

Exploring the Relationship Between Ethics and Corporate Social Responsibility and Productivity in Nigeria Extractive Industry

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Abstract

The study was designed to explore the relationship between ethics and corporate social responsibility and productivity in the Nigeria extractive industry and make recommendations for possible implementation. Nigeria extractive industry contributes more than 90 percent of export revenue, in Nigeria, but the sector is constantly involved in conflicts and huge revenue losses. Managing in such an important area requires a focus on the ethical requirements that cement the relationship among government, business and society. Ethics and corporate social responsibility behavior ensures that an organization should follow environmentally and socially established ethical standards so as to promote productivity. The exploratory research design was used for the study and it was found that ethics and corporate social responsibility behaviour has positive relationship with productivity in the Nigeria extractive industry. It was suggested, based on the result of the study that employment opportunities in the sector should be increased for youths in the areas of operations to reduce conflicts and enhance productivity.

Keywords

Employment, Constructive Engagement, Social Justice

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1. Introduction

Generally speaking, ethics relates to what is adjudged to be right or wrong in social conduct and which is determined by standards of any professions, organizations and individuals. According to [24] ethical behavior is a major consideration that distinguishes the civilized from the uncivilized in society. They state that the increased attention of many organizations to ethical dimensions of operations can be traced back to the 1968 Watergate investigation that forced the United States President to resign rather than face impeachment over revelations of unethical practices. Ethics also relates to the science of law because it connotes rules and regulations that guide organizational, individual and professional practices. The concepts most directly associated with ethics are truth, honesty, integrity, fairness and

equity and based on the theory of social justice (SJ). The theory evolved in the late 19th and early 20th centuries with the focus to ameliorate the hardship of workers who were being exploited by factory owners who flouted the law. The ethical movement also attacked the problem of organizational distance between decision-makers and those putting decisions into practice. It was thought that while business would remain business, there should be need for ethical dimensions in management decision-making so as to pay adequate attention to the welfare of employees. The philosophy was based on the contention that it improves the level of commitment on the part of the employees, leads to employee retention and higher productivity [44]. Thus, the basic ethical principle suggests that business organizations as social institutions through which the society fulfills social, political and economic objectives owe certain moral duties

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and obligations to the society in which they operate, and this is referred to as corporate social responsibility (CSR). CSR is an idea which suggests that a person or a corporate organization is not responsible only to himself or itself but also to the entire society or all those who are directly or indirectly affected by the actions or inactions of the individual or corporate organization. By implication therefore, individuals and corporate organizations are expected by society to take necessary actions that will protect and improve the welfare of individuals in society and the society as a whole, while striving to achieve profitability and productivity is necessary for any organization to remain competitive. Ethical responsibility is recognized as an important ingredient for business survival. According to [41] Narayana Murthy was recalled to lead Infosys India in 2013 because he was described as a living legend and an epitome of the fact that honesty, transparency, and moral integrity are not at variance with business acumen, because he had set new standards in corporate governance and morality. According to [42] productivity is a measure of the effective use of resources, usually expressed as the ratio of output to input. For profit based organizations, productivity is an

important factor in determining the level of competitiveness. Other management researchers like [11] believe that sound ethical and social responsible behavior of management is crucial to achieve productivity, and that productivity is actually a question of quantity and quality. Productivity does not necessarily mean working faster or putting in more hours and resources. Rather, it is about efficiency, and to improve productivity the corporate organization needs a written set of codes or rules of conduct which members should abide with for the discharge of their responsibilities. Such ethical codes must be effectively communicated to all managers by management to ensure that they make timely and effective decisions for planning, organizing, directing and controlling the activities for which they are responsible [20].

1.1. Conceptual Framework of the Study

A conceptual framework is a structure of the research idea or concept and how it is arranged elaborates the research problem in relation to relevant literature. It is often summarized in a schematic model that presents the major variables and their hypothesized relationship [16].

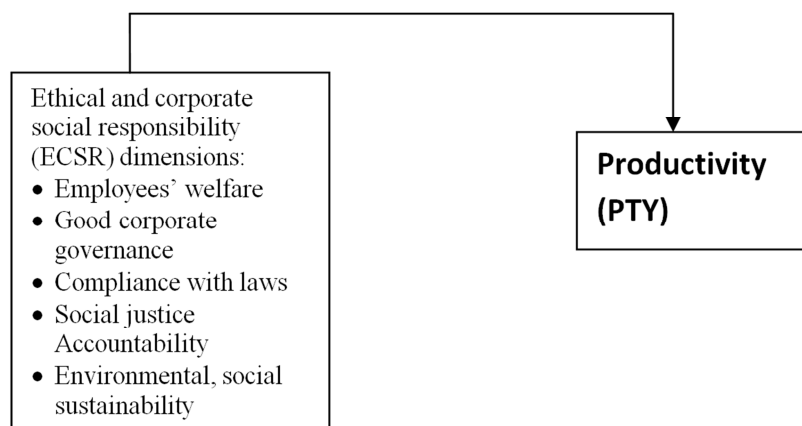


Figure 1. Ethics and Corporate Social Responsibility and Productivity Model.

Source: Author Fieldwork (2017)

The conceptual framework of this study as shown in figure 1 is based on the assumption that management should pay close attention to the issues of ECSR in tandem with SJ theory necessary for organizational productivity. Ethics is the moral value of human conduct and the principles that ought to govern such conduct. Sound moral ethical standards provide the opportunity for individuals and organizations to engage in CSR as an obligation for the common good of society. The concept of CSR continues to receive management attention in line with the growing recognitions by most corporate organizations of its almost universal relevance to all aspects of business operations. The culture of CSR demands critical engagement with all stakeholders, to act in line with honesty, fairness, transparency and equity,

ensure SJ, while keeping an eye on profitability and productivity. Demonstrating good ethical behaviour and engaging in CSR depends to a high degree on personal values. Personal value is used to mean what the individual or group regard as desirable. But the problem is that what is desirable to A. may not be desirable to B. [24] emphasize therefore, that professional codes, corporate policy, and even law cannot ensure the ethical practice of any profession or organizations; only the application of sound personal values can guarantee ethical behavior. However, they suggest that, professional codes, sound business policies, management decisions, and appropriate legislation can serve as valuable guidelines for organizations or institutions that desire to maintain high ethical standards in their operations.

Management at all levels needs to consider the importance of ECSR in decision-making because in making organizational decisions, it bears a heavy ethical responsibility, not only to the organization but also to the profession and society at large. [17] in [23] suggest that ethical theories focus on the ethical requirements that cement the relationship between business and society. Also, [25] believes that CSR reflects more humane, more ethical and a more transparent way of doing business. [23] opines that ethical responsibilities represent that a firm has to follow socially established ethical standards [27].

1.2. Statement of the Problem

For many years productivity in the Nigeria Extractive Industry in some areas has either completely stopped or left at below average capacity. The examples of non productivity in the coal corporation, the bitumen, aluminum, the tin and ore ventures, and the steel complexes are just few typical examples. Bitumen remains largely unprocessed, and the exploration of oil and gas in the northern part in Nigeria remains at the preliminary stages [48, 9]. The management of these important areas seriously accused of not demonstrating ECSR behavior in sufficient frequency in tandem with the principle of SJ and the spirit of good corporate citizenship. They are also wanting in respect of tax remittances and royalty payment to the appropriate quarters as well as unfair employment arrangements with the indigenous peoples of the host communities and others. According to [36] Nigeria ought to be producing a minimum of four million barrels of oil per day (BOPD). However any effort to reach this target can be frustrated by lack of ECSR behavior. For example, good ECSR will help in realizing the Olokola LNG (OLNG) and Brass LNG that have been on the drawing table for over 17 years. Actually, realizing these projects among others, will improve productivity, create more jobs and attract multi-billion dollar investments from the International Oil Companies (IOCs) and other High Networth Investors (HNIs). Even though oil and gas provide high revenue for Nigeria, the exploration processes also bring about serious negative effects in oil producing communities and the nation as a whole. According to [4] exploration activities have been found to create serious environmental challenges affecting health, social and economic activities, sustainable development and ecological balance, due to land degradation, air pollution, water pollution, deforestation and ecosystem degradation. He insists that these activities, among others, have led to agitations from communities and youth groups, leading to disruption of exploration activities, pipeline vandalisation and in extreme cases kidnapping and violence. These are among the causes of hindrance to effective productivity that constitute a major problem which the present study sought to investigate in an attempt to

suggest possible ways out of the challenges and to improve productivity in the Nigeria Extractive Industry (NEI). The absence of good ethical behavior in corporate organizations has contributed to social and economic crises as well as huge revenue leakages in the oil and gas sector in Nigeria. For example, according to [34] the mismanagement of oil revenues had been one of the biggest factors preventing Nigeria from realizing its full potential. She insists that oil revenue mismanagement in Nigeria introduced a great deal of volatility to fiscal policy, inducing macroeconomic instability and severely weakening the effectiveness of public expenditure. Also oil revenue mismanagement created incentives for other unprofessional practices resulting in high levels of corruption and institutional failures. The institutionalization of ethical standards through the Nigeria Extractive Industries Transparency Initiative (NEITI) aims at enforcing transparency, accountability, high levels of integrity, strong corporate governance practices, and proper internal and external controls. According to [31] ethical behavior ensures that a corporate organization strives to inculcate a culture of total compliance in its members of staff, business associates, directors, and shareholders with all organizational policies, principles, codes, standards and laws. It also ensures adherence to policy prohibitions including provisions on bribes, kickbacks and improper payments to agents, contractors, customers, suppliers, government officials and the minimization of all forms of corporate corruption, that lead to ethical problems [43, 18]. According to [39] about N10 trillion was lost at a yearly average of N1 trillion from oil revenue through the unethical activities of largely multinational oil companies (MOCs). He opines that the reportedly N16 trillion lost in 10 years was close to federal government's capital votes in 10 years, which is why the more Nigeria earns from petrodollars the more it sinks into vicious poverty in the midst of excess resources, wealth and revenues. The Federal Government of Nigeria (FGN) loses huge sums of money to IOCs through various less than ethical ways. For example, according to [14], in 20 years, between 1993 and 2013, Nigeria lost about US\$21 billion or N7.6 trillion to IOCs as a result of non-implementation of the Production Sharing Contract (PSC) Act of 1993. Also, according to [5] NEITI believes that the FGN loses over \$518m to oil swap deals [46, 47].

1.3. Objective of the Study

The study was designed to explore the relationship of ECSR and PTY in the NEI.

1.4. Significance of the Study

This study is relevant because in spite of the importance of NEI and its huge problems not much is written on the

relationship of ECSR and PTY. Thus, it is expected that the present study will provide the opportunity for students, researchers, academicians, governments, and other stakeholders in Nigeria to think more in this direction.

1.5. Research Questions

- i. Do you believe that there is good management of revenue by all operators in the NEI?
- ii. Does environmental social responsibility help in improving environmental social sustainability?
- iii. Is it possible that some operators in the NEI default in tax payment?
- iv. Can you say that the financial records (FRs) of some extractive corporations in Nigeria are often distorted?
- v. Is it true that IOCs treat their employees equally?
- vi. Are you sure that a major objective of the NEITI is to enrich some people in the NEI?
- vii. Do you agree that unprofessional practices usually lead to high productivity?
- viii. Is compliance with laws (CWLs) necessary for corporate prosperity?
- ix. Do you think that good corporate governance can enhance good management in NEI?
- x. Do you suggest that oil and gas producing communities in Nigeria are very happy with IOCs?

1.6. Hypothesis

Ho: There is no positive relationship between ECSR and PTY in NEI.

Hi: There is positive relationship between ECSR and PTY in NEI.

2. Literature Review

Entrenching ECSR in organizations is crucial to reinforce commitment, professionalism and good corporate citizenship. Corporate responsibility relates to the power inherent on expertise and professionalism that entails a trust relationship with management and stakeholders. According to [24] it entails promoting healthy and fair competition among professionals and preserves ethical climate while fostering a robust business environment. ECSR seeks to adhere to the highest standards for organizations and individuals based on conscience. Ethics has become an area of concern for management and society at large for several reasons. It is now public knowledge that some individuals and economic enterprises engage in unwholesome unethical behaviour that undermine the principle of SJ and the common good. Also,

non adherence to ethical standards has been identified as a major cause of agitations and acts of sabotage in many organizations that jeopardizes the capacity of governments to provide social infrastructure. Obeying ethical codes has the benefit to maintain the integrity of relationships with the employees, communities, governments and the public and also aids informed decision-making process. Maintenance of ethical standards and behavior has positive effect on productivity, while the contrary is the case for unethical conduct.

2.1. Unethical Behaviour and Business Failure

In Nigeria, many organizations suffer huge losses, and some even fail because of unethical behavior by management. For example, according to [32] the bank failure scandal in Nigeria in the 1990s and 2011 was associated with unethical conducts. Also, the Cadbury scandal of 2006 was associated with unethical deals between Cadbury management and the external auditors. The researchers found that, against ethical principles, the auditors of Cadbury stayed for too long on the assignment and in the process impaired their independence. The company was also found to have engaged in the provision of non-auditing services to the auditors which helped to compromise the rules of good ethics, transparency, and integrity, expected of the Supreme Audit (SA). The Nigerian stock market nearly collapsed between 2007 and 2008 as the result of unethical practices. For example, according to [32] Nigerian investors lost several billions of dollars as a result of companies that falsified and deliberately overstated their annual accounts. This unethical conduct led to loss of confidence in the Nigerian capital market by investors. It sparked huge capital flight from Nigeria, and banks became worried of extending further credit lines to the productive sector of the economy. Subsequently, the market capitalization of the Nigerian Stock Exchange (NSE) dropped from the height of N13.5 trillion to a meager N4.6 trillion. The unethical bazaar also affected pension funds where about N2 billion of pension assets were lost by pension fund administrators [37]. Also some corporations in the NEI sub-sector were often mentioned in huge bribery cases like the well-known Halliburton scandal involving about US\$180m [13, 2, 3, 15].

2.2. ECSR and Good Corporate Governance

Observing ECSR behavior ensures that a corporate organization discharges its obligations to society in a proper manner. This entails a high record of environmental stewardship and transparency in the corporate function that protects stakeholders and investors interests. [21] opines that CSR normally means additional costs to the organization. This is because it could mean making contributions to

charitable organizations or welfare schemes for employees. However, he insists that CSR is the obligation to take action that protects and improves the welfare of society as a whole as well as organizational interest [7, 40, 26]. Nigeria derives huge revenue from the extractive industry particularly the oil and gas subsector. According to [35] in recent years the oil and gas subsector has accounted for over 40 percent of GDP, 95 percent of export receipts, and about 80 percent of total government revenue. But the challenge remains that the IOCs such as Shell, Mobil, Chevron, Agip and others are often cut in the web of poor ECSR behavior that leads to revenue losses, sabotage by both employees and host communities and other harsh government sanctions that result to loss of productivity. It was partially on the account of these lingering challenges that the NEITI was established to reengineer the sector and drive its compliance with ECSR behavior. The Extractive Industries Transparency Initiative (EITI) was initiated by Tony Blair at the World Summit for Sustainable Development in Johannesburg, South Africa in 2002, and it received worldwide approval as the tool of global efforts to check the serious challenge of lack of ethical standards, transparency and accountability in revenue generation drives in the oil and gas sector around the world. According to [35] in attempts to encourage ECSR behavior, the NEITI has discovered a number of administrative lapses by government agencies responsible for oil extraction and marketing. The audit of the sector revealed poor record keeping on the part of the various subsidiaries of the Nigerian National Petroleum Corporation (NNPC) and the examination led to the recovery of about £500 million from IOCs. There were also discrepancies in tax remittances involving \$127m for 1999-2004, \$333m for 2005, and \$80m for 2006-2008 respectively. While these huge sums were being hidden local employees were given less than fair employment conditions on the false basis of "cash crunch" and the host communities left without commensurate attention in terms of the provision of social amenities. These monumental ECSR lapses lie at the heart of agitations and vandalization often witnessed in the oil and gas sector that have negative effects on productivity [28]. According to [49] CSR is a predictor of organizational attractiveness and has positive influence on performance. They posit that CSR contributes to satisfy needs of self-evaluation, self-harmony and convenience [8, 22]. ECSR issues are closely associated with good corporate governance, and work towards efficient management and high productivity. Good corporate governance is a set of rules and practices that govern the relationship between the management and stakeholders of corporate organizations as well as other stakeholders like: banks, employees, creditors, trade unions, suppliers, governments, tax authorities, auditors, board of directors (BODs), and other public agencies, for the proper conduct of corporate affairs. The

BODs has overall responsibility to make ethical decisions as they arise in many aspects of corporate operations. In making such decisions, it must always consider how they will affect shareholders, employees, consumers, the communities, and other stakeholders. The BODs must act very fast and in the most responsible manner to avoid any adverse repercussions that may impair corporate productivity. This is imperative at this time of market globalization when critical investors are showing keen interests in directing funds towards businesses that are leading the way on responsible business practices in which case the need for business to be more ethical, transparent and effective in their corporate decision-making and reporting have become paramount and urgent [33]. According to [44] early concern with ethics can be traced to 1900 through a book called *The Gospel of Wealth*. The book set out a statement of CSR. It suggests that CSR has two principles: charity and stewardship; in which case the more fortunate in society has obligation to help the less fortunate (Charity) and those with wealth should see themselves as owning such wealth in trust for the society by using it for purposes that are socially legitimate (Stewardship). [44] suggest that in modern business context, ethics relates to a part of the culture of the corporation that sets norms of behavior by which people in the organization will abide with because the norms have some moral authority. [10] believe that ethical behavior is related to self-esteem, and that people who feel good about themselves have the capacity to withstand outside pressure and do what is right rather than do what is merely expedient, popular or lucrative. They emphasize that a strong code of morality in any economic enterprise is the first step toward its success. Good corporate governance and ECSR are different sides of the same coin because they focus on the responsibility to educate, mobilize, enlighten, inform and sanitize management and the BODs toward the important tradition of honesty, integrity, excellence, accountability, transparency and reputation of the corporation [41]. Good corporate governance and ECSR work together because it is believed that corporate organizations that protect the interests of shareholders and others will grow their productivity and embracing shareholders in the decision-making process has the capacity to encourage economic prosperity of the corporation [19]. Market globalization is greatly increasing the ethical dilemmas organizations face on a daily basis because different nations have different perceptions of what is ethically right or wrong. However, according to [29] ethical conduct at the individual level can translate into social responsibility at the organizational level. They suggest that socially responsible actions are expected of organizations for protecting the environment, promoting worker safety, supporting social issues, and investing in the community, among others [45].

3. Methodology

3.1. Research Design

The exploratory research design was used for the study. The exploratory design is historical in nature, and does not usually require a large sample or a structured questionnaire. A combination of qualitative and quantitative techniques can be used in exploratory design [6, 38, 30, 12].

3.2. Sources of Data

Data were collected through secondary and primary sources. Secondary data are information that has been previously collected for some other purpose other than the research project at hand whereas primary data are information gathered and assembled specifically for the research objectives at hand [1]. Each data collection method has advantages and disadvantages. However, according to [29] the best approach is using multiple methods of collecting data, since it offers the researcher a chance to cross check the information obtained through the various methods.

3.3. Sample Frame

The sample frame comprised of individuals interested in the relationship of ECSR and PTY in NEI.

3.4. Sample Technique

Purposive sampling technique was employed to select the sample of 65 respondents composed of 25 females and 40 males ranging in age between 20 and 75. The purposive sampling involves the selection of units based on factors other than random chance [6].

3.5. Sample Size

For the purpose of this study, 65 respondents were selected.

3.6. Area of Study

The study was conducted in South east Nigeria, comprised of 5 states out of the 36 states in Nigeria. It is believed that

the opinion of the people in South-east Nigeria is enough to represent the opinion of the people in Nigeria.

3.7. Decision Rule

The decision rule for the mean cut-off point for the analysis of responses was at 70 percent 'yes'. According to [30] this method is appropriate to answer research questions.

3.8. Data Analysis

Data were analyzed through descriptive and regression statistical methods and result presented in tables.

4. Presentation of Result

Table 1. Profile of Respondents (n = 65).

S/N	Descriptions	Category	Total	Percentage
1	Gender	a) Male	40	61.54
		b) Female	25	38.46
2	Education	a) FSLC	10	15.39
		b) Diplomas/degrees	42	64.61
		c) Others	13	20.00
3	Age	a) 18-30	18	27.69
		b) 31-55	35	53.85
		c) 56-70	12	18.46
4	Experience	a) less than 10 years	15	23.08
		b) between 10 & 20 years	39	60.00
		c) Above 20 years	11	16.92
5	Income	a) Low	5	7.69
		b) Middle	10	15.39
		c) Average	30	46.15
		d) High	20	30.77
6	Employment	a) Private	16	24.62
		b) Public	37	56.92
		c) Others	12	18.46

Source: Fieldwork (2017).

Table 1 showed the profile of respondents who were selected on the basis that they would provide useful responses to the study statements.

Table 2. Percentage Distribution of Responses (n = 65).

S/N	Statements	Yes		No		Total	Decision @ 70% "Yes"
		No	%	No	%		
1	There is good management of revenue by all operators in the NEI	40	62	25	38	65	Rejected
2	Environmental social responsibility helps in improving environmental social sustainability (ESS)	52	80	13	20	65	Accepted
3	Some extractive industry operators in Nigeria default in tax payment	55	85	10	15	65	Accepted
4	Financial records (FRs) of some extractive industry corporations are often distorted	48	74	17	26	65	Accepted
5	IOCs treat all their employees equally	12	18	53	82	65	Rejected
6	A major objective of NEITI is to enrich some people in the NEI	15	23	50	77	65	Rejected
7	Unprofessional practices usually lead to high PTY	21	33	44	67	65	Rejected
8	Compliance with laws (CWLs) is necessary for corporate prosperity.	56	86	9	14	65	Accepted
9	Good corporate governance will enhance good management in NEI	54	83	11	17	65	Accepted
10	Oil and gas producing communities in Nigeria are very happy with IOCs	22	34	43	66	65	Rejected

Source: Fieldwork (2017)

The responses in table 2 were used to check the regression result in table 3 and to enhance its creditability [30].

4.1. Model Specification

The model examined the relationship between ECSR and

PTY in the NEI. PTY in the NEI is significantly influenced by factors such as Good Corporate Governance (GCG), Environmental Social Sustainability (ESS), Compliance with Laws (CWLs), etc.

Table 3. Regression Result.

Dependent Variable: PTY					
Method: Least Squares					
Date: 06/11/17			Time: 12.00		
Included observations: 10					
Variable	Coefficient	Std. Error	t-Statistic		Prob.
C	0.500		0.446	1.088	0.031
GCG	0.364		0.201	2.889	0.030
ESS	0.850		0.601	2.890	0.001
CWLs	0.275		0.178	1.546	0.53
R-squared		0.641	Mean dependent var		120.92
Adjusted R-squared		0.534	S.D. dependent var	141.27	
S.E. of regression	0.762	Akaike info criterion		20.861	
Sum squared resid	1.609	Schwarz criterion		21.124	
Log likelihood		-35.22	F-statistic		17.754
Durbin-Watson stat		1.2418	Prob (F-statistic)		0.13

The result obtained using the Ordinary Least Square (OLS) regression technique.

$$PTY = 0.500 + 0.364GCG + 0.850ESS + 0.275CWLs$$

4.2. Interpretation of Regression Result

The result showed that the predictor variables (i.e. GCG, ESS, CWLs) were significantly joint predictors of PTY ($F(3, 10) = 5.964$; $R^2 = 0.641$) at 5% level. The predictor variables jointly explained 64.7% of PTY, while the remaining 35.3% could be due to the effect of extraneous variables. Furthermore, it can be deduced from the result obtained that the constant parameter in the long – run is positive. This implies that if all the explanatory variables are held constant, PTY will increase by 0.50 units. The coefficient of GCG is 0.364, it has a positive relationship with PTY ($t = 1.889$, $P < .05$) showing that a unit increase in GCG will increase PTY by 0.364. The coefficient of ESS is 0.850, it has a positive relationship with PTY ($t = 2.890$, $P < .01$) showing that a unit increase in ESS will increase PTY by 0.850. Also, the coefficient of CWLs is 0.275, it has a positive relationship with PTY ($t = 2.890$) showing that a unit increase in CWLs will increase PTY by 0.275. The level of Durbin-Watson (DW) is 1.2418. This showed that there is an inconclusive correlation among the explanatory variables. However, the regression result clearly supports the analysis in table 2 that ECSR has positive relationship with PTY in the NEI. This is the interest of the study.

4.3. Discussion

The EITI recognizes that there is lack of ECSR in the

extractive industries in many developing countries, where petroleum revenues and exports contribute significantly to overall fiscal revenues, GDP, and total export earnings. But oil-rich developing countries host a high number of their citizens living in absolute poverty, sometimes due to unethical behavior and corruption in the oil and gas sector. According to [27] oil is often referred to as the biggest business. Dollar volumes in the industry are high, and oil is almost universally regarded as being of strategic significance to governments, and in most developing countries oil is one of the commanding heights of the economy. In these countries like Nigeria oil and gas production is often disrupted due to unethical activities of IOCs. The problems of the oil and gas sector are frequently compounded by complexity and monopolies. It is believed that the oil and gas sector is technically and structurally complex, and the legal, commercial and fiscal arrangements governing revenue flows are difficult to manage effectively. This phenomenon makes it often possible and relatively easy for unscrupulous operators to manipulate oil revenues for personal gains and to hide such activities. Such unethical and corrupt activities flourish in Nigeria because the sheer scale of oil and gas flows create opportunities for corrupt abuse through discretionary control of access and through the setting of fees, or tariff, and penalties. Even though weak corporate governance existed before the advent of oil in sub-Saharan African countries, the level of mismanagement of oil revenue and weak corporate governance in these countries is very high. [13] suggest that perceptions of corruption in developing countries are closely correlated with resource wealth. They insist that many petroleum producing

developing countries are infested with unethical conduct and weak corporate governance in the oil sector. According to them, IOCs are often charged by host governments and at times by their own partners of poor corporate governance practices and ethical corporate social irresponsibility. According to the [47] Nigeria provides just one outstanding example of the paradox of plenty. It argues that in terms of development, the performance of Nigeria is significantly below its potential and even below that of many non-oil sub-Saharan African Nations. Over 70 percent of the population lives on less than \$2 per day, about 80 out of every 1000 infants die at birth, 35 percent of the population under five years of age is malnourished, not more than 50 percent of the female population is literate, among others. The escalating agitations in the Niger Delta areas and the environmental pollution and degradation characterizing oil and gas operations in these areas complete and summarize the argument about weak ECSR in the NEI. In its analysis of flow of funds in Nigeria's petroleum sector the [46] argues that Nigeria's performance remains dismal despite oil rents accruing to it in excess of about \$300 billion over the years. A scenario of this nature can be inverted through ECSR behavior and good corporate governance. According to [13] good governance has several dimensions, including clear and stable laws, the rule of law and open dialogue between government and society. Unfortunately, they posit that data on corruption show that perceptions of corruption and corruption are closely correlated with oil wealth.

4.4. Recommendations

- i. Government should take actions to reduce corruption and poor management in the NEI to enhance productivity.
- ii. There is need for the IOCs that dominate the oil and gas sector to treat their employees equally to reduce conflicts that jeopardize productivity.
- iii. Management in the NEI should of necessity focus on ethical requirements that cement the relationship between business and society. This will go a long way in promoting productivity in the industry.
- iv. Employment opportunities should be provided for the youths by NEI operators in their areas of operations so as to reduce youth restiveness and poverty.
- v. There should be constructive engagement among IOCs and stakeholders to ensure peace which is critical for high productivity in the NEI.

4.5. Scope for Further Study

Further study should examine the relationship among host communities and IOCs to address how it can be handled to provide peaceful atmosphere for uninterrupted productivity

in the oil and gas sector.

5. Conclusion

Ethically responsible behavior is critical in promoting harmonious community relationship that result in industrial productivity. Different cultural dimensions lead to different ethical dilemmas that organizations face with regard to what constitutes right behavior or wrong behavior. While the debates continue, it is however believed that ECSR reflects more humane, more ethical and a more transparent way of doing business. Some of the problems of the NEI revolve around weak ethical behaviours characterized by poor corporate governance, management and corruption among others. Introducing and sustaining good ECSR behavior is important for industrial success, because CSR is the obligation of an organization to behave in ethical ways in the social environment in which it operates. This study found that ECSR behaviour has significant positive relationship with productivity in the NEI. This result supports the observation of [29] that ethical conduct at the individual level can translate into social responsibility at the organizational level, promote social issues, investment and productivity. It also lends credence to the findings of [10] that ethical behavior in any economic enterprise is the first step towards its success. This result is not an exaggeration because it provides further support for [41] that honesty, transparency, moral integrity, ethical standards and good governance are not in variance with business acumen.

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