

**THE ROLE OF ROYAL DUTCH SHELL'S
CORPORATE SOCIAL RESPONSIBILITY IN
NIGERIAN COMMUNITY DEVELOPMENT
(2015-2017)**

THESIS



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FACULTY OF SOCIAL AND POLITICAL SCIENCES
UNIVERSITAS MUHAMMADIYAH YOGYAKARTA
2019**

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2019**

ENDORSEMENT PAGE

**The Role of Royal Dutch Shell's Corporate Social
Responsibility in Nigerian Community Development
(2015-2017)**



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This undergraduate thesis has been examined and endorsed by the board of examiners from the Department of International Relations, Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta

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STATEMENT OF ORIGINALITY

I, the undersigned, hereby declare that this undergraduate thesis entitled “The Role of Royal Dutch Shell’s Corporate Social Responsibility in Nigerian Community Development (2015-2017)” is my own work, and that to the best of my knowledge, this undergraduate thesis has not been submitted for any degree or other purposes, at Universitas Muhammadiyah Yogyakarta or other institutions.

I certify that the intellectual content of this undergraduate thesis is original. All kind of assistances received in compiling this undergraduate thesis and the cited sources have been duly acknowledged.

I made this statement truthfully and in case of any discrepancy found in this statement in the future, I am willing to accept academic sanction and be processed in accordance with the applicable provisions at Universitas Muhammadiyah Yogyakarta.

Yogyakarta, 23rd March 2019



Maryana Isabella

MOTTO

“ You are never given a wish without also being given the
power to make it come true “

-Richard Bach

ACKNOWLEDGEMENT

First and foremost, I would like to praise Allah the almighty for granting me strength and encouragement during my studies until I could finish this undergraduate thesis. Without His will and blessings I would never be able to pursue the Bachelor of Political Science degree.

My deepest gratitude is addressed to my advisor, Dr. Sidik Jatmika, M.Si for his assistance, continuous supervisions, supports and constructive advices throughout the whole process of the research, since the first time I proposed the day I defended my thesis to the board of examiners. I also send my gratitude to the board of examiners of my thesis defense: Sidiq Ahmadi, S.IP., M.A. Bambang Wahyu N., S.IP, MA then the examiners of my thesis proposal: Adde Marup Wirasenjaya S.IP.,M.A and Ali Muhammad, M.A., Ph.D., for the constructive feedbacks and inputs during and after the thesis defense.

Yogyakarta, 23rd March 2019

Maryana Isabella

EXTENDED GRATITUDE

During though my uni life there were alot of feeling like tears and happiness that i felt. There were alot of friends had the same journey like i do. I feel so lucky and grateful to be surrounded by supportive people in my life. Therefore, I realize this undergraduate thesis would never be possible without them. I would like to deliver my wholehearted gratitude to:

1. My parents for being patient and never give up on me also as source of my power to finished my thesis asap. I love you Dad (Mardo) and Mom (Handriyanti) thank you for all your endless support, love and trust that both of you given to me. I always grateful to have such wonderful parent like you both. I'll try more to make you guys proud and happy as much as possible.
2. My brother (Mario) and sister (Martha) then their spouses. Thank you guys for all the encouragement, support, patient for me. I felt so happy to have you both as my sibling eventhough i knew you both of you must felt otherwise haha. I love you guys. Futhermore, for my cousins (Nova and Eka) in helping me went together a short escape to bali when I felt so sick during end of my thesis. So, that I felt refreshed and regain my spirit to finished it.
3. My Cadar Muhammadiyah: aqis, duo banci bahal bachtiar, andre, and totok and Macan Sosialita : vera, salma, cegil, miranda, lele, miya, aqis GENGSS thankyouu for always be there for me along my journey of uni life for always give me happiness, gossip and to keep me going when I felt so down in written my thesis. Love you guys so much.

4. My High School baes Ingrid, Novia, Glory, Gema and Caca babes I really grateful to had such best friend like you guys in my life eventough we rarely contact each other but you guys always understood and still support me.
5. Ipirel 2015 my batch thanks for all the memories, experience and friendship you guys give me in my Uni life.

Last but not least, thanks to everyone whose name cannot be mentioned one by one who have prayed for me and supported me in so many ways.

Herewith, I present my undergraduate thesis. May the light and knowledge be with us.

Yogyakarta, 23rd March 2019

Maryana Isabella

ABSTRACT

This thesis aims to start an assessment of the importance role of CSR Company that impacting Nigeria development in 2015-2017. The concepts used by the authors in this study are Transnational Corporation, Corporate Social Responsibility (CSR), and Sustainable development. Royal Dutch Shell highly prioritizes corporate social responsibility in general also implementing CSR as one of the ways to help development in Nigeria. It is interesting to find out more the role CSR program of Shell in takes place in the field of social, economic, and environmental protection provides a positive impact on community development in Nigeria

Key words: Royal Dutch Shell, Nigeria, Corporate Social Responsibility (CSR), Community Development

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CHAPTER I

INTRODUCTION

A. Background of Problem

Royal Dutch Shell is one of the influential company in the expertise of petroleum oil and energy in the world (Poole, 2018). Historically, Shells is Dutch multinational oil and Gas Company located in the Netherlands. The company started by the merger of Royal Dutch Petroleum and UK-based Shells Transport & Trading, This company established in 1907 (Shell Global). Within the movement in the area, the company focuses in the oil and natural gas exploration, development, production, refining, and marketing as well as in the manufacturing and marketing of chemicals (Royal Dutch Shell, 2017). From, the specific focus makes this company becomes one of the companies that have a big part in the country.

The existence of Shells on a country occurs because of the investment attraction exists in the country. For examples such as loaded natural resources in the field of oil and gas make Shells company interested in investing in a particular country which is also commonly called as FDI which is Foreign Direct Investment especially in developing countries. The meaning of FDI itself is the investment that been made by a company in one country to do business in another country. FDI is the one that provides a favorable impact on a country where the company is located (Cohen, 2007). FDI done carried out by a company who wants to do cooperation in various fields with the provision of capital to a country with specific regulations. Here, foreign companies become one

of the most important actors to establish an investment relationship.

Furthermore, in the area about a natural resource like oil in this world, many countries had oil field and made them become the vital figure role in the petroleum industry and oil producing. Some of the areas are Middle East, Africa, America and others (Finances Online). In Africa itself especially had top five countries in the oil producing sector in the continent such as Nigeria, Algeria, Angola, Egypt and Libya (Carpenter, 2015) resulting economic growth also gain development for Africa.



Picture 1. 1 Map of Nigeria (geology.com, 2017)

Within the existence of oil In the West African, there is a country that renown with its abundant resources of oil and natural gas, Nigeria. Nigeria is located within the West Africa region surrounded by Niger to the North, Cameroon to the East, Benin to the West, and Chad to the Northeast.

The amount of oil and gas that produce by Nigeria is considered huge particularly in the Niger Delta region (Omofonmwan & Odia, 2009). In the past before the

discovery of the oil in the '50s in Nigeria the development of Nigeria is quite underdeveloped. Within the significant amount of poor people in the country, Nigeria placed in number 3 after China and India. Furthermore, the condition causes low development, social problem and the environmental degradation that paint the current state on Nigeria at that time (Romanova, 2007).

Nowadays Nigeria success in oil for raising their economic value with the help of foreign oil companies which are known as Transnational Oil Corporations (TNC). Transnational Oil Corporations (TNC) is a big oil company which operates in several countries. The oil companies provide increase state income and state deliver easy access to oil resources through the grant of oil permit and particular outline which classifies the rule and finance of the company. The reason is Transnational Corporations oil and gases have the role to have a contribution in the act of corporate activity that is happening in the country and committos society (Tuodolo, 2009). The oil industry has roles to used their expertise and resources to help Nigeria locate, drill, store, and export crude oil (Salih, 2017)

Royal Dutch Shell is one of the corporations that do this activity. Shells are one of the TNC which is Transnational Corporation exist in Nigeria and has been around since 1937. Royal Dutch Shell has a general business principle which states that there are five specific areas for responsibility including to shareholders, customers, employees, business partners and the society (Shell, 2014). Which furthermore makes this company, definitely highly prioritizes corporate social responsibility in general. Royal Dutch Shells are also implementing CSR as one of the ways to help development.

In Nigeria itself, the corporation like Royal Dutch Shell and other appear eventually will cause good thing

and bad thing. Which usually seen in any kinds of problems that come to the unbalance between the people in society and also the corporation around the area. So, one of the methods to avoid the problem is by the program of Corporate Social Responsibility (CSR), and also CSR in this connotation can be described as an option of the company to take action in consideration of the country development by combining the goals of a company with the well-being of society.

The sad thing happens mostly in the environment area which is caused by the result of activity in the company. In this case, for example, there was oil spill happened in Nigeria because the pipe owned by Shell broke made the environmental damage in most of the sea and the river polluted (Morgan, 2017). Then, everything around was disrupted by the water becomes dirty. Later on, the ecosystem becomes unfit so the creature inside like fish was dead also becomes poisonous and indirectly the surrounding community can be harmful. Shell has been harshly criticized for the environmental impact of the extractive industry in general and impacts on human. The reputations of oil transnationals such as Shell Nigeria (Haigh & Jones, 2006), and promoted the perception that such companies are merely profit-oriented and care less about the impacts of their operations. Effects can have dire consequences for the entire business beyond its local operational environment. In order to sustain their business and even achieve growth and expansion, it is imperative for companies to enhance their relations with society ensuring that they are strong and mutually beneficial.

Beyond the profit objective transnational corporations are increasingly demanded of to engage with host countries and communities and CSR has become one of the strategies towards this endeavor. In response to this demand and in the attempt to shore up its reputation and to build goodwill with local communities, Shell has

developed policies and programs aimed at taking on social responsibilities (Wheeler, Fabig, & Boele, 2002).

The good thing in an instance like the growth of the Human Development Index (HDI) in the country better than before which implies there has been progressing in the Nigeria country. Hence, one of the reasons why HDI is increasing in a country is that of the existence of TNCs to enhance the human development of the country through their CSR programs. Especially in oil TNCs in Nigeria have been gradually helping local communities in development aspects (Lompo & Trani, 2013). For example in Shell, there are CSR in social education program via scholarships and contribute to the local economic growth by providing local employment.

Shell's success as a company that makes CSR part of its main program was recognized when it gets an award that proves that the CSR program undertaken by the company has provided positive results as evidenced by recognitions under on the SERAs. The SERA–CSR Awards is an annual event to celebrate organizations investing resources in the improvement of lives of stakeholders and contributing to the development of Africa through their social performance and investment programmes. Eversince platforms were instituted in 2006. A total of twenty-six awards were won by corporate organisations and individuals in recognition of their sustainable development and social investment efforts in Nigeria. Shell Companies in Nigeria (SCiN) have emerged the 2017 Best Nigerian companies in Sustainability Innovation in Africa and Shell companies won as the Best Company in Affordable and Clean Energy, and got the second runner-up prize for the Most Socially Responsible Nigerian Company for the year. Then other awards such as Best Company in Poverty Eradication, Best Company in Provision of Clean Water and Sanitation Best Company in Partnership for

Development, and Best Company in Support of SMEs (Shell, 2017).

Furthermore, Shell Companies in Nigeria have been recognised for their work in local content, including the Local Content Operator of the Year Award by the Petroleum Technology Association of Nigeria (PETAN) in 2013 and 2015. In 2016, PETAN honoured SPDC with the Distinguished Achievement Award (Corporate) in recognition of the company's pioneering role in Nigerian content development. PETAN also conferred a Professional Award to Bayo Ojulari, Managing Director of SNEPCo, for his notable contributions to the development of Nigerian content in the oil and gas sector. In 2017, PETAN bestowed Shell Companies in Nigeria with the Aret Adams Award for Excellence in recognition of their amazing contributions to the development of local content in the Nigerian oil and gas sector (Okafor, 2017).

B. Research Question

In reference based on the background of the problem explained above. The author would like to propose a research question regarding the CSR topic about *“How is the CSR Royal Dutch Shell role in Nigerian Community Development in 2015-2017?”*

C. Theoretical Framework

1. Concepts of Transnational Corporation

The meaning of a concept is one of the most important symbols in communicating the language that represents an object or another phenomenon and points out the relevant characteristics of specific studies (Mas'ood, 1990).

United Nations Conference on Trade and Development (UNCTAD) stated "*Transnational corporations are incorporated enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise is as an enterprise that controls assets of other entities in countries other than its home country.*" (UNCTAD, 2005). From the definition of TNC above it means that Transnational corporation is a company that is controlled by one main company as its headquarter that located in one country and has several subsidiaries company in other countries where transnational companies operate. Hence, the definition Transnational Corporation can portray corporation had many branch companies around the world.

The Transnational Corporation emerge as more extensively version of Multinational Corporation done which potentially give benefit for the national interest of the country in response for the activities of operation in the host countries to give contribution for the state. Then, used as tools to develop a country (Hennart, 2015).

2. Concepts of Corporate Social Responsibility

The part of the Corporate Social Responsibility (CSR) contribute to the development of the country like Nigeria is real by trying to assist the people in the society to get a

better chance in life as part of their obligation to all part of host country population. The role of the corporation supports in the development of a country, not the other way around. Then, it gives the best in contributing to the advancement of the environment as their responsibility to the host country.

For a long time until the modern era today, the definition of Corporate Social Responsibility already been established in the world. Generally, CSR was known as the corporation acts of responsibility contribute to increasing the welfare in the community of the country (Brusseau, 2018). Besides that, World Business Council for Sustainable Development (WBCSD) also define the CSR as

“way the corporation duty to the Business commitment to participate to advancement of the economy within the collaboration with worker, the local community and society in the bigger scale to enhance the life value” (World Business Council of Sustainable Development, 1998).

This concept explains that the corporation is committing in the economic development then also increases the worker welfare and this definition also revealed that not all of the CSR could reach the goals that relate to their corporate responsibility. Therefore, the overall idea from the definition can become tools to understanding what the meaning of the CSR itself.

According to the Howard R. Bowen, in the book of “Social Responsibilities of The Businessman *“The term social responsibilities of businessmen refers to the obligations of businessmen to pursue to follow those lines of action which are desirable regarding the objectives and values of our society. This definition implies that businessmen as members of society. It is assumed,*

however, that as servants of society, they must not disregard socially accepted values or place their values above those of society." (Bowen, 2013),

In sum, CSR is the corporation roles that already become one with the society, which leads to the unethical reasoning if the corporation chooses to ignore the social need and focus on their interest only. Howard R. Bowen views the corporation as an actor to help the social problem in the country which is helpful in running their corporation and create one of their agenda consideration as the act to social responsibility to the society.

CSR is the corporation commission in the society to make the development in specific fields, especially in the field of social. Many things can be the company itself in realizing, it categorized as one of the agenda that must meet when they are in a country in need. Thus, The Corporation can be said to succeed if there is a change that occurs that contribute very well to society.

3. Concepts of Sustainable Development

The perspective of the Brundtland Report view is the concept of Sustainable development "*Sustainable development that meets the needs of the present (people) without compromising the ability of future generations to meet their own needs.*" (World Commission on Environment and Development WECD, 1987)

From the concept, it has meant that quality of life must be better than the use of natural resources so that it can match the condition for future generation. This concept also emphasizes that the goal is to provide progress in the country economy by balancing the environment.

The components were divided into three elements namely social, economic and environmental.

a) Social components:

In this component, it aims to improve the equality of the community by improving the condition of a human being to ensure self-welfare which then one way of development can occur which happen through education and health.

b) Economic components:

The economy is one of the significant components of the country's independence. With the growth in the economy, there will be a development in the country as one of the effects. One way is by the opportunity of employment opportunities in local communities.

c) Environmental components:

This environmental component is one of the crucial things in the country because it can be an ingredient to keep going forward because the environment is one of the driving factors for growth so that it can continue to be used for the benefit of a country so that an environment will automatically affect a country's development. Usually by eliminating waste and reducing waste.

As correlate to Nigeria development trough Royal Dutch Shell as the concept Transnational Corporation involve in give the contribution to host country Nigeria in the form of CSR program, in this thesis the concept of corporate social responsibility is suitable to describe the condition of Oil Corporation and the CSR program in Nigeria. Also, the concept is applied to examine the effect

of the CSR program of the company as one of the obligations to run their business for a country.

In Nigeria, it lacks many things in making all part of the country to give a contribution. It is the lack of education, skill and knowledge made the people in Nigeria have no idea to be more than the expectation which leads to the low living standard as their everyday practice. According to the concept of Sustainable development, Shell company made the CSR program in Nigeria. The programs that implemented are in particular the economic, social and environment that will support the country's progress in community development and it can be used to find out the impact of CSR Shell in Nigeria in the more specific area.

From this component of sustainable development concept, it will focus on CSR programs and specific impact on the field, especially in the social field, which illustrates the impact on social development but the economy and environment are also supporting components of progress in society. Good changes to progress occur when supported by an overall of the three components above. In the matter of fact with the three components, it will be easier for the author to know the impact of community development carried out by the CSR program by Shell company.

E. Hypothesis

Based on the above-mentioned theoretical framework, the author comes up with the hypothesis that Shell's role in Nigeria as Transnational Corporation that has a good impact in helping the community development by improving :

1. The social area through health facilitation and education by providing the scholarship.
2. The local economic growth through the local employment for Nigerian people.
3. The environment area through the program of oil spill prevention and Freshwater withdrawn.

F. Scope of Research

The scope of this research is essential for the author to restrict the analysis to avoid disintegration and implications for the scope also to assist the data retrieval. (Jatmika, 2016) In this study, the author will focus on the period from the year 2015 until 2017. Based on The CSR for Royal Dutch Shell has annually Report each year.

In 2015 the CSR in Nigeria began to give impact on the progress of development seen in the annual report from Shell Sustainability Report by the escalation steadily until 2017 when reaching the end from last the report. Then, the concepts of Transnational Corporation, Corporate Social Responsibility, and Sustainable Development emphasize in the Program and impact. Even though Shells already exist for a long time in the past but in this research the limitation focus only three years period during 2015-2017 which show the newest data for easier analysis and understanding.

G. Purpose of Writing

The purpose of this thesis is to start an assessment of the importance of roles CSR Company that impacting Nigeria development in 2015-2017. The Company Royal Dutch Shell in Nigeria gives responsibility to the country in the form of CSR. Even more, in the last few years, the role of CSR cause an excellent effect on Nigeria development in contributing to resolving the issues of social, economy and environment.

Then, another purpose working on this thesis is to fulfill as one of the requirement of obtaining a bachelor's degree in the Department of International Relations, Faculty of Social and Political Sciences in Muhammadiyah University of Yogyakarta.

The next essential purposes are to enrich the study that related to the subjects in International Relations such as the Study Africa and Multinational Corporation. Also, through this research the author tries to implement the knowledge that has been obtained from the lecture process by explaining, exploring and elaborating concepts with the facts that exist in the hope that in the future the efforts that have been made by the author can provide benefits in developing science, especially the development of International Relations.

H. Research Methods

1. Research Type Methodology

This study uses qualitative analysis methods, where the writer tries to describe and explain the role of Corporate Social Responsibility Royal Dutch Shell toward Nigeria

2. Source and Type of Data

In this study, all the data collected for this analysis are the secondary data. These data sources are in the form of books, mass media, journals, documents, reports, and materials from the Internet.

3. Data Collection Techniques

Data collection techniques used in this study is library research that is by collecting data and information from the literature that relate and have a resemblance to the issues discussed.

I. System of Writing

This undergraduate thesis consists of five chapters and analysis in each chapter. All of the explanation will be elaborated systematically and chronologically into one thesis.

Chapter I explain about the introduction background of the problem, from the issues that explain before emerge research question as the first point to start research. Then, the theoretical framework based on the research. Hypothesis, writing purpose, the scope of research, methods of research and system of writing.

Chapter II In this section, the author explain all background of one Transnational Oil Company which is Royal Dutch Shell consists the history of beginning, company operation, and brand logo. Furthermore, after explaining the background continue with focus description of the history Royal Dutch Shell in Nigeria incorporating about Royal Dutch Shell enters in Nigeria, mission, strategy, and value of the company.

Chapter III In this section, the author, explains Royal Dutch Shell CSR in Nigeria which contains the description of CSR program as general, condition before CSR of Shell implemented, the reasons Shell chose Nigeria as one of the countries to do business. Then, a brief explanation of the CSR program in Nigeria following by the CSR area programs Royal Dutch Shell which has already implemented in Nigeria.

Chapter IV In this section, the author explains the impact of CSR Royal Dutch Shell in Nigeria according to the hypothesis written before about significant impact given by CSR programs Royal Dutch Shell to the community development including social, economy and environment sector in Nigeria 2015-2017.

Chapter V In this chapter contains the overall conclusions entire research that has been revealed in the chapters before on the Thesis about how CSR Royal Dutch Shell role toward Nigeria Community Development in 2015-2017 as the end of it.

CHAPTER II

DYNAMIC OF ROYAL DUTCH SHELL AS TNC

In this section, the author gives an explanation about all background of one Transnational Oil Company (TNC) which is Royal Dutch Shell consists of the history, company operation, and brand logo. Furthermore, after explaining the background continue with focus description of the history Royal Dutch Shell in Nigeria incorporating about Royal Dutch Shell enters in Nigeria, mission, strategy, and value of the company.

A. History of Royal Dutch Shell

Royal Dutch Shell was one of the best-known oil companies in the world. Here, it focuses on the exploration of oil and gas across countries. The corporation is own a large number of around 44000 oil stations that are scattered and will continue to grow in coming futures (Gosden, 2018). Within this fact, this company is one of the giant oil corporations in the world. In the past, the corporation was each different corporation which was also a different business area, namely "Shell" Transport and Trading Company based in the United Kingdom and the Royal Dutch Petroleum Company based in the Netherlands. The formation of this company was the result of the merger of the two companies that occurred around 1907. The merger produced a name that we now know as The Royal Dutch Shell Group.

In the past, the Royal Dutch company was found in 1890 after obtaining permissions supported by Dutch aristocratic which is King William III to extract oil from the

island of Sumatra and then making it an oil field, for this reason, the company was named after Royal Dutch. At that time the company was handled by J.B. August Kessler who worked at Pangkalan Brandan to build a channel and oil processing site. So, two years later in 1892, he was the first to send the results of his oil abroad. Four years after that Henri Deterding joined Kessler working as chief of marketing with his intelligence in 1901 he was appointed the chief executive. Thus, he had the ambition to make the Shell of a company equivalent to the Standard Oil Company of the United States by John D. Rockefeller. For the success of his dreams cooperates and agreements. One of the ways he founded a company focused on marking the name Asiatic Petroleum Company as part of the company Royal Dutch, Shell, and the Paris branch of the Rothschild In 1903.

In early 1833, Marcus Samuel, a London seller, made plans to grow his old businesses to sell Shells as decorations from the Far East, known as Russia. This movement was the basis of the business export imports in the years ahead and became one of the most famous companies in the energy industry. This company developed rapidly over the years until 1870, Marcus Samuel died and passed on the business to Marcus Samuel Jr, which was the transportation and trading company (Gerretson, 1953).

He then made a collaboration with his brother named Samuel by establishing a company called Marcus Samuel & Co which expanded the choice of goods. The companies located in two countries, namely Japan and London. In Japan alone, the company focus on exporting furniture, local equipment from England and for London they focus on trading in local goods made by everyday people such as wheat, flour, and sugar. At that time, it could be said that this company was very successful in the field of transportation and trade. Not long after that, in 1880, Samuel began to enter the oil industry originating from Russia. He sees business potential regarding oil transportation from one country to another. He had the idea

of transporting oil to the destination country using a large ship to transport oil with a large quota with a medium tank. Costs for oil can be cheaper and also cooperating with one of the oil suppliers who used to work with Rothschilds to save Russia oil to facilitate future stock stability and to increase market opportunities. Of course (Jones, 1981). From this, it was also the reason the company joined them called The Tank Syndicate, but the name changed to the name we knew as Shell Transport and Trading Company in 1897.

As time went on, in 1902 Marcus Samuel he became one of the top entrepreneurs at that time and was elected as mayor. At this time there was a business in the oil sector with Texas oil that was stagnant oil fields. Furthermore, he went to Sumatra and found oil fields controlled by oil companies which are Royal Dutch. Previously the Dutch royal Shell only engaged in oil area and had the ambition to compete with Standard Oil US oil company, and Shells needed new oil field to do work of transportation in the sector of export. So, because of motive from before, the two companies decided to join the umbrella association of the Asiatic Petroleum Company in 1903.

Later on, the company merged into one as Royal Dutch Shell Group in 1907 by divided the profit into two which 60% for Royal Dutch and the rest of 40% for Shell Transport and Trading. The person who responded in managing the corporation is Henri Deterding under the hand him of the company progressively grown than before (Jones, Geoffrey, 1984). Royal Dutch Shell is spread throughout the world like marketing offices throughout Europe and Asia, while in the field of oil production in Russia, Romania, Venezuela, Mexico.

During the era of World War I, it became a double edge sword for the company because Shell became the primary fuel provider for the British Expeditionary Forces in

the Allied war. From there the Shell name becomes extraordinary and increases profits from other parts of the company that are not involved in the war. However, on the other hand, during the war, the Shell companies in Romania were destroyed, and those in Russia were also seized by the revolution that took place in 1917. Moreover, also the inhibition of oil production in Venezuela due to complications of sending the equipment there.

In the early 1920s, the years of the company's Shell prosperity began with being part of the transatlantic flight of Alcock and Brown as a fuel supplier. At that time the Shell discovered a large oil field in Mexico, Venezuela, California, which was undoubtedly profitable. Not long after that in 1929, Shell discovered a way to extract chemicals from oil in the name Shell Chemicals. At the end of that year, Shell reached the peak of the oil business level by becoming the leading company that produces 11% as a source of crude oil in the world and has the most massive tank to transport oil.

Throughout the 1930s the year of Depression, the Shell faced several problems such as overloaded oil but it was not comparable to the price of the product, so it carried out employee dismissals and unnecessary cuts that burdened finance. Then, the effect of war the company felt through The Mexico branch Shell company is on blockade and the European Shell branch is also in the danger zone with the rise of Nazi's because when the Germans came to invade there. The company's control center was moved to Curacao, a small island in the Southern Caribbean Sea but it does not avoid several offices were destroyed especially in Germany.

After the war happened, the year of 1950-1960 was the glory for the development of the company. The condition of the Shell need for restoration and the increase of oil to adjust market needs increasing. Then in 1947 oil drilling offshore was done and 1949 official first offshore oil field and

increasing by around 300 oil fields off the coast such as Gulf, Borneo also in Niger Delta which provoked oil production in 1958 in the Nigerian country. With the condition that has been said to be calm, the demand for oil for petrol is also increasing so that Shell starts works in conjunction with the Middle East to meet the needs.

In 1960 Shell began to strengthen the influence of companies in the Middle East especially in Oman with the discovery of oil fields there. Then in Netherland discovered Groningen gas, on the North Sea also founded the same thing. This further makes the company more broaden the experience of chemical of Shell.

Shell in 1967 had invested in supertankers which made it easier for companies to deliver goods whether it was oil or gas to another country, especially to the Middle East. Colonel Gaddafi's power raised oil prices and reduced production quotas even though at that time Libya was one of the leading oil companies in Europe. It was also added in 1973 because the Yom Kippur Arab-Israeli War brought a crisis because it was not long after the OPEC producing countries increased oil prices four times more than the initial decline in supply which influenced the higher oil prices. For overcoming the problem, Shell switched business to coal and metal in 1974 and was officially open Shell Coal International. Then in 1979 during the revolution in Iran, the price increase occurred again which made the oil-producing country stop the oil supply, so the Shell then looked for other sources not in the OPEC organization to cut the expense.

That year, Shell also started a new business using solar energy as renewable energy by getting a company with Solarhart, construction and biofuel fuel. However, the economic condition that was classified as poor made the end of 1970 until the beginning of 1980 the Shell company experienced a decline which caused severe problems such as excessive production in Shell Chemicals so that it had to be

overcome by reducing production and rearranging it. After stabilizing the situation, the group maintains a chemical business and also branches into agrochemicals.

In 1985 the same time, Shell bought the remaining shares in Shell Oil to facilitate their work in America (Beaton, 1957). Then, things happened that were not good by dropping price oil drastically so that OPEC would no longer reserve power for the oil market Even though Shell had to do a new drilling project oil to increase stock supply in Norway and Mexico. Two years later in 1989, the Shell could also be used to sell goods to Europe at the same time as the source there, then the company began to develop in a better direction after various types of natural obstacles, in the 1990s Shell and also known as liquefied natural gas. (LNG) business continues to grow in new areas of the Asian continent.

Finally, in 2005 the merger of Royal Dutch Petroleum and Shell Transport and Trading took place to become Royal Dutch Shell plc, with the new organizational structure that the old partnership ended and turned into a corporate structure. Royal Dutch Shell plc located in The Hague and the fifth. July 2007 became the historical date as a sign of cooperation and establishment of the company.

B. Company Operations

Shell is a global company that has expertise in energy in the world that meets the energy needs in society at large with consideration in social, economy and environment.

There are many operations of the Shell Company in doing business which are Upstream, Integrated Gas and New Energies, Downstream. The Projects & Technology

organization handle the distribution of essential tasks and give push research in making innovation.

In Shell, Upstream operation is responsible for discovering and abstracting natural resources in the form of oil and gas that is available. The other things are to sell the goods and handle the arrangement of them to arrive in the market.

In the Integrated Gas is responsible for handling liquefied natural gas (LNG) action and the manufacture of gas-liquids (GTL) fuels and others. It includes discover and abstraction of the pure gas and also definitely relates to LNG creation and shipping to until use for sales as fuel for heavy transportation equipment and naval ships.

In New Energies, the company focuses on developing existing resources so that it can be made to become one of the fuels that can use for transportation by donating capitalize that companies have. The examples are such as hydrogen, advanced biofuels, and power that are low in pollution like diesel and wind.

In Downstream handles distribute and sell the oil product that is ready to be marketed with many varieties throughout the world for use by industry, local and also vehicles. Besides, it also handles the tar sand.

Our Projects & Technology deals with the distribution of significant projects and pushing the latest improvements in finding the latest technology solutions. It also involved the contribution of our Integrated Gas, Upstream and Downstream activities in the form of technical services and technology capability. Then, is obliged to arrange the leadership that is useful in the realm of environment and security.

C. Symbol Brand of Shell

Since a long time ago, the symbol of the scallop with unique colors red and yellow already become the branding of Shell Corporation and became apart of products and services Shell in worldwide (Curtis, 2000).



Picture 2. 1 The Shell Symbol from 1900 to 1992 (Shell, 2015)

Since 1891, the term Shell emerged from the transportation and trade company Marcus Samuel, located in London, which used to sell antiques and sea Shells used for decoration which later became popular in the field of import and export trade.

In the past, the term was used for the company name, namely to the Shell Transport and Trading Company in 1897. The logo of the company kept changing from time to time; it began to be used first as a logo when 1901 in the form of mussel Shell images then it changed to the symbol of scallop Shell as the corporation trademark brand.

Later on in 1907, the company has done merger between the Royal Dutch Petroleum and Shell Transport &

Trading symbol which was later modified to become the name of the company and the scallop became one that was used as a new symbol by the newly established company named as Royal Dutch Shell Group. This symbol is continued to be used until now.

Over the years, along with the development and following the progress of the era of the design of the Shell symbol, it has also become more modern. This symbol is now one of the most famous symbols in the whole world because of the ease of recognizing it.

D. History of Royal Dutch Shell in Nigeria

History of the existence of Shells in Nigeria is quite long, lasting around 80 years. The company holds a significant role in oil discovery and manufacture in Nigeria, which makes this company one of the most influential companies for oil activities in the country. The entry of this company in Nigeria began at 1936 when the Royal Dutch Shell Group began the first Nigeria oil company under the name of Shell D'Arcy (Adaoyiche, 2018). About 22 years in the early 1956 oil fields in Nigeria, Shell finally found oil field at Oloibiri in the Niger Delta southern part of Nigeria. In April of the same year, the name changed into Shell-BP Petroleum Development Company of Nigeria Limited.

In 1958 the Shell started export of Nigerian oil from the first shipment of oil from Nigeria and made a company-specific terminal at Bonny Terminal in 1961 and 1971 Tahin Forcados Terminal to facilitate oil delivery. Subsequent changes took place at the end of the year when the Company changed its name under Royal Dutch Shell's Nigerian operations, which were mostly controlled by a subsidiary called Shell Petroleum Development Company of Nigeria (SPDC). During the business there in 1989, the Nigerian National Petroleum Corporation (NNPC) took control of the

company by 5% (NNPC, 2000). So, the Shell became the second largest holder of power. After that, with number 30% which means Shell is still one of the largest foreign oil companies in Nigeria because other companies have less power. also become the reason to control the access of exploration and the production. From that moment the company continues to grow the operation by expanding the area of operations. The Company was the most significant oil corporation, the oldest in Nigeria and still have a strong influence in Nigeria until today.

In carrying out operations in Nigeria, the Shell is divided into five subsidiaries under one corporation companies. Each of these subsidiaries has a different and specific work area to give the opportunities in their specialty discovery :

1. Shell Petroleum Development Company (SPDC) has a work section to produce an abstraction of crude oil.
2. Shell Nigeria Exploration and Production Company (SNEPCO) founded in 1993 this company runs the offshore units.
3. Shell Nigeria Gas (SNG) launched in 1998 is used to regulate raw gas of Nigeria actions
4. Shell Nigeria on Oil Products (SNOP) works in the marketing area and shipping oil products that are ready to use.
5. Nigeria Liquefied Natural Gas (NLNG) works in the area of manufacturing the liquefied natural gas.

1. The Vision of Company

As the central mission of Shell in Nigeria is to be the leading company in the eyes of the people and become their choice by continuing to be dedicated to doing an operation to

produce economic advancement and fulfill sustainable development for the welfare of society

2. The Mission of the company

Running a business by using Shell's general business principles, in preference with a sincere attitude, and respect for all parties related to the company, especially customers.

They are making safety a top priority for all work operations using the system Health, Safety, Security and Environment (HSSE) as the driving force behind Shell's commitment to improving its sustainability and environmental awareness.

3. The Strategy of Company

In running the company, Royal Dutch Shell had a strategy to position them in the world as the leader of the oil and energy in the term of offer gas and oil also low carbon energy. The company style in conducting business by prioritizing safety and social responsibility.

To implement the strategy the corporation prioritizes the customer first and straightforward in doing the corporate operation by dedicating in making a high profit within the way to participate in a big major project, cutting the expense of the production, and try to venture in the different approach in the nonprimary trading commodity of a corporation.

The corporation had power in giving a chance for landing the massive project in development and control of integrated value chains through the help of improvement and usage of technology also able to handle a project.

4. Values of Company

Shell Corporation highly regards the value that exists mainly for real attitude and admiration that exists in the individual body of society. There are various kinds of values that corporations have to run their operations in a country so that they continue to run as they should and in line with the local rules and guidelines. Among them are the Shell General Business Principles, the Code of Conduct, and the Code of Ethics, and also attempts in upholding diversity and culture.

4.1 Shell General Business Principles

In the practice of running a business and the attitude of the Shell as a company has a level that must be following the requirements. When doing something the Shell uses values that are upheld for them as a priority. Therefore, these Business Principles are created with the same value for managing their business by encouraging the professional attitude, faith, teamwork and pride with achievements that have been achieved.

Shell took pride as the initiator of the company in 1976 which was where they broadcasting the General Business Principles which contained their attitude as a company. Most of the contents of this principle Shell contain a company pledge to give contribution in sustainable development, consideration of interest in the period and contemplation in making decisions to keep thinking about aspects of social, economic and environmental of the country.

All parts of Royal Dutch Shell such as shareholders, customers, employees, and business partners required work under existing Business Principles and also apply it in real practical terms.

4.2 Shell Code of Conduct

The Code of Conduct is used to direct and teach employees to apply the Business Principles as a guide in conducting activities in companies that are in line with regulations in association with society.

The Code of Conduct used as essential criteria for an action done by employees in the company. It also includes parts such as handle duties of a person as obligation, way to communicate and information between dealing in international areas.

4.3 Diversity and Inclusion

As part of the value of Shell company, the Shell prioritizes tolerance between the culture in aiming for justice so that all parts of the company, especially for customers and partners feeling appreciation. The Shell also expects that this diversity can generate opinions that will help companies understand relations and strengthen them to carry out company activities.

In nurturing the diversity of Shells through programs such as audition talent programs to attract talent talents who are talented in their fields without discrimination, self-development programs for employees and providing counselor, and making rules for more accessible work and networking for employees for smooth communication.

CHAPTER III

ROYAL DUTCH SHELL CSR IN NIGERIA

In this section, the author explains Royal Dutch Shell CSR in Nigeria which contains a description of CSR program as general, condition before CSR of Shell implemented, the reasons Shell chose Nigeria as one of the countries to do business. Then, the brief explanation of the CSR program in Nigeria following by the CSR area programs Royal Dutch Shell which has already been implemented in Nigeria.

A. History of CSR Program as General

Since a long time ago, Shell assigns the society to become a part of building their business. Based on the value and way of operating they are very concerned about the surrounding community. Besides, Shell was the first pioneer company to express and give transparency to trust through their General Business Principles (Wellink, 2014). Based on the principle Shell pledge to support the sustainable development, estimate the term either short or long time and integrating economic, environmental and social considerations into Shells decision making. One way to realize this, in the form of CSR. In the Shell itself, the CSR program is under the auspices of the name sustainability which relates to support the welfare of people in the country. For the Shell itself, the program is one of the most crucial things in running a business, that is by continuing to provide vital energy to the community. as well as the business they do. However, also to maintain a high regard for being the well-being of people in the community and environmental sustainability. thus, program

used as an act of obligation from the company to the community.

The program of sustainability is carried out in many countries where companies exist because this program is also a noble goal of the corporation to channel and achieve the vision and value which already set by the corporation. The method to achieve the goal is to incorporate all of the business operations by continuing to improve the company so that it is better to avoid errors and accidents that will harm people as well as the environment by continuing to maintain appropriate operational standards with the consideration of protection of all parts of the country involved.

In integrating sustainability for the company Corporate Social Responsibility programs, The company utilizes a staged process by conducting cohesive assessments on potential environmental, social and health impacts and specific risk assessments to take as consideration and engaging as well as assessing concerns from communities. With that further, it will assist the company in a handle and decrease impacts at all stages of the program. The results of these assessments save in a project management plan that is approved in advance by a business manager who has overall accountability for the Corporate Social Responsibility programs. Moreover, to ensure that this can be one of the programs, the monitoring and review will be carried out so that the program can be decided by including short- and long-term interests, and integrating economic, environmental and social considerations when making decisions. .Another important thing with Shell is preparing all employees to help them understand and embed sustainability. Shell had specialists that work alongside teams to ensure that potential impacts on local communities and the environment in consideration in Corporate Social Responsibility programs operations.

B. Condition Of Nigeria Before CSR

Nigeria as a country has abundant natural resources such as oil, but it was not accordance with that to the situation. in fact, the vast profit from oil was so significant in contributing national revenue of Nigeria at that time within the amount 90% (Ijaya, 2014). However, before any company came to manage the natural resources there, the condition of the Nigerian country itself was very concerned, such as lousy environment, unlivable infrastructure, and services, high number unemployment, many people living in poverty (Amodu, 2018). In this case, the oil companies in Nigeria was moved to initiate in improving the welfare of the surrounding community and automatically supports the improvement of the community by providing programs that have a direct impact on the social sector such as providing employment, education and health services in the community (Akpan, 1999). This program was referring to as CSR which is Corporate social responsibility.

C. CSR in Nigeria

This corporate responsibility program was mainly carried out to attract the sympathy of the people who are essential to facilitate the business operations of the company in the host country. This program is attained to support the progress of all kinds of aspects in the country represented by eradicating social problems such as poverty, natural damage and the aftermath of social inequality (Eweje, 2006)

The company's program was started from the beginning when they entered Nigeria in 1960 under the name Community Assistance (CA). Community Assistance (CA) is one of the basic CSR programs that companies do (Ogula,

2012). The first assistance was in the fields of education, health and also assistance for farmers at that time. This assistance program was also carried out to provide the basic needs of the Nigerian community for performing various businesses, such as providing scholarships for Nigerians, funding education, health needs, or programs that help farmers there. CA aim is to provide various features for local people with basic things. Then in 1998, CA became a Community Development (CD) program. The basis of this program is community empowerment, maintaining the relationship between the company and the community in realizing their desires.

Shortly after that, in early 2003 Shell has successfully implemented a model of sustainable community development in their CSR program which used until today. The basis of this program is similar to what has been done before, but this program mainly provides opportunities for the community to develop themselves with assistance from the Shell company. One of the ways that companies do this action is to make the community hold control to improve their standard of living with work in collaboration with Shell.

The model of sustainable community development concentrates regarding health and economic empowerment in line with improving the quality of people (Ite, 2007). Which means, not only trying to make the community increase its economic growth, but also help citizens of the Niger Delta individually. Shell even initiate awareness in this model by starting an environmental improvement program for improving the quality of the environment there (Eweje G., 2006).

D. The Royal Dutch Shell CSR programs has done in Nigeria.

Shell Nigeria places itself as a company that prioritizes public interests that reflects in the mission and value used in the company. This commitment reflected from the programs that have been run by Shell to help and support progress in society. This program according to the principle of sustainable development. Then, the action used to make an influence in making better changes for people and establishing relationships with surrounding communities as initiators start. In deepen its role as part of Nigeria, Shell sought to give economic encouragement, the efforts at the economic empowerment of host communities by increasing the involvement of development in the society and economy of Nigeria (Amodu N., 2013).

The scope of Shell Nigeria's CSR activities covers:

1. Health Care

Health is one of the significant essential factors in ensuring the condition of the country, especially in Nigeria. Health is one of the most significant problems that often worried. The condition of a country is very vulnerable and easy to get contamination of diseases. for the reasons which makes health care one of the programs implemented by Shell companies in Nigeria as one of act in prevention and maintaining health for the community, raising the image and works as evidence to be used as strategies for lifting the value of the company in their show the implementation of their value that prioritizes the community (Tehemar, 2012).

This health care can be obtained by all parts of the community, in this area Shell gladly to be able to manifest this program to overcome health problems in the community and definitely will give good result in saving people in need upon the country like Nigeria (The Guardian, 2018).

2. Education

One of the important things for someone's long-term situation is Education because this is a necessary thing that exists in the people. within-person had a high level of intelligence they will gain the advantages that exist as an opportunity to have a better life than before. This fact was believed by Shell since long time ago the exact year was 1952. Shell in involvement, in this case, has an appropriate program in the name of Scholarship to help finance education for students who need especially those who are less fortunate in the field of financial support. This program is the standard program in CSR programs in a company because of the importance of people to have sufficient education standards to do work and to provide reasonably large help to improve the lives of students themselves who deserve the scholarship. By becoming part of this program, students can be aware of the importance of education to facilitate future career choices.

Shell strongly supports the development of community education in all parts of the country without exception to get the appropriate education for them. The educational assistance in the form of this scholarship is offered at various levels, especially in the Secondary School Scholarship because free education assistance from the government is terminated at this stage. So to reduce the number of students who drop out of this time Shell provides opportunities with these scholarship specifications. Then, there are undergraduate scholarships that can be obtained by new

students who want to enter university education level in the area where the Shell operates. However, it is not up to that point, and the Shell also provides a scholarship at the further level to reach the master degree to make it easier for them to gain skills to participate in promoting the development.

3. Local employment and enterprise

Shell as a company has a role to participate in aiding the growth in local economic levels in the host country. for these specific areas namely Nigeria. In adding the participation can be done in various ways, which can provide direct employment, by cooperating with influential parts of Nigeria such as the government and associates to create jobs and support local businesses and also do training for workers to improve their abilities and their working knowledge.

4.1 Shell LiveWIRE

The Shell LiveWIRE is one of the Corporate social programs that focuses on assisting young startup entrepreneurs who in the age around 18-30. This program is a focus to motivate, support and realizing their business so that they can arouse the local economic level in Nigeria with increasing income and standard of living.

In this Shell program, it provides training and funds for Nigerian entrepreneurs in helping them start and flourish their business. It can also be used as an option in determining career choices and then can open employment opportunities for other Nigerian people.

4. Environment

In nowadays era, environmental status is an essential measure in conducting business in the industry. The environment cannot be ignored and regarded as unimportant. The reason is environment maintains the company's operational sustainability. in an instance in Nigeria itself a country that is rich in oil resources is very closely related to this problems when carrying out oil exploration work that threatens environmental sustainability, which will hugely interfere with environmental stability and the lives of surrounding communities that still depend on the environment (Asuno, 1982).

Environment action is one of the choices to provoke the economic to move forward but still achieve a CSR company program. One way make the program success by improving operations and finding another method to get oil products and looking for new creative ideas. In supporting environmental sustainability and keeping jobs efficient are goals for CSR environment area. Many positive things that can be generated from this CSR such as high income and creating an excellent reputation for a company name. For this reason, Shell has an awareness to be responsible for work, to support innovations to reduce the impact of environmental pollution that will adversely affect the future. Shell also acknowledges the importance of the global warming effect and helps the community to maintain the preservation of the surrounding environment.

5.1 Freshwater

The form of Shell participation to handle their use of water and its usage, Shell finds new technique and expertise to reduce the use of fresh water so that it is not wasted. Shell uses a new protocol to provide guidance in conducting work operations and determining ideals use of water that is suitable for their procedure. Shell modifies the consumption of fresh water with existing conditions because now water that has become limited, afterward lean to affect people in various parts of the country.

5.2 Preventing spills

Shell is a company centralize in oil and gas, so automatically it will face problems such as Oil spills that give harm to the environment, and the surrounding community. To avoid this happening, the Shell has a sure way to overcome it by ensuring that the facilities are secure, well constructed, and routinely monitored, as well as maintain prime condition. The Shell also provides appropriate equipment and human experts to deal with any mishap of the spill that occurs.

CHAPTER IV

ROYAL DUTCH SHELL ROLES OF CSR TO IMPROVE COMMUNITY DEVELOPMENT IN NIGERIA

In this section, the author explains the impact of CSR Royal Dutch Shell in Nigeria according to the hypothesis written before about significant impact given by CSR programs Royal Dutch Shell roles to the community development including social, economy and environment sector in Nigeria 2015-2017.

Based on the concept that has existed in the community because of the company's presence in the region should be able to provide benefits to the community, especially people residing around the company. This can be done through Corporate Social Responsibility activities to encourage the ability of people following the needs of society. Besides, people are also facilitated in the form of opportunities to improve their welfare. While from an environment people are expected to participate actively in maintaining the sustainability of the company.

“The term social responsibilities of businessmen refer to the obligations of businessmen to pursue to follow those lines of action which are desirable concerning the objectives and values of our society. This definition implies that businessmen as members of society. It is assumed, however, that as servants of society, they must not disregard socially accepted values or place their values above those of society.” (Bowen, 2013). According to the concept of Bowen's explains, the CSR in the company is highly prioritizing. Corporate Social Responsibility (CSR) is a concept that is known for its nature of moral and ethical to the public in operation of the

business which focused into one form of actualization of Corporate Social Responsibility (CSR) is named Community Development (Ife, 2002).

It can be carried out by the company by attitudes and opinions that generally has in him the attitude and outlook of generosity. Furthermore, Ife (2002) states that Community Development (CD) for industrial environments can be used as a medium to increase community commitment can coexist symbiotically with business and their operations. Thus, the program is expected to provide benefits to the company's existence and can be used to develop a harmonious relationship between the company and the community around the company

As part of the Transnational Company, in this case, Shell based on the theory of sustainable development proves their roles in a country in 3 aspects of life in the form of social, environmental, and also the economy. As a form of Shell's responsibility, they carried out the corporate social responsibility activities to help develop community development in Nigeria by implementing a CSR program following the hypothesis that had been proposed before. The factors that determine community development was identified as the following: health, education, and employment along with environmental protection. The success of a CSR program by a company does not only come from the company itself but comes with a partnership that supports development in the community that can succeed. So, to realize it Shell Companies in Nigeria work with government, communities and civil society to fund and implement programs that have a lasting impact on lives in the Nigeria as a whole. Social investment activities focus on community and enterprise development, education, health, access-to-energy and since long time ago.

However, excludes community-driven development programs and initiatives in the Nigeria delivered through the Global Memorandum of Understanding (GMOU). A GMOU

is an agreement that brings a group (or cluster) of communities together with representatives of state and local governments, SPDC and NGOs. Under the terms of the GMOUs, the SPDC JV provides secure five-year funding for communities to implement development projects of their choice. Under the terms of the GMOUs, the SPDC JV provides secure five-year funding for communities to implement development projects of their choice, which are managed by Cluster Development Boards (CDBs) under the guidance of mentoring NGOs. Projects include power supply improvement, construction of market stalls, sanitation, water supply improvements and community centers (Peters, 2010).

Currently there are 37 active GMOU clusters in Rivers, Delta, Bayelsa and Abia States. Since 2006 a total of \$228 million (N41.10 billion) has been disbursed to these clusters to fund development projects. This partnership model is aimed at bringing about sustainable initiatives; improving interface with communities; and engendering socio-economic development in communities where Shell Companies in Nigeria operate (Shell, 2017).

The partnership for human, institutional development and provision of physical infrastructure between the Shell Petroleum Development Company (SPDC) and the Niger Delta Development Commission (NDDC) in Nigeria. SPDC is undertaking partnership with NDDC as part of its overall CSR strategy for the region its success will be influenced by four key challenges. These are political support for NDDC, funding constraints, public perceptions and expectations of NDDC, as well as institutional priorities (Ite, 2007).

Shell also has been working alongside with the influential NGOs and community development organizations to strengthen education and health care, provide vocational training and establish protected nature reserves. The Shell had been working with The Nature Conservancy for the Conservancy helped company to develop a nature-based

approach to control pipeline, Shell has worked with Wetlands International on projects that range from managing biodiversity and water issues in to combining wetland conservation with the creation of sustainable livelihood opportunities for local communities in Nigeria that partner with the United Nations Development Programmed (UNDP) to implement programs in countries where need their expertise, Earth watch in Earth Skills Network for mentoring managers of protected areas to share business insights and knowledge and provide mentorship, United Nations Development Program & The Global Environment Facility, also joined with the government, forest communities and NGOs to develop Biodiversity Action Plans (BAPs). Also being a part of the International Petroleum Industry Environmental Conservation Association (IPIECA) and the International Association of Oil and Gas Producers (OGP) through the joint Biodiversity Working Group (Triple pundit, 2011).

A. The Social Area

1. Health Facilitation

The condition of Nigeria a community can come together, pool resources and ensure collective access to best medical care. Shell Companies in Nigeria have supported community health projects and programs in the Niger Delta and other parts of Nigeria since the 1980s by providing health centers to outreach initiatives that take free health care services to the doorsteps of remote communities in the Nigeria that are equipped with supply and pharmaceutical donations, emergency care and screening services.

Other than being used to deliver health care in the communities. The health center also conducts prevention of disease through the health outreach program, which is provided a range of services including health education,

vaccinations, eye testing, treatment of malaria and minor ailments, the distribution of mosquito bed nets, HIV screening and de-worming school children and also provide a health insurance for \$50 to covers more than 95% of community health care needs. The treatment covers premium necessary treatment needed at reasonable prices below the usual cost of treatment (Royal Dutch Shell plc, 2014).

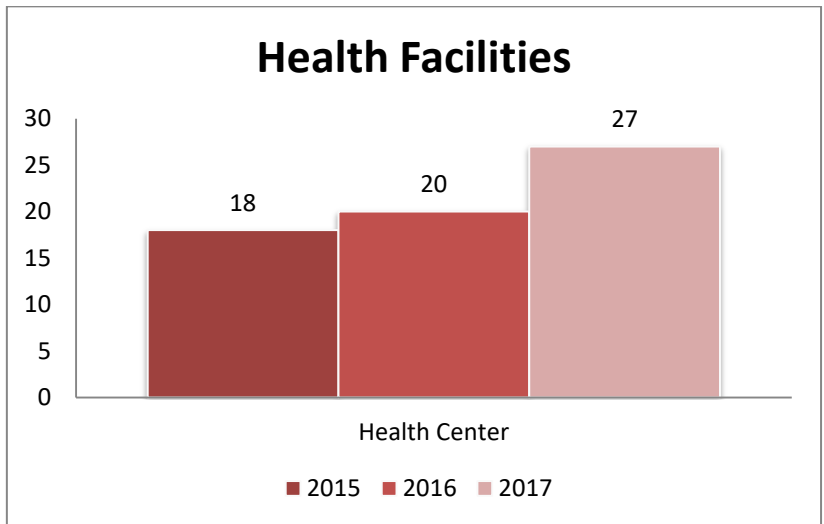


Figure 4. 1 Graph of Shell Health Center in Nigeria (Royal Dutch Shell plc, 2017)

The graph shows the number of health facilities in the form of health centers originating from CSR programs by Shell Nigeria for the past three years. Based on the data contained in the 2015 report of sustainability until 2017, it means that the health center is multiplied in Nigeria, which spread in various regions of the country itself. In 2015 Royal Dutch Shell provided support in the form of 18 health centers in Nigeria. Then in 2016, about two health centers were expanded with a total of 20 health center facilities, as time goes by the Shell provides seven more health centers as a total around 27 health center units in Nigeria (Shell, 2016).

Based on the Corporate Social Responsibility Program in Health Facilities Centers that have been provided by Royal Dutch Shell, it is explained that it is beneficial for the Nigerian community to improve public health and contribute to the prevention of diseases that bring harm to their community. Therefore, the health center is beneficial to support the quality of life to stay healthy also contribute to improving and saving the lives of people in the communities (Shell Nigeria, 2014).

2. Education Through Scholarship

Shell's support for education for the development involves assisting host communities to provide sustainable and qualitative education that ultimately reaches all the people yang has been the belief of Shell Nigeria since 1952 (Fajana, 1972). Shell as a number one oil company in Nigeria, the company, automatically has the foresight to think of the generations of Nigerians who would like to be one day to drive the independent nation like Nigeria. A quick way of achieving this was through scholarship. This program is one of the real forms of education in the CSR program that must be implemented for this company. This program is also one of the factors to raise the standard of living of residents in the

Nigerian community because from this it can produce qualified Nigerians in various fields of study. Lots of scholarship recipients get important job positions in public service, commerce, and industry.

Shell also has a primary goal in running this program, which is "to generate intellectual and creative energy required for sustained economic performance and global competitiveness of Nigeria." From this goal, it will help young people become Scholars and driving Growth and Development in Nigeria.

Shell implemented the importance of education to promote academic excellence and improve the skills of young Nigerians. By giving CSR programs to the community in the form of educational assistance in the form of scholarship. The scholarships can be obtained in 2 categories, namely the National Merit Award (NM), open to all Nigerians and the Areas of Operation Merit Award (OM) is for Nigerians who are native people from Shell's operational areas which is Nigeria. The aid of Scholarship carried out at three levels of education, namely:

1. The Shell Nigeria Secondary School Scholarship for the host communities which is very useful for helping Secondary Schools children stay in school as well as enhance academic achievement in host communities. This scholarship is spread in various secondary schools in Nigeria.
2. The University Scholarship is on the company's interest in the promotion of capacity building in the country. Shell Scholarship in this level of study is offered in all Subject Areas Courses at Nigerian Universities
3. Postgraduate Scholarship is to provide an opportunity for qualifying students from these Niger Delta states

from Rivers, Delta, Imo and Bayelsa State to further their education in courses that are relevant to the oil and gas industry. This is an overseas scholarship program that gives award ten scholarships for one year post-graduate MSc studies. The candidates are from Royal Dutch Shell operational areas to study for postgraduate qualifications at three top British institutions which are: Imperial College London, University College London and the University of Leeds.

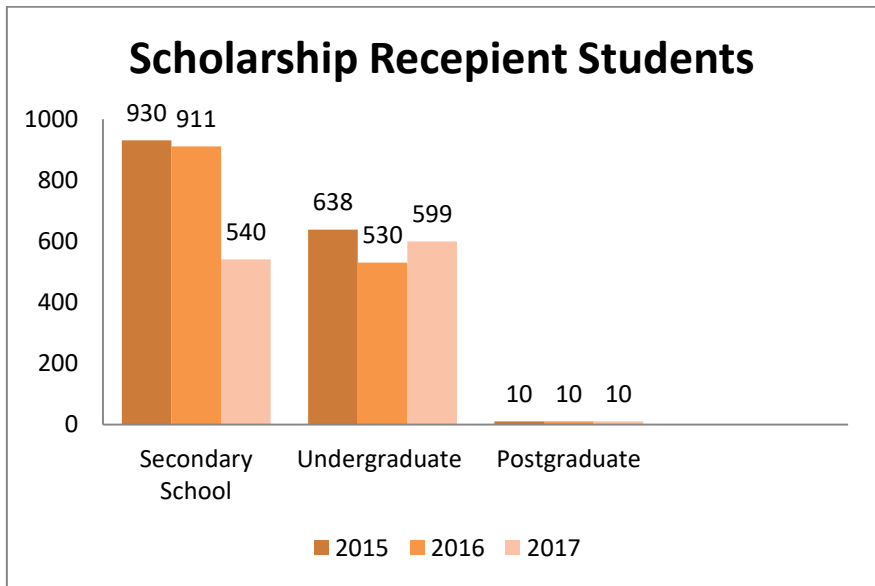


Figure 4. 2 Graph of Shell Scholarship Recipient (Royal Dutch Shell plc, 2017)

Every year the company gave the scholarship and provided funds to actualize this program happen. In 2015 Shell Nigeria invested an operating fund around \$ 3 million in scholarships for support education programs. The total

acceptance of the scholarship was awarded to 1578 divided into 930 secondary school students and 638 university undergraduates also ten postgraduate scholarships.

Shell Nigeria in 2016, Shell Companies in Nigeria invests around \$ 4 million as scholarships funds to support education programs. The total recipients of the scholarships awarded to 1450 people divided into 911 secondary school students and 530 university undergraduates also ten postgraduate scholarships.

In 2017 Shell Nigeria invested operating funds around \$ 5.2 million in scholarships to support education programs. The total recipient of the scholarship was awarded to 1149 people divided into 540 secondary school students and 599 university undergraduates also ten postgraduate scholarships.

Based on the explanation above, it can be seen that the Shell contributes to Community Development in the term of education in the form of scholarship that has been realized every year even though the scholarship recipient number varies according to those in need. This aid explains that the scholarship further enhances the thinking of the recipient itself to make use the knowledge they had in improve their quality of lives. The existence of this scholarship is also relieved the burden for many parents and guardians of getting education opportunity on the children which are considered very valuable. Indeed, this can also produce features of community development by education in Nigeria.

B. The Local Economic Growth

1. Local employment

The significance of employment has rightly been reflected more closely in the focus of development. The secure jobs with social benefits and fair pay offer a way out of poverty, which explains why employment is a crucial pillar of development among society. The income generated as a result boosts demand among local seller thereby creating a cycle that promotes economic growth.

As one of the world's leading energy companies, Shell plays a crucial role in helping to meet the world's growing energy demand in economically and socially responsible ways within employment to the local for help in tackle poverty and provide people with security and drive economic growth. As the company that reenacts and upholds their value of the people in the community is also applied in the term of the Shell Labor policy which prioritizes in give the local opportunity in change their life by work in the company though it can be obtained for people with the right skills and with the appropriate criteria.

The Policy bound to be applied in Nigeria for accommodates the company there. Most of the worker there are Nigerian, which is particularly important to assist the economic growth in the Nigeria that can be called as developing countries (Ikein, 1990).In the last three years of the company running in Nigeria, the local employment showed the number keeps increasing every single year.

In 2015 the number of a local worker in Shell which was 94% of employees was Nigerian. It includes the total

number of the people were around 4,000 local as local employees working at Royal Dutch Shell in Nigeria. For 2016 the number of the local were increased 1 percent become 95 % proportion of employees who are Nigerian which means The company employs more than 4,500 people directly of whom 95 percent are locals. Furthermore, in 2017, the Nigerian worker who has a job at Nigerian Royal Dutch Shell has grown to 6000 local direct employees of which over 96% of them are Nigerians (Shell, 2016).

At this time the current estimated salary earned by Shell workers is ₦450,000 - ₦ 500,000 equal to \$1230 -\$1367 per month for permanent workers while contract workers earn around ₦250,000 - ₦ 300,000 monthly equal to \$683 - \$820 depending on the importance of the position that they acquired.

Every year Shell increases the number of employees working in the company, the local employees' percentage proportions increased by 1% every year. Shell is also a company that wants to prioritize local as a choice of the worker for the company. With the existence of a permanent job, it will also generate a stable income (Djojohadikusumo, 1994). From there local economy conditions immediately undergo improvement with reduced unemployment number in Nigeria.

2. Shell LiveWIRE

Shell LiveWIRE is a Royal Dutch Shell social programme in an aim to help young people to start their own business and create employment. Since 1982 there quite impressive amount over 9.2 million young entrepreneurs have benefited from Shell LiveWIRE programs.

Shell LiveWIRE broaden the options profession for young people's by assisting them to change from being an employee to becoming an employer or making the transition from seeking employment to creating employment. Then, provide potential young entrepreneurs with access to the essential business knowledge and customized support they need to transform their enterprising ideas into a viable and sustainable business.

Nigeria is the country where Shell LiveWIRE programs most successful among other Shell host country. LiveWIRE Nigeria is a programme for youth enterprise development. It started in 2003. The programme delivers coaching, business development services and start-up funds to establish and expand their businesses. The Shell LiveWIRE programs in Nigeria have helped young entrepreneurs apply new approaches to the way of running their businesses. Provides opportunities for young people to realize their potentials through the creation and development of their businesses to determine the rate at which their business is growing and calculate the profit follow up by young entrepreneurs expand and create more employment opportunities for others (Shell LiveWIRE, 2013).

Ever since this program established 14 years ago, many benefits felt by the community of Nigeria especially in the field of employment. The program keeps running every year until today. Nowadays the total people programs generate over 6,780 youth as trained beneficiaries in enterprise development and management from the LiveWIRE program.

For the last three years, Shell in Nigeria Give the opportunity of the young entrepreneurs to join the program, the total was 250 people were trained in 2015. During that time the program already has trained 6,200 Niger Delta youth in enterprise development and management and provided business start-up funds to 3,100. The company has given the financial arrangement for the young entrepreneur to enable

them to start-up and grow their businesses with the budget over N15 million (the US \$ 41.200).

In 2016 there were 380 people were trained, which indicate the total number of the youth that has been trained at that time over 6,580 youths have been trained and 3373 have received business start-up grants. Shell LiveWIRE Nigeria has funds with a total of N25 million (the US \$68.600) to help the programme for start-up funding young entrepreneurs who have completed its enterprise development programme (Shell LiveWIRE, 2016).

A year later in 2017, there was 230 people were trained. To date, the LiveWIRE programme has trained beneficiaries 6,780 Niger Delta youth in enterprise development and management, and provided business start-up grants to 3,493. The company has given financial aid the program for the young entrepreneur around N28 million (the US \$77.300) to start-up and grew their businesses (Shell LiveWIRE, 2018).

From the explanation above, it has proven the Shell LiveWIRE Nigeria programmed in a creating job in as part Shell Corporate Social Responsibility can drive the dominant force for change by driving economic growth, creating jobs, and enhancing lives of the people. Following that, it guides the trained people to be more aware of the method in building their path of success to produce goods and services, innovate and design, build brands, manage opportunities and risks in the future of their business (Kumar, 2016).

C. The Environment Protection

1. Oil spill prevention

Corporate social responsibility (CSR) can refer to a wide range of actions that businesses take action on, but one primary focus of CSR is the environment. Environmental CSR aims to reduce any damaging effects on the environment from the after effect the business operation. By doing this CSR program in the environmental field, many things can become Advantages such as can reduce business risk, improve reputation and provide opportunities. Which according to this idea will eventually and generate savings and make a difference to the business (Banyte, Brazioniene, & Gadeikiene, 2010).

Shell is committed to responsibly operating the company facilities with due regard for the environment. As an oil company in Nigeria, it also brings out have a negative impact due to its business operations. Examples of negative things that come up if there is oil spill which gives direct consequences on the surrounding population's wellbeing, the environmental contamination, human health risks and safety (Ite, Ibok, Ite, & Petters, 2013).

When spills occur from Shell companies facilities in Nigeria, the company responds as quickly as possible. Usually, Oil spills happen due to crude oil theft and sabotage of facilities, as well as illegal refining that will cause the environmental damage from oil and gas operations. A key priority for Shell is to achieve the goal of no spills from its operations work hard to prevent them.

Prevention of oil spills has as much to do with operational procedures with the support of the latest technology and the right equipment. According to protocols of

maintenance procedures made to gave assurance of the company operation safely to prevent spills from ever transpire, minimizes the risk of a spill and protects the health and safety of people also the environment.

One of the ways is using the oil spill prevention act. Royal Dutch Shell cleans up and remediates areas impacted by spills that come from its facilities. In the case of operational spills, Shell also pays compensation to people and communities impacted by the spill. So Shell has the standards that the company follows in overcoming oil spill with remediation practices which is the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN). Based on these standards, Shell has adopted techniques for cleaning up oil spills in most useful for the condition of Nigeria yang thee soil and climate conditions in the equatorial heat. After engagement with the communities, managed the clean-up will consist of four phases: clean-up of free-phase surface oil; remediation of soil; restoration of mangroves; and monitoring (Shell, 2017). Once the clean-up and remediation complete, the work is inspected, and, if satisfactory, approved and certified by the Nigerian government.

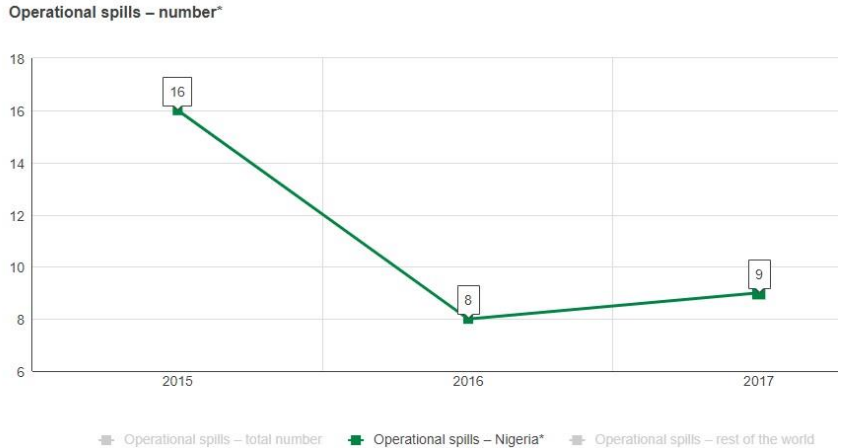


Figure 4. 3 Graph of Operational Spill (Shell, 2017)

The number of operational spills from Shell companies in Nigeria fell from 16 in 2015 to 8 in 2016, which prove Shell's seriousness in handling oil spill events that occur in reducing the amount of the spill operation half amount than a year before. However, unfortunately, in 2017 the operation spill increase one number to 9 but does not hide that Shell has worked hard in dealing with the oil spill (Shell Nigeria, 2017).

The Royal Dutch Shell also works with communities and civil society across Nigeria to build a greater trust in preventing oil spill happen and make it easier for people to participate also involve in the act of preserve the condition of the country. Then, continue by surveillance as well as installing antitheft mechanisms on equipment and pipelines to lessen unnecessary interference and ensure that spills are detected and responded to as quickly as possible. There were daily checks over the pipeline network to identify any new spill incidents or illegal activities by the company efforts. To assure the oil spill never happened.

From the action of the Shell Company in Nigeria intake the several dangerous actions in term of oil spill prevention making Shell a company that prioritizes environment protection in CSR programs in Nigeria. From this, Shell is also participating in protecting the environment of Nigeria as part of the Nigerian community and appreciation to the country.

2. Freshwater

Natural resources are as essential in life as fresh water. With its daily use in human life, fresh water is an essential part of maintaining human survival. Demand for water always increase as the world's population rises and economies around the world continue to develop but the availability of it becomes difficult and rare is a growing challenge in some parts of the world. Royal Dutch Shell realizes It is crucial to the society, as the oil company that realizes the environment must be protected and preserves this valuable resource and manages its use responsibly and sustainably.

In a country like Nigeria water place a significant part in it, it is crucial to Shell develop water management plans for company facilities. These plans describe the long-term risks to water availability and define measures to reduce Shell use of freshwater or recommend alternatives to fresh water, such as recycled water, processed sewage water and desalinated water (Shell, 2016)

For these reasons, Shell taking steps to manage the company use of water responsibly. By includes looking for ways to reuse and recycle this valuable resource. Shell design and operate the facilities to help reduce freshwater use then, handle water use carefully, and adept use of fresh water to a local condition in Nigeria because water constraints affect

people in the country. One way Shell to maintain fresh water is by using it consciously and start withdrawn the use of it in general.

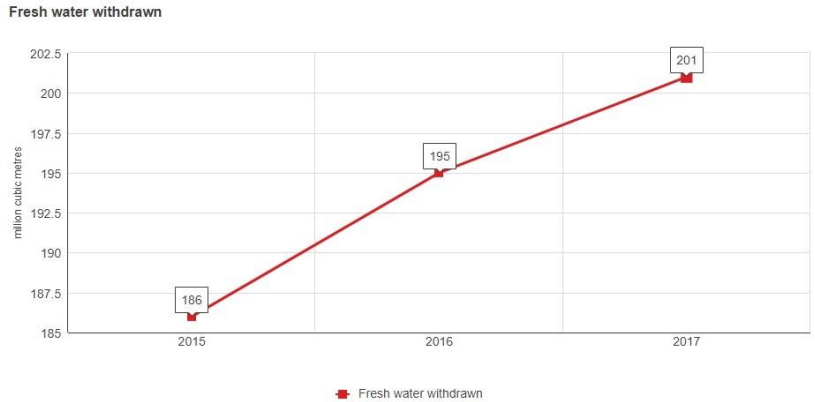


Figure 4. 4 Graph of Shell Water Withdrawn (Shell, 2017)

From the graph shown above shows that the freshwater withdrawal that Royal Dutch Shell has done as part of saving their environment was real. In the last three years from 2015 until 2017 Freshwater usage from this company decreases, so that withdrawn company status increases. In 2015 the withdrawn of fresh water was 186 million cubic meters than in 2016, it increased by 195 million cubic meters. Then the number continues to increase so that the highest number of fresh water for the within three years is 201 million cubic meters. Which define that Shell is aware of the freshwater importance, so the company has taken action in the form of freshwater withdrawn with a tremendous amount and contributes to preserving water in Nigeria so that it can still be used in future in the long run.

CHAPTER V

CONCLUSION

Royal Dutch Shell was one of the oil companies which is part of Transnational Corporations (TNC) in the world. In the past the giant corporation was two each different corporation which was also a different business area. It comes from a small company name as Shell Transport and Trading Company based in the United Kingdom and the Royal Dutch Petroleum Company based in the Netherlands. Which later on in 1907 The company was the merge into one and nowadays known as Royal Dutch Shell plc Headquartered is located in The Hague, Netherlands. The Royal Dutch Shell company continues to multiply and spread the subsidiaries company almost all over the world. Its development is proven from the many types of operations and product specialties release by this company. Shell takes long time and roads to reach its current position today.

In operating a business in another country Shell as part of the country are highly respect and cares about the condition of the community in it. So to help the community condition, there is one thing that this company must do which is Corporate Social Responsibility (CSR). CSR imply as something that companies contribution as a form of Company responded to the surrounding community. Shell is usually focused on supporting the welfare of the community by adjusting to the area needed by society.

One of the countries focused on this thesis is Nigeria. Oil and Gas is one of the Nigeria main natural resources. The abundance amount of it in Nigeria attracts the attention of foreign Transnational Oil Corporations companies such as Shell. The shell itself entered in Nigeria in 1936. From that time the company already has done the operation in Nigeria

for more than 80 years. Shell continued to do its business but also applied aid and assistance to Nigerian communities widely as a form of realization of their CSR programs. The state of Nigeria itself before the existence of foreign companies that helped progress the country was quite alarming because they had a lot of natural resources but could not utilize it for their benefits, so it caused the economy, infrastructure and education conditions in Nigeria very bad. Therefore, Shell as a company entering Nigeria conducts CSR programs that aim to help improve the progress in general and active communities.

Shell itself has carried out regular CSR programs in Nigeria every year since the program was implemented. The focus of the Shell program is Economy, Social and Environmental Protection, which done trough into education such as scholarships and health facilities, an economy such as local employment and also environmental protection that are focused on avoiding the occurrence of the oil spill and withdrawal of fresh water maintenance. All activities carried out in the name of the CSR by the shell are recorded in a report called the Sustainability report that can be viewed annually in the official website of the company. This report also explains in details about the company's performance and the CSR program journey by Shell. Which reasonable to explain the responsibility act of Royal Dutch Shell in building welfare for the community to remain sustainable.

In this thesis, it can be seen that during the last three years from 2015-2017 Royal Dutch Shell role has proved their existence by tried to change the state of the community in Nigeria which resulted from its CSR program that had a good impact on the society. Furthermore, supported by the data finding in the form of graphs from the research that have been done and the funds provided from the Shell have a positive impact on the development of the Nigerian community in getting good education,an increasing economy because they had stable jobs, and involved in participating and providing

environmental protection in Nigeria. It can be concluded that the role CSR program of Shell in takes place in the field of social, economic, and environmental protection provides a positive impact on community development in Nigeria.

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