higher levels of GHG emissions from all other sectors, households, and governments on a global scale, including its own contribution (O'Dwyer and Unerman, 2020; Unerman *et al.*, 2018). This essentially means that to achieve a near zero emissions level as the world currently desires, every person, every household, every business, every sector, and every government globally must play its own part.

While there may be no one panacea for solving climate crises, concentrating efforts on one contributing factor at a time ultimately gets us the desired results in that direction. In other words, there is not a single fix to climate change crises (Cheng, 2022), so broad scope and intentional plans are required at all levels to address the systems that permit policy and regulations that promote injustices, including the absence of accountability (White-Newsome, 2016). The state cannot be the mediator of justice as in ordinary liberal justice theory, considering that climate change is a global problem. To mitigate and adapt effectively, institutions are needed that can negotiate global agreements, hold relevant parties accountable, and compel them to uphold their commitments (Edwards, 2020). For instance, climate funding from one part of the world to another could (should) have clauses that ensure such fundings are put to intended use and on intended populace.

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# APPENDICES

## Appendix 1 Framework Matrix

| | SELF-PROCLAMATION | ACHIEVEMENTS | SMOOTH OPERATIONS | LICENSE TO OPERATE |
|---|---|---|---|---|
| **ICoy 1** | The quality of our on-going Road Projects & other infrastructural developments within our Host Communities particularly in Kula and Idama speaks volumes in testament to the efficacy of our Sustainable Development Stride as encapsulated in our ICoy 1 MODEL | With our signature project of providing WHO & NAFDAC Certified potable water for our operating communities, we have solved one of the most critical needs of these communities where we operate | | The ICoy 1 MODEL underscores our Social Performance engagement process that enables and promotes mutual wealth creation in partnership with our Host Communities. This engagement strategy translates into building trust between us and our Host Communities, and indeed our stakeholder groups in our operational areas. |
| **ICoy 2** | | Five projects 75-90% completed in Bayelsa State in 2004 alone at a total cost of N191million.<br><br>Two projects 50% completed in Ondo State in 2004 alone at a total cost of N75million | ICoy 2 as a responsible corporate citizen maintains a cordial relationship with host communities to ensure uninterrupted oil exploration and production operations. ICoy 2 holds regular quarterly meetings with each host community as a means of identifying their desires, aspirations and expectations. | |
| **ICoy 3** | In 2019, we continued in our upward social investment trajectory, making significant investments in strategic community development projects and programmes in such core areas as community infrastructure, education, health and water schemes. | Some of our flagship projects and programmes include: the ICoy 3 Skills Acquisition Training Programme and Post Primary Scholarship Scheme. Others are construction and renovation of classroom buildings, roads construction and expansion projects, water schemes, construction of community market stalls and low- | Effective engagement of our host communities has resulted in minimal acts of sabotage to our operations<br><br>Throughout our operation landscape and to the decommissioning phase of our activities, we achieved no community induced deferment and operation disruption | ICoy 3 continuously creates conditions that enable the Company to manage its above ground risk and preserve its social licence to operate. ICoy 3's community engagement strategy is to: inform, consult, involve, collaborate, and empower, which has enabled the Company to understand community interests and concerns and strengthen relationships |

| | | | | |
|---|---|---|---|---|
| | | cost housing schemes amongst others. | | |
| **MCoy 1** | | MCoy 4 has promoted local development in its areas of operation. In recognition of this, the company was recently awarded the Sustainability in the Extractive (SITEI) Conference 2019 Community Engagement Award<br><br>In recognition of her leading role in local content development, the Company clinched the Petroleum Technology Association of Nigeria (PETAN) Operator Awards in Years 2014 and 2016 for its outstanding commitment to the development of local content initiatives in the oil and gas industry. | | MCoy 4 has contributed to the improvement of socio-economic conditions in the communities it operates in by promoting initiatives in the areas of health, education, access to energy, infrastructural development, capacity building, and agricultural development, consistent with several key UN sustainable development goals. Community investments like these have helped to enhance trust between the company and local communities, and to strengthen the company's social license to operate |
| **MCoy 2** | In 2019, MCoy 5's Nigerian businesses MCoy 5 , SNEPCo and SNG made direct social investments of $40 million in Nigeria, making the country the largest concentration of social investment spending in the MCoy 5 Group. | | | |

| | | | | |
|---|---|---|---|---|
| **MCoy 3** | In 2018, we contributed $211 million to communities around the world, which includes donations from MCoy 6 Corporation, our divisions and affiliates, the MCoy 6 Foundation, employee and retiree giving through MCoy6's matching gift and volunteer programs, and disaster relief | | | |

| | **RELATIONSHIP MANAGEMENT** | **MUTUAL UNDERSTANDING AND TRUST** | **SKILLS ACQUISITION PROGRAMMES** | **EMPLOYMENT** |
|---|---|---|---|---|
| **ICoy 1** | Our purpose is to change the narrative in Company – Host Community relationship and management | ICoy 1 consider Social Investment as an opportunity for mutual wealth creation & sustainable economic growth in its operational communities | | |
| **ICoy 2** | | | | |

| | | | |
|---|---|---|---|
| **ICoy 3** | We build trust with our host communities by operating in a transparent and fair manner, engaging in open dialogue, managing expectations, and carrying out our activities with utmost respect for their cultural and ethnic traditions while helping them to understand the social, environmental and economic potential impact of our operations | To maintain peaceful and mutually beneficia relationships with the local communities within the areas where we operate, we carry out proactive engagement with the local stakeholders, providing them clear and necessary information about our presence and operations, obtaining their support and cooperation and collaborating with them to create positive social and economic outcomes for the people<br><br>We sustained our good relationship with the communities through meaningful, honest and constructive dialogue, we listened to their requests, addressed their concerns, shared our value creation objectives including community development and our operations objectives, identified and analysed local needs and contributed positively towards their development. | |
| **MCoy 1** | | | |
| **MCoy 2** | | | Our intervention strategy for developing youths in our host communities is aimed primarily at equipping the youths with appropriate skills necessary for creating employment opportunities and places emphasis on self-reliance and entrepreneurship |

| | | | |
|---|---|---|---|
| **MCoy 3** | Communicate with local residents in areas where we operate through direct correspondence and group meetings. Dedicate personnel responsible for community engagement as well as receiving, tracking, analysing and responding to potential community concerns. Establish channels for communities to provide input or seek information. Use social media platforms to share project updates with a diverse audience | Our goal is to foster mutual understanding, trust and cooperation with stakeholder groups on sustainability topics. We interact with a variety of stakeholders via community meetings, digital and social media, corporate publications and one-on-one discussions. | MCoy 6 adds economic value to countries where we operate by employing and training the local workforce and supporting local suppliers. We develop a local content plan specific to each country or area to establish long-term economic benefits |

| | **INVESTMENT ALIGNMENT** | **EDUCATION SUPPORT** | **INFRASTRUCTURE DEVELOPMENT** | **DOING NO HARM & PROTECTING THE ENVIRONMENT** |
|---|---|---|---|---|
| **ICoy 1** | | | | |
| **ICoy 2** | | | | |

| | | | | |
|---|---|---|---|---|
| **ICoy 3** | Working with the local communities' approved leaders to create shared value for communities, ICoy 3 channels investment to areas that align local priorities to its business objectives whilst addressing the broader development objectives of the people. | | Our projects include provision of access to fresh water supply and construction of network of water distribution pipeline, road construction, improvement in healthcare through the provision of hospital equipment, construction of drainage channels, market stalls construction, town hall buildings construction and rural electrification programme | |
| **MCoy 1** | | Oilgasi in Nigeria supports education as a way of investing in Youth empowerment and development. It does this in several ways including the provision of a Scholarship & Bursary Scheme, and the Provision of Infrastructure and Vocational Training. | MCoy 4 has completed various infrastructural projects in communities within its areas of operation. These projects include the construction of concrete and asphalted roads, jetties and bridges, shore protection and sand-filling, public buildings, schools, hospitals, training centres, community halls, and cottage industries | Oilgas, through its subsidiaries MCoy 4 , NAE and AENR, is committed to conducting the exploration and production of oil and gas in line with Health, Safety, Environment, Quality and Radiation Protection requirements, and to pursuing the goal of doing no harm to people, protecting the environment and promoting sustainable development principles |
| **MCoy 2** | | MCoy 5's support for educational development involves assisting host communities to provide sustainable and qualitative education that ultimately reaches all the people. This involves active consultation at all stages of development planning, implementation and evaluation, with all stakeholders. MCoy 5 operates various scholarship schemes, a welcome feature of educational development, especially in the Niger Delta area of Nigeria | | |

**MCoy 3**

| | REGULATION | LOCAL ECONOMIC GROWTH & DEVELOPMENT | COMMUNITY NEEDS | ENERGY & CLIMATE POLICY |
|---|---|---|---|---|
| **ICoy 1** | ICoy 1 conducts regular monitoring of its own HSSE performance, in line with the various regulatory bodies, to achieve sustainable improvement and to nurture a positive HSSE culture within the organization | | **Community Development:** Provision of core public utilities such as Portable Water, Electricity, Hospital and Medical facilities, Road Projects etc. Community Assistance/Grants: To Community charities, Cultural festivals, religious organisations, Natural groups etc | |
| **ICoy 2** | ICoy 2 ensures that its Community Relations activities are not in violation of statutory laws of Nigeria it maintains a cordial relationship with state governments, government departments and local government. | | | |
| **ICoy 3** | Our HSE Policy is implemented with consideration for guidelines stipulated in ISO 45001 & ISO 14001, which are further supported by the Company's management systems to guarantee adherence to local regulations, standards, and international best practice<br>Ensured compliance with all regulatory requirements and benchmark of our performance with international standards | Our social and economic activities are aimed at boosting inclusive and sustainable economic growth, the creation of small businesses and thereby quality employment opportunities, in line with the UN's Sustainable Development Goal 8.<br><br>we implement economic development programmes that help to develop capacity though skills acquisition and enhance the growth of small and medium enterprise and community | | |

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| | | vendors. This is complemented by the direct employment by ICoy 3from the community when appropriate. | | |
| **MCoy 1** | Oilgas in Nigeria operates in accordance with the law, international agreements and standards, as well as national regulations and policies. The way we manage the environment, air and land, and the way we protect biodiversity and water resources, is based on the principles of prevention, protection, information and participation | | | |
| **MCoy 2** | | Our business is planned for the long term, which means we can be part of a community for decades. We help to develop local economies by creating jobs, sourcing from local suppliers, and paying taxes and royalties | We support community projects that are based on the needs of the local communities.<br><br>We aim to be a good neighbour wherever we work, by contributing to the well-being of neighbouring communities. We work closely with them to manage the social impacts of our business activities, address any concerns about our operations, and enhance the benefits that we are able to bring | We are investing in low-carbon energy solutions and advanced technologies, such as those that increase energy efficiency and reduce emissions. We continue to contribute to the public dialogue on energy and climate policy. Yet, the scale of the global challenges that the world faces are too great for one company, or one sector, to resolve. |

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| **MCoy 3** | Meet with representatives and leaders to provide information and insights on policies that may affect our business.<br>Work to support responsible economic, energy and environmental policies and help identify solutions | MCoy 6 works closely with local communities where we operate to help support their needs. We collaborate with governments and local stakeholders to invest in programs that promote local economic growth and improve social conditions | | We also joined the Oil and Gas Climate Initiative, an international CEO-led energy company effort dedicated to developing practical solutions to climate change in areas such as carbon capture and storage, methane emission reductions and energy and transportation efficiency |

| | <u>**ZERO EMISSIONS TARGET**</u> | <u>**EMPOWERMENT**</u> | <u>**YOUTH ENTERPRISE DEVELOPMENT**</u> |
|---|---|---|---|
| **ICoy 1** | | Our Women Support Initiative Schemes provides training & funding for small and medium scale business owners (Women) within our host & stakeholder communities. We understand the value of empowering the women which translate into empowering the family and community at large. Particular attention under this scheme is given to the widows within this communities | |
| **ICoy 2** | | | |
| **ICoy 3** | | | |

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| **MCoy 1** | "In the exploration and production of hydrocarbons, we are committed to reducing gas flaring. MCoy 4 is playing a particularly important role in this wise, with its objective of reaching zero routine gas flared by 2024" | MCoy 4 has also taken giant strides in development of vocational and technical training of youths in its areas of operation and beyond. Some of these initiatives include the provision of 'on-the-job' training in various disciplines including geology, electrical engineering, welding, fitting, piping design & fabrication, seismic data processing, and civil works, during projects executed in collaboration with the Nigerian Content Development & Monitoring Board |
| **MCoy 2** | "For society to achieve a 1.5° Celsius future, the world is likely to need to stop adding to the stock of greenhouse gases in the atmosphere – a state known as net-zero emissions – by around 2060. That is why MCoy 5 has set itself an ambition, to become, by 2050 or sooner, a net-zero emissions energy business" | LiveWIRE Nigeria is a youth enterprise development programme supported by MCoy 5. The programme operates in the Niger Delta region and aims to inspire, encourage and support young people aged 18-30 to start up their own businesses in the Nigerian states of Edo, Delta, Bayelsa, Rivers, Abia, Imo, and Akwa-Ibom.<br><br>Our intervention strategy for developing youths in our host communities is aimed primarily at equipping the youths with appropriate skills necessary for creating employment opportunities and places emphasis on self-reliance and entrepreneurship. |
| **MCoy 3** | | |

**Appendix 2 Framework Matrix with Categories**

| CODES | SELF-PROCLAMATION | ACHIEVEMENTS | DOING NO HARM & PROTECTING THE ENVIRONMENT | REGULATION |
|---|---|---|---|---|
| CATEGORIES /CORPORATIONS | | IMAGE BUILDING | | LEGISLATION / REGULATION |
| **ICoy 1** | The quality of our on-going Road Projects & other infrastructural developments within our Host Communities particularly in Kula and Idama speaks volumes in testament to the efficacy of our Sustainable Development Stride as encapsulated in our ICoy 1 MODEL | With our signature project of providing WHO & NAFDAC Certified potable water for our operating communities, we have solved one of the most critical needs of these communities where we operate | | ICoy 1 conducts regular monitoring of its own HSSE performance, in line with the various regulatory bodies, to achieve sustainable improvement and to nurture a positive HSSE culture within the organization |
| **ICoy 2** | | Five projects 75-90% completed in Bayelsa State in 2004 alone at a total cost of N191million.<br><br>Two projects 50% completed in Ondo State in 2004 alone at a total cost of N75million | | ICoy 2 ensures that its Community Relations activities are not in violation of statutory laws of Nigeria. It maintains a cordial relationship with state governments, government departments and local government. |

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| **ICoy 3** | In 2019, we continued in our upward social investment trajectory, making significant investments in strategic community development projects and programmes in such core areas as community infrastructure, education, health and water schemes. | Some of our flagship projects and programmes include: the [ICoy 3] Skills Acquisition Training Programme and Post Primary Scholarship Scheme. Others are construction and renovation of classroom buildings, roads construction and expansion projects, water schemes, construction of community market stalls and low-cost housing schemes amongst others. | | Our HSE Policy is implemented with consideration for guidelines stipulated in ISO 45001 & ISO 14001, which are further supported by the Company's management systems to guarantee adherence to local regulations, standards, and international best practice Ensured compliance with all regulatory requirements and benchmark of our performance with international standards |
| **MCoy 1** | | MCoy 4 has promoted local development in its areas of operation. In recognition of this, the company was recently awarded the Sustainability in the Extractive (SITEI) Conference 2019 Community Engagement AwardIn recognition of her leading role in local content development, the Company clinched the Petroleum Technology Association of Nigeria (PETAN) Operator Awards in Years 2014 and 2016 for its outstanding commitment to the development of local content initiatives in the oil and gas industry. | OilGas, through its subsidiaries MCoy 4 , NAE and AENR, is committed to conducting the exploration and production of oil and gas in line with Health, Safety, Environment, Quality and Radiation Protection requirements, and to pursuing the goal of doing no harm to people, protecting the environment and promoting sustainable development principles | OilGas in Nigeria operates in accordance with the law, international agreements and standards, as well as national regulations and policies. The way we manage the environment, air and land, and the way we protect biodiversity and water resources, is based on the principles of prevention, protection, information and participation |
| **MCoy 2** | In 2019, MCoy 5's Nigerian businesses MCoy 5, SNEPCo and SNG made direct social investments of $40 million in Nigeria, making the country the largest concentration of social | | | |

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| | investment spending in the Shell Group. | | |
| **MCoy 3** | In 2018, we contributed $211 million to communities around the world, which includes donations from MCoy  6  Corporation, our divisions and affiliates, the MCoy  6  Foundation, employee and retiree giving through MCoy  6’s matching gift and volunteer programs, and disaster relief | | Meet with representatives and leaders to provide information and insights on policies that may affect our business.<br>Work to support responsible economic, energy and environmental policies and help identify solutions |

| INTERVIEW PARTICIPANTS | IMAGE BUILDING | LEGISLATION / REGULATION |
|---|---|---|
| **ICorpP1** | | For any operation it is a standard to do environmental impact assessment. Without it, the government will not approve your project. You do your environmental impact assessment, maybe some eh I think two years before you see what effect, and later you have to see how whatever project you're carrying out is going to affect you |
| **ICorpP3** | | Nigeria for example, we depend solely on oil and gas. It accounts for over 95% of their foreign exchange earnings. Even their budget too, over 80% of their budgetary revenue. So, that is why they don't really have a firm grip of the policies on these environmental regulations |
| **ICorpP5** | | it's a very big fatal flaw if anyone is found doing the contrary against the guidelines and between both company guidelines, regulatory guidelines, and also international standards. So, we're fully on board in that space. |

| CODES<br><br>CATEGORIES /CORPORATIONS | SMOOTH OPERATIONS | LICENSE TO OPERATE | RELATIONSHIP MANAGEMENT | MUTUAL UNDERSTANDING AND TRUST | COMMUNITY NEEDS |
|---|---|---|---|---|---|
| | | | TRUST AND SOCIAL LICENSE | | |
| **ICoy 1** | | The ICoy 1 MODEL underscores our Social Performance engagement process that enables and promotes mutual wealth creation in partnership with our Host Communities. This engagement strategy translates into building trust between us and our Host Communities, and indeed our stakeholder groups in our operational areas. | Our purpose is to change the narrative in Company – Host Community relationship and management | ICoy 1 considers Social Investment as an opportunity for mutual wealth creation & sustainable economic growth in its operational communities | **Community Development:** Provision of core public utilities such as Portable Water, Electricity, Hospital and Medical facilities, Road Projects etc. Community Assistance/Grants: To Community charities, Cultural festivals, religious organisations, Natural groups etc |
| **ICoy 2** | ICoy 2 as a responsible corporate citizen maintains a cordial relationship with host communities to ensure uninterrupted oil exploration and production operations. ICoy 2holds regular quarterly meetings | | | | |

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| | with each host community as a means of identifying their desires, aspirations and expectations. | | | |
| **ICoy 3** | Effective engagement of our host communities has resulted in minimal acts of sabotage to our operationsThroughout our operation landscape and to the decommissioning phase of our activities, we achieved no community induced deferment and operation disruption | ICoy 3 continuously creates conditions that enable the Company to manage its above ground risk and preserve its social licence to operate. ICoy 3's community engagement strategy is to: inform, consult, involve, collaborate, and empower, which has enabled the Company to understand community interests and concerns and strengthen relationships | We build trust with our host communities by operating in a transparent and fair manner, engaging in open dialogue, managing expectations, and carrying out our activities with utmost respect for their cultural and ethnic traditions while helping them to understand the social, environmental and economic potential impact of our operations | To maintain peaceful and mutually beneficia relationships with the local communities within the areas where we operate, we carry out proactive engagement with the local stakeholders, providing them clear and necessary information about our presence and operations, obtaining their support and cooperation and collaborating with them to create positive social and economic outcomes for the peopleWe sustained our good relationship with the communities through meaningful, honest and constructive dialogue, we listened to their requests, addressed their concerns, shared our value creation objectives including community development and our operations objectives, identified and analysed local needs and |

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| | | contributed positively towards their development. |
| **MCoy 1** | MCoy 1 has contributed to the improvement of socio-economic conditions in the communities it operates in by promoting initiatives in the areas of health, education, access to energy, infrastructural development, capacity building, and agricultural development, consistent with several key UN sustainable development goals. | |

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| | Community investments like these have helped to enhance trust between the company and local communities, and to strengthen the company's social license to operate | | | |
| **MCoy 2** | | | | We support community projects that are based on the needs of the local communities.<br>We aim to be a good neighbour wherever we work, by contributing to the well-being of neighbouring communities. We work closely with them to manage the social impacts of our business activities, address any concerns about our operations, and enhance the benefits that we are able to bring |
| **MCoy 3** | | Communicate with local residents in areas where we operate through direct correspondence and group meetings. Dedicate personnel responsible for community engagement as well as receiving, tracking, analysing and responding to potential community concerns. Establish | Our goal is to foster mutual understanding, trust and cooperation with stakeholder groups on sustainability topics. We interact with a variety of stakeholders via community meetings, digital and social media, corporate publications and one-on-one discussions. | |

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|---|---|---|---|
| | | channels for communities to provide input or seek information. Use social media platforms to share project updates with a diverse audience | |

| INTERVIEW PARTICIPANTS | TRUST AND SOCIAL LICENSE | | |
|---|---|---|---|
| **ICorpP1** | et's say we want to drill a well, apart from other community things that we do generally, so for that particular operation some amount of value will be set aside. Let's say it's like they call it a pot, sum of money. It's a percentage of the cost of the project. (...). So now, if you disturb, there's certain amount for one day of disturbance, so that pot will be reducing by that amount | One of the reasons for success of Carrot in Nigeria is because of the strategy they adopted in dealing with their local host communities. Their approach is a little bit different from what the normal norm was. So, in summary, I can say it's a very cordial relationship in all the fields in all the communities they are involved in | |

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| **ICorpP3** | | I will say the relationship has been very cordial. Initially when they started operation in the year 2010, they were having some hitches here and there with the community, but after some time they were able to meet with the stakeholders, some of the relevant stakeholders and that was resolved. So, they have a very cordial relationship with the host community |
| **ICorpP5** | So, what we have also done, like I did say, is they have a percentage to our production. So, that’s why we have less, we don’t even have vandalizations at all. (...), so at the end of the day you can’t go about and spoil what is giving you money. In fact, when people go back there, they’ll say ‘you can make noise O, but don’t touch any of the pipelines because it’s also ours’. | the other thing to also note is that some of the strategies that are also being employed is that for you to have a successful relationship really with dealing most host communities within the Niger Delta, it is always recommended that a good chunk of the liaison department or the liaison unit has full representations of the host communities in it |

| CODES | SKILLS ACQUISITION PROGRAMMES | EMPLOYMENT | EDUCATION SUPPORT | INFRASTRUCTURE DEVELOPMENT | INVESTMENT ALIGNMENT |
|---|---|---|---|---|---|
| CATEGORIES /CORPORATIONS | SOCIAL INVESTMENT AND INFRASTRUCTURE | | | | MUTUAL BENEFITS |
| ICoy 1 | | | | | |
| ICoy 2 | | | | | |
| ICoy 3 | | | | Our projects include provision of access to fresh water supply and construction of network of water distribution pipeline, road construction, improvement in healthcare through the provision of hospital equipment, construction of drainage channels, market stalls construction, town hall buildings construction and rural electrification programme | Working with the local communities' approved leaders to create shared value for communities, ICoy 3 channels investment to areas that align local priorities to its business objectives whilst addressing the broader development objectives of the people. |
| MCoy 1 | | | Oilgas in Nigeria supports education as a way of investing in Youth empowerment and development. It does this in several ways including the provision of a Scholarship & Bursary Scheme, and the Provision of Infrastructure and Vocational Training. | MCoy 4 has completed various infrastructural projects in communities within its areas of operation. These projects include the construction of concrete and asphalted roads, jetties and bridges, shore protection and sand-filling, public buildings, schools, hospitals, training centres, | |

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| | | | | community halls, and cottage industries |
| **MCoy 2** | Our intervention strategy for developing youths in our host communities is aimed primarily at equipping the youths with appropriate skills necessary for creating employment opportunities and places emphasis on self-reliance and entrepreneurship | | MCoy 5's support for educational development involves assisting host communities to provide sustainable and qualitative education that ultimately reaches all the people. This involves active consultation at all stages of development planning, implementation and evaluation, with all stakeholders. MCoy 5 operates various scholarship schemes, a welcome feature of educational development, especially in the Niger Delta area of Nigeria | |
| **MCoy 3** | | MCoy 3 adds economic value to countries where we operate by employing and training the local workforce and supporting local suppliers. We develop a local content plan specific to each | | |

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| | country or area to establish long-term economic benefits | |

| INTERVIEW PARTICIPANTS | SOCIAL INVESTMENT AND INFRASTRUCTURE | MUTUAL BENEFITS |
|---|---|---|
| **ICorpP1** | for each project you go to them there're some minimum jobs that have to be given to the people in the community. Even contracts and supplies and things like that, there are certain things that the community will have to be involved. | |

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| **ICorpP3** | | sometimes too, they create some meaner jobs for their youths to reduce some restiveness, and that’s why today, the issue of pipeline vandalization and the rest of them have reduced to almost zero because of dialogue and coming close to the community. So, it’s more like a win-win for the company and the community |
| **ICorpP5** | There are some things that at the end of the day, it might just be your best bet to say that the community should just take the funds and go and manage it themselves, if it’s really something that they want at the end of the day and there are clear justifications for it, but unfortunately, it’s quite clear also that we won’t be able to manage it. Because it goes beyond just building | |

| CODES | LOCAL ECONOMIC GROWTH & DEVELOPMENT | EMPOWERMENT | YOUTH ENTERPRISE DEVELOPMENT | ENERGY & CLIMATE POLICY | ZERO EMISSIONS TARGET |
|---|---|---|---|---|---|
| **CATEGORIES /CORPORATIONS** | | **ECONOMIC DEVELOPMENT** | | **CLIMATE AWARENESS** | |
| **ICoy 1** | | Our Women Support Initiative Schemes provides training & funding for small and medium scale business owners (Women) within our host & stakeholder communities. We understand the value of empowering the women which translate into empowering the family and community at large. Particular attention under this scheme is given to the widows within this communities | | | |
| **ICoy 2** | | | | | |

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| **ICoy 3** | Our social and economic activities are aimed at boosting inclusive and sustainable economic growth, the creation of small businesses and thereby quality employment opportunities, in line with the UN's Sustainable Development Goal 8.<br><br>we implement economic development programmes that help to develop capacity though skills acquisition and enhance the growth of small and medium enterprise and community vendors. This is complemented by the direct employment by Carrot from the community when appropriate. | | |
| **MCoy 1** | | MCoy 4 has also taken giant strides in development of vocational and technical training of youths in its areas of operation and beyond. Some of these initiatives include the provision of 'on-the-job' training in various disciplines including geology, electrical engineering, welding, fitting, piping design & fabrication, seismic data processing, and civil works, during projects executed in collaboration with the | "In the exploration and production of hydrocarbons, we are committed to reducing gas flaring. MCoy 4 is playing a particularly important role in this wise, with its objective of reaching zero |

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|---|---|---|---|---|---|
| | | | Nigerian Content Development & Monitoring Board | | routine gas flared by 2024” |
| **MCoy 2** | Our business is planned for the long term, which means we can be part of a community for decades. We help to develop local economies by creating jobs, sourcing from local suppliers, and paying taxes and royalties | | LiveWIRE Nigeria is a youth enterprise development programme supported by MCoy  5. The programme operates in the Niger Delta region and aims to inspire, encourage and support young people aged 18-30 to start up their own businesses in the Nigerian states of Edo, Delta, Bayelsa, Rivers, Abia, Imo, and Akwa-Ibom.<br><br>Our intervention strategy for developing youths in our host communities is aimed primarily at equipping the youths with appropriate skills necessary for creating employment opportunities and places emphasis on self-reliance and entrepreneurship. | We are investing in low-carbon energy solutions and advanced technologies, such as those that increase energy efficiency and reduce emissions. We continue to contribute to the public dialogue on energy and climate policy. Yet, the scale of the global challenges that the world faces are too great for one company, or one sector, to resolve. | “For society to achieve a 1.5° Celsius future, the world is likely to need to stop adding to the stock of greenhouse gases in the atmosphere – a state known as net-zero emissions – by around 2060. That is why [MCoy 2] has set itself an ambition, to become, by 2050 or sooner, a net-zero emissions energy business” |

| | | |
|---|---|---|
| **MCoy 3** | MCoy 6 works closely with local communities where we operate to help support their needs. We collaborate with governments and local stakeholders to invest in programs that promote local economic growth and improve social conditions | We also joined the Oil and Gas Climate Initiative, an international CEO-led energy company effort dedicated to developing practical solutions to climate change in areas such as carbon capture and storage, methane emission reductions and energy and transportation efficiency |
| **INTERVIEW PARTICIPANTS** | **CAPACITY & ECONOMIC DEVELOPMENT** | **CLIMATE AWARENESS** |
| **ICorpP1** | | Indirectly, but I'm not sure the word climate change shows but indirectly, like I said it's from economics. You need to capture that dollar that you're burning off you know. I think there's a section of Carrot that is called Carrot gas company. It has its own general manager of its own and it deals with utilizing gas, selling gas to Nigeria industries you know. So, it's a big |

money maker for them

**ICorpP3**

**ICorpP5**

## Appendix 3 Interview Guide Corporate Personnel

1. Relationship between your organization and its local host communities.
2. Role of other stakeholders (e.g., government, NGOs) in this company-community relationship.
3. Climate change (and gas flaring dialogue) with communities
4. Regulatory policies to address gas flaring and climate change
5. Climate change and corporate strategy
6. Organisational challenges in addressing gas flaring and climate change concerns
7. Corporate Social Responsibility and how it is practiced on ground
8. Understanding of corporate accountability and relationship to stakeholders
9. Covid-19 pandemic impact on gas flare-down targets
10. Anything about the subject matter to talk about

**Appendix 4 Interview Guide Community Stakeholder Group**

1. How oil and gas activities affect the community
2. Impact of gas flaring on community
3. Corporate steps in addressing community's concerns over gas flaring
4. Understanding of climate change and its link with gas flaring. Corporate-community engagement on gas flaring and climate change
5. Perceived corporate relationship with community
6. Level of community engagement (if any) with the oil companies operating in the area
7. Mode of corporate engagement with the community – direct or through intermediation of another body, like the NGOs
8. Access to the companies in the event of community concern
9. Assessment of company efforts in terms of community development
10. Covid-19 pandemic impact on community or on corporate-community relationship
11. Anything else not already covered in the interview

**Appendix 5 Interview Guide Regulator Group**

1. Main objectives(s) of the regulatory oversight of the oil and gas industry
2. Challenges in meeting this objective or in regulating the industry
3. Understanding of climate change
4. Gas flaring and climate change impact on communities
5. Regulatory policies in place to address gas flaring and climate change
6. Mechanisms of monitoring and ensuring corporate compliance with regulations
7. Assessment of corporate performance in terms of compliance
8. Covid-19 pandemic impact on the agency
9. Anything else to discuss about the subject matter

**Appendix 6 Interview Guide NGO Group**

1. Understanding of climate change and its challenges
2. Assessment of oil and gas corporations’ effort to tackle climate change issues
3. Organisation’s intermediation role in oil and gas corporate-community relations
4. Engagement with oil and gas corporations on issues of community concern
5. Engagement with community stakeholders
6. Assessment of corporate activities on communities
7. Covid-19 Pandemic impact on organisation’s mission
8. Anything about the subject matter to talk about