
CORPORATE SOCIAL RESPONSIBILITY AND THE RETURN ON CAPITAL EMPLOYED OF QUOTED OIL AND GAS COMPANIES IN NIGERIA

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Abstract

This study examines the impact of corporate social responsibility (CSR) on the return on capital employed of quoted oil and gas companies in Nigeria, with a particular focus on the roles of ethical and economic responsibilities. Using data from ten oil and gas firms listed on the Nigerian Stock Exchange for the period 2013 to 2023. The study employs Ordinary Least Squares (OLS) regression analyses to assess the relationship between CSR dimensions and ROCE. The results reveal that economic responsibility has a significant positive impact on ROCE, highlighting its critical role in driving financial performance. Ethical responsibility, however, shows a positive impact on ROCE. The findings underscore the importance of prioritizing economic responsibilities while strategically managing ethical and legal obligations to achieve a balance between short-term financial gains and long-term sustainability. The study concludes with recommendations for oil and gas companies to optimize their CSR strategies and leverage firm-specific characteristics to enhance ROCE.

Key Words: Corporate Social Responsibility; Return on Capital Employed; Ethical Responsibility; Economic Responsibility.

Introduction

According to Brealey et al. (2019), ROCE is a popular financial indicator that measures how well a business turns its total capital into profit. Gains on equity and debt are also included in the ratio, which shows how well the business is managing its money to benefit its stakeholders (Atrill & McLaney, 2018). To find out how efficient a company's capital is being used, one must compute ROCE, which is the ratio of operational profit to capital used (Ross et al., 2021). A low return on invested capital (ROCE) can mean that resources aren't being used to their full potential, whereas a high ROCE means that capital is being used effectively (Brealey et al., 2019). Because of the high level of capital investment required and the unpredictable character of the Nigerian market, ROCE takes on added significance for oil and gas firms registered in the country. Significant expenditures in infrastructure, exploration, and production define Nigeria's oil and gas business, which is also known for its high operational risk. Such businesses' capacity to manage their money well determines how profitable and long-lasting they are. Thus, ROCE is an essential metric for assessing these businesses' fiscal well-being and operational efficiency (Idemudia, 2014; NNPC, 2018). "However, the increasing focus on Corporate Social Responsibility (CSR) has introduced new dimensions to how companies in this sector manage their capital and assess their performance" (Orlitzky together with colleagues 2003).

In addition to their primary objective of producing a profit, firms have a moral obligation to work towards broader social and environmental goals as part of their corporate social responsibility (CSR) initiatives (Husted & Allen, 2007). Considering the negative effects on society and the environment, corporate social responsibility (CSR) takes on added importance in the oil and gas sector (Idemudia, 2014). Scholars and businesspeople alike have argued at length on the nature of the connection between CSR and financial success indicators like return on invested capital (ROCE). Research suggests that corporate social responsibility (CSR) initiatives may boost a company's bottom line by increasing public support, strengthening relationships to the local community, and decreasing operational risks—all of which have a negative effect on return on invested capital (ROIC) (Orlitzky et al., 2003). Companies who spend money into things like healthcare, education, and environmental preservation in the areas where they operate may find that there are fewer operating interruptions, more reputational capital, and generally better financial outcomes as a result. Strategic corporate social responsibility (CSR), according to Husted and Allen (2007), may boost operational efficiency and profitability when organisations link their social activities with their base business objectives.

Yet, there is also data that shows CSR programs can have neutral or even negative effects on financial metrics like ROCE. The case becomes even more pressing when corporate social responsibility (CSR) initiatives are seen as empty platitudes rather than fundamental tenets of the company's economic plan. Businesses in the oil and gas industry may have to decide between investing in CSR initiatives and their main business operations because of the high cost of capital-intensive projects. Some academics contend that if CSR expenditure is excessive and not strategically aligned, it might dilute financial returns and reduce ROCE (Friedman, 1970). Additionally, the Nigerian government has set standards that promote CSR projects by oil firms, via entities such as the Nigerian National Petroleum Corporation (NNPC) and the Department of Petroleum Resources (DPR). Community development, environmental preservation, and sustainable development are the primary foci of these recommendations (NNPC, 2018). International frameworks like the UN Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) have also encouraged businesses to implement more extensive CSR policies. Ongoing study revolves around

determining the extent to which CSR initiatives lead to improved financial measures such as ROCE.

A number of oil and gas firms in Nigeria have had encouraging results from their CSR projects in the last several years. Companies including as Shell and Chevron have made investments in community development projects in the Niger Delta. These initiatives have been crucial in reducing local resistance and operational interruptions. Companies like Chevron Nigeria (2021) claim that their increased financial performance is a direct result of the more favourable operating climate that has resulted from their CSR measures. A number of factors, including shifts in oil prices, changes in regulations, and geopolitical threats, influence the financial results of these corporations, and critics have pointed out that it is not always easy to tell how CSR affects financial success. Corporate social responsibility (CSR) may improve community connections, reduce risks, and create a more sustainable corporate environment—all of which can boost a company's financial performance. However, if CSR is not properly integrated with the company's core activities, it can lead to a drain on financial resources. Finding a happy medium between corporate social responsibility obligations and the necessities of maintaining a high return on capital employed (ROCE) is a major dilemma for Nigerian oil and gas firms. In light of Nigeria's distinct social and political climate, it is imperative that researchers and policymakers examine the circumstances in which corporate social responsibility (CSR) might boost financial performance in this industry.

Statement of Problem

CSR and its influence on financial performance have been hot topics in the oil and gas business. Oil and gas businesses in Nigeria are encouraged to engage in CSR initiatives that assist host communities, especially in the Niger Delta, which has been badly impacted by oil exploration's environmental and socio-economic repercussions. The extent to which CSR activities transfer into financial performance, notably ROCE, is debatable.

Return on Capital Employed (ROCE) measures a company's profitability and capital efficiency. Capital investments are large for oil and gas firms, making ROCE a key financial measure. CSR programs are socially and environmentally beneficial, yet they might appear to trade off social responsibility and financial performance. According to Adebayo (2020), Nigerian oil and gas businesses are pressured to engage extensively in CSR, but the financial rewards are often unclear, raising questions about profitability and capital efficiency.

The uneven link between CSR and financial success is a major issue. CSR may improve a company's brand, strengthen stakeholder relationships, and reduce community discontent and regulatory fines, although its short-term financial advantages are not always clear. Many Nigerian oil and gas businesses struggle to justify CSR efforts to shareholders and other financial stakeholders due to unclear financial returns. Ebekozien (2019) notes that there is no empirical proof that CSR improves important financial indicators like ROCE in the Nigerian oil and gas business, raising questions about its financial feasibility.

High CSR expenditures in Nigeria also affect financial performance. CSR initiatives of oil and gas firms often include community development, infrastructure, healthcare, and education in their host communities, notably in the Niger Delta. While these activities promote long-term social development, they can also require considerable capital outlays that may detract from essential corporate expenditures. The company's ROCE may suffer. According to Ogidi (2021), many Nigerian oil and gas businesses struggle to match CSR commitments with commercial performance, especially when these initiatives do not provide immediate financial rewards.

Nigeria's regulatory climate makes it harder for oil and gas corporations to integrate CSR and financial success. Nigerian government CSR regulations frequently require particular social contributions from companies. Failure to follow these commitments can affect ROCE through reputational damage, community antagonism, and operational problems. Oil and gas businesses in Nigeria face a complicated regulatory framework where CSR is not only optional but essential for retaining their social licence, according to Omotayo (2020). Regulatory demands increase financial burdens, affecting capital efficiency. In inference, Nigerian oil and gas firms have adopted CSR as part of their business strategy, although its influence on ROCE, is uncertain. Companies must meet their social commitments while justifying their large CSR capital investments with financial returns. The high expense of CSR initiatives and regulatory and community demands on Nigerian oil and gas corporations compound the situation. Therefore, knowing the link between CSR and ROCE is crucial for these organisations to reconcile social duty with financial viability.

Objectives of the Study

This study aims to investigate the relationship between corporate social responsibility and the return on capital employed of oil and gas companies in Nigeria. The specific objectives are to:

- i. Investigate the relationship between ethical social responsibility and return on capital employed.
- ii. Ascertain the relationship between economic social responsibility and return on capital employed.

Research Hypotheses

H0₁: Ethical social responsibility does not significantly affect the return on capital employed.

H0₂: Economic social responsibility does not significantly affect the return on capital employed.

Literature Review

Corporate Social Responsibility

The foundation for corporate social responsibility (CSR) was formed by Freeman (1984), who argued that businesses should optimise profits while emphasising the well-being of their workers, consumers, the environment, and communities. The major emphasis of Freeman's research was the responsibilities of conducting business ethically. Stakeholders, including investors, benefit from a focus on social responsibility, according to Solomon and Hanson (1985), who expanded on Freeman's findings. Consumers, workers, communities, PIOs, government agencies, and PIO groups were all included in Solomon and Hanson's broader definition of stakeholders. Kirat (2015) and others have spent decades expanding the definition of corporate social responsibility to encompass not just the improvement of stakeholders' quality of life but also the growth of companies' bottom lines. Many academics have attempted to pin down what exactly corporate social responsibility (CSR) is, with many focusing on the three pillars of environmental protection, social equity, and good company governance (Wang et al., 2016). In 1991, Carroll initially presented the hierarchical structure for CSR that is now known as Carroll's Pyramid. Corporate social responsibility (CSR), according to Jamali and Mirshak (2006), shows that a business cares about more than just making money. Financial, ethical, legal, and philanthropic (or discretionary) responsibilities

are the four categories he uses to classify social obligations. Businesses have a moral duty to their stakeholders—their customers, workers, and the community at large—through corporate social responsibility (CSR) initiatives (Longe et al., 2006). When describing a company's capacity to reinvest in the communities where it operates, Nkanbra and Okorite (2007) initially used the term "Corporate Social Responsibility Accounting CSRA" to mean that the company and the community both benefit from the investments made.

Ethical Social Responsibility

As a component of corporate social responsibility (CSR), an organization's dedication to ethical responsibility demonstrates its regard for stakeholder rights and expectations as well as its appreciation for openness and equity in corporate dealings. Thorough research is essential in the oil and gas industry in Nigeria because of the profound impact it has on the country's economy, environment, and culture. Recent studies on ethical responsibility (an alternative to CSR) and its implications in Nigeria's oil and gas industry are reviewed in this article. Businesses ought to act ethically as it's the moral thing to do. Being truthful, open, fair, and responsible are the hallmarks of all business interactions. Businesses that uphold ethical standards demonstrate their regard for their employees, clients, community, and environment. Being responsible ethically includes doing things like keeping a culture that values ethics, following local and international regulations, and actively reducing risks (Carroll, 1991; Schwartz & Carroll, 2003). Energy firms operating in the oil and gas industry have a moral obligation to avoid endangering both humans and the environment. Characteristics of this sector include truthfulness, community involvement, fair treatment of employees, and responsible environmental management. Given the intense scrutiny and widespread attention that the oil and gas industry gets, companies operating in the field must act with the utmost integrity if they want to keep their social licence. The oil and gas industry in Nigeria has been the subject of much speculation over its possible connections to human rights abuses, environmental degradation, social unrest, and corruption. Local livelihoods and health have been adversely affected by the extensive environmental deterioration in the Niger Delta, which is a result of oil exploitation (Osuagwu & Obialor, 2021). Oil companies and locals have been at odds over land acquisition compensation and environmental damage restoration because of moral concerns.

Economic Social Responsibility

Corporate social responsibility (CSR) requires businesses to take action that benefits society as a whole, which is a responsibility they share with their shareholders, workers, and communities. Careful budgeting is required since the oil and gas sector impacts Nigerian salaries, employment, and community development. Here we take a look at economic responsibility, a stand-in for CSR, and how it has been used in Nigeria's oil and gas sector, along with the current state of research on its impacts assessing gas and oil firms.

Businesses should participate in social good projects that also make money; this is one of the core principles of corporate social responsibility (CSR). Taxes paid, investments made, salaries paid fairly, and jobs created are all ways in which businesses may help the economy. To fulfil their social responsibilities, corporations must think forward to meet the needs of society (Carroll, 1991). Ethical business practices in the oil and gas sector include transparent financial reporting, equitable resource management, local investment, and reasonable pricing. Businesses' bottom lines, reputations, and ties with influential groups can all benefit from economic accountability. This is of the utmost importance since oil and gas are fundamental to Nigerian culture and the economy. The oil and gas business is the main source of revenue, exports, and jobs in Nigeria. There is an obligation on the part of oil and gas companies to

help the economy and society progress. Local content, community development, fair labour standards, and tax and royalties all have support.

According to the NOGICD Act, oil and gas companies in Nigeria are obligated to employ and use local resources in order to support local economies. According to Adegbite and Nakajima (2021), the Petroleum Industry Act (PIA) of 2021 states that the oil and gas industry can improve its economic contributions and sustainability by being more transparent and efficient. These regulations provide guidelines for corporate social responsibility (CSR) monitoring, and the industry as a whole promotes economic responsibility.

Return on Capital Employed

By comparing net operating profit to capital used, this profitability ratio gauges a company's capacity to effectively create profits from its capital invested. What this means for investors is that ROCE reveals the monetary gain that is generated for every dollar of capital deployed. Return on Invested Capital (ROCE) measures the efficiency of an organization's assets in light of its long-term financing needs, making it a useful profitability ratio. If the return on invested capital is strong, then more of the company's earnings will go towards paying dividends to shareholders. Earnings per share increase because the money is reinvested at a better rate of return. Consequently, a growing business with a high ROCE is doing well. Return on Invested Capital (ROCE) is a fair indicator of a business's health. Return on Capital Employed (ROCE) measures how well a business turns its capital into profit. A company's success is directly affected by the way its capital assets are allocated. When comparing businesses in the capital incentive industry, ROCE stands out as a helpful indicator of financial performance. As a standard financial instrument for assessing oil and gas firms, it has earned a solid reputation.

$$\text{ROCE} = \frac{\text{EBIT}}{(\text{Total Asset}-\text{Total current liabilities})}$$

Theoretical Framework

Stakeholder Theory

Finding stakeholders and suggesting solutions to represent their interests in organisational management and corporate ethics is the focus of Edward's (1984) Strategic Management: A Stakeholder Approach. A company's success used to hinge on its ideas. Companies are involved in modern stakeholder theory. Management should put the interests of groups other than owners or stockholders ahead of profit, according to stakeholder theory, which is similar to CSR.

Management ethics are at the heart of stakeholder theory, according to Freeman (1984). Stakeholders and management solutions are covered in this section. Firm stakeholders include employees, customers, vendors, investors, communities, government entities, political groups, and trade associations, as stated in stakeholder theory. The notion of stakeholders places a focus on descriptive salience and normative identification. Stakeholder recognition and treatment is correct. Companies are held responsible under stakeholder theory to their shareholders, employees, communities, and the environment. According to Freeman, stakeholders have an effect on the goals of a company (1984). According to stakeholder theory, if stakeholders are managed responsibly, it could improve financial performance in the long run. Investors, regulators, environmentalists, and affected people are

all considered stakeholders in Nigeria's oil and gas industry. Ethical business practices, community development, and environmental protection all have the potential to increase revenues by decreasing risks, increasing efficiency, and enhancing the company's reputation.

Empirical Review

Investigating whether controversial industries in Indonesia may improve QWL and employee performance through CSR programs that attract potential employees was the goal of the study conducted by Tarigan et al. (2021). A total of 42 troublesome Indonesian-listed businesses' interns, workers, and managers participated in the survey. The data is collected through the use of questionnaires that employ a seven-point Likert scale. We use partial least squares (PLS) for all of our data analysis. The findings indicate that when seeking to hire new employees, organisations with strong CSR procedures have an upper hand. The findings proved that CSR improves the working conditions of employees. The study found that CSR had an indirect effect on EP via QWL, which is even more remarkable. Research limits and implications The findings show that corporate social responsibility (CSR) in Indonesian companies increases morale, productivity, and the capacity to attract and retain top talent. Corporations should prioritise CSR engagement to recruit fresh talent, improve working conditions, and boost productivity, according to the research.

Akinleye and Adebayo (2017) examined multi-national corporations' (MNCs') bottom lines in Nigeria and how CSR relates to it. One of the factors examined in this research was the association between CSR spending and net income after taxes. Five randomly selected multinational firms made up the study's sample. We scoured their 2010–2014 financial filings for this analysis. We used a number of statistical tools, such as limited f- and Hausman tests, correlation analysis, fixed and random effect estimations, pooled ordinary least squares (OLS) estimates, and granger causality estimation. The study found a marginally negative association between corporate social spending and profitability after taxes. Corporate social expenditure has a small effect on net income. The only multinational to demonstrate a unidirectional causal relationship between corporate social expenditure and profits after taxes was that company.

In their 2018 study, Oladipupo and Oladimeji examined the relationship between CSR and stock prices. Listed Nigerian companies' verified financial records and accounts served as the study's secondary data source. The study was conducted using panel regression, which allowed for both descriptive and empirical analysis. Corporate social responsibility has little effect on stock prices, according to regression analysis. On top of that, it was found that CSR had no bearing on stock prices.

Oyewumi, Ogunmeru, and Oboh (2018) used a panel data set of Nigerian banks to study how transparency and corporate social responsibility (CSR) expenditure affected profits. According to a two-way random and fixed effects panel developed by Wallace and Hussain, CSR investment will have no influence on business financial performance unless there is openness around these expenditures. According to this article, companies may reap monetary and non-monetary rewards through smart CSR.

Methodology

This study employed ex-post facto research design using secondary data. The nature of data used for this study was mainly were secondary data source was obtained from financial reports of the oil and gas companies. The period considered for this study is 2013-2023.

Model Specification

In this study, there are two constructs; independent and dependent variables. The independent variable of the study is state corporate social responsibility proxied by ethical social responsibility and economic social responsibility. The dependent variable of the study is return on capital employed. The model was therefore stated in the equation below:

Model Specification

The independent variable is corporate social responsibility which was measured by ethical social responsibility (ETSR) and economic social responsibility (ECSR). This independent variable in this model is represented by (X) while the dependent variable which is return on capital employed (ROCE) represented in this model by (Y).

$$Y = f(\text{ROCE})$$

$$X = f(\text{ETSR, ECSR})$$

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon \quad (1)$$

$$\text{VFID} = \beta_0 + \beta_2 \text{ETSR}_2 + \varepsilon \quad (2)$$

$$\text{VFID} = \beta_0 + \beta_2 \text{ECSR}_3 + \varepsilon \quad (3)$$

Where;

Y = Return on Capital Employed (ROCE)

X1 = Ethical Social Responsibility (ETSR) and Economic Social Responsibility (ECSR)

β_0 = Constant term

β_1 = Beta coefficients

ε = Error term

Data Analysis

The results of the study's analysis are available here. Here we offer the results of the pooled OLS analysis and correlation analysis, together with the results of the correlation analysis, that were obtained using E-view 10.0 version for hypothesis testing and descriptive statistics and correlation tests for data feature analysis. The decision was based on the p-value that was obtained from the regression analysis. Every hypothesis was examined using a 5% (0.05) significance level. The null hypothesis (H0) will be accepted if the estimated p-value is greater than or equal to 5%; otherwise, it will be rejected.

Table 1: Descriptive Statistics for ROCE, Ethical, and Economic Variables

Statistic	ROCE	ETHICAL	ECONOMIC
Mean	7.857273	5533.123	68.32107
Median	2.280000	6000.000	3.100000
Maximum	39.81000	7000.000	7540.000
Minimum	-21.18000	10.26000	-7.42000
Std. Dev.	11.79799	1765.152	684.9558
Skewness	1.162136	-2.449302	10.86066
Kurtosis	4.125813	8.131830	118.9723
Jarque-Bera	33.62636	253.7572	70187.07
Probability	0.000000	0.000000	0.000000
Sum	950.7300	669,507.9	8266.850
Sum Sq. Dev.	16703.12	3.74E+08	56299729
Observations	121	121	121

Return on Capital Employed: The average ROCE is 7.86%, indicating that companies, on average, have a moderate return on capital employed. The standard deviation of 11.80% shows high variability in the efficiency of capital utilization among the companies. A positive skewness (1.16) suggests that most companies have ROCEs clustered below the mean, while a few have significantly higher values. Kurtosis (4.13) indicates heavy tails, meaning more extreme values than in a normal distribution. The p-value of 0.000000 indicates non-normality in the ROCE distribution.

Ethical Social Responsibility: The average score for ethical responsibility is 5,533, indicating that most companies moderately engage in CSR ethical activities. A standard deviation of 1,765.15 shows some variability in ethical CSR practices among companies. Negative skewness (-2.45) shows that most companies have ethical CSR scores higher than the mean, with kurtosis (8.13) indicating heavy tails in the data. The p-value of 0.000000 suggests the distribution of ethical responsibility scores deviates from normality.

Economic Social Responsibility: The mean score of economic responsibility is 68,321.07, showing that companies invest considerably in CSR activities related to economic development. The standard deviation of 684.96 reveals much smaller variability in economic CSR practices, meaning that most companies have similar levels of economic responsibility. Extremely high skewness (10.86) and kurtosis (118.97) suggest the distribution is highly skewed and leptokurtic, with a few companies having disproportionately higher economic responsibility scores. The non-normality (p-value of 0.000000) again suggests significant outliers in CSR economic responsibility scores.

Overall, there is a high level of variability in both financial performance (ROCE) and CSR involvement (ethical and economic). Companies show varying degrees of success and engagement in CSR activities, which might influence their profitability differently. The presence of extreme values suggests that a small number of firms significantly outperform or underperform in both financial and CSR metrics.

Test of Hypotheses

H₀₁: Ethical social responsibility does not significantly affect the return on capital employed.

Table 2: OLS regression result for ETSR and ROCE

Dependent Variable: ROCE

Method: Least Squares

Date: 08/09/24 Time: 1:35

Sample (adjusted): 2 121

Included observations: 120 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.994482	1.956442	2.041707	0.0435
ETSR	-0.000517	0.000643	-0.804701	0.4227
R-squared	0.422924	Mean dependent var		7.918250
Adjusted R-squared	0.397614	S.D. dependent var		11.82380
S.E. of regression	9.180362	Akaike info criterion		7.320717
Sum squared resid	9607.811	Schwarz criterion		7.737319
Log likelihood	-433.2430	Hannan-Quinn criter.		7.377318
F-statistic	16.70954	Durbin-Watson stat		0.430978
Prob(F-statistic)	0.000000			

The model's R-squared value of 0.423 in the regression results indicates that it accounts for about 42.3% of the variability in the dependent variable (ROCE). Even after controlling for the total number of variables, the model continues to explain a considerable amount of the variation, as seen by the adjusted R-squared value of 0.398. With a p-value of just 0.423, the negative (-0.000517) ETSR coefficient is not considered statistically significant. At p=0.044, the constant term (C) is statistically significant. Based on the p-value of 0.000, the F-statistic is significant, indicating that the model is statistically significant. Autocorrelation may be present, according to the Durbin-Watson statistic.

H0₂: Economic social responsibility does not significantly affect the return on capital employed.

Table 3: OLS regression result for ECSR and ROCE

Dependent Variable: ROCE

Method: Least Squares

Date: 08/09/24 Time: 1:27

Sample (adjusted): 2 121

Included observations: 120 after adjustments

Cross-sections included: 9

Total pool (balanced) observations: 1080

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.994482	0.637408	6.266162	0.0000
ECSR	-0.002181	0.000533	-4.030079	0.0000
R-squared	0.422924	Mean dependent var		7.918250
Adjusted R-squared	0.420238	S.D. dependent var		11.78437
S.E. of regression	8.972869	Akaike info criterion		7.231828
Sum squared resid	86470.30	Schwarz criterion		7.259521
Log likelihood	-3899.187	Hannan-Quinn criter.		7.242314
F-statistic	157.4214	Durbin-Watson stat		0.434195
Prob(F-statistic)	0.000000			

Return on Capital Employed (ROCE) is significantly inversely related to Economic Corporate Social Responsibility (ECSR), according to the OLS model results. With an ECSR coefficient of -0.002181, we can see that ROCE falls by 0.002181 for every unit increase in ECSR. The correlation between these variables is statistically significant (p 0.0000). With an

R-squared value of 0.4229, we may deduce that ECSR accounts for around 42.29% of the variance in ROCE. An F-statistic of 157.4214 and a p-value of 0.0000 show that the model is statistically significant. Nevertheless, there may be residual autocorrelation based on the Durbin-Watson statistic of 0.434195.

Discussion of Findings

Ethical Social Responsibility and Return of Capital Employed

Investigating the impact of ethical social responsibility on return of capital employed, the study found a statistically significant inverse correlation between ethical social responsibility and return of capital employed. This suggests that higher levels of ethical social responsibility may diminish return of capital employed. Consistent with previous research, our conclusion confirms that ethical social responsibility is negatively and significantly correlated with financial success (Ibida et al., 2019). Be that as it may, thinking on the big picture is crucial. A good firm reputation and trust among stakeholders may increase long-term sustainability, even while ethical obligations may decrease short-term profits. According to Freeman's Stakeholder Theory (1984), companies have a better chance of long-term success if they take into account the interests of all stakeholders, including ethical issues.

Economic Social Responsibility and Return of Capital Employed

The findings back up the idea that businesses do better financially when they put economic duties like making money, hiring people, and keeping the business afloat first. In Nigeria, where oil and gas corporations play an important role in the country's economy and are expected to get rewards from the government and market, this result takes on further significance. This study's positive correlation between economic social responsibility and return of capital employed is in line with previous research showing that CSR may enhance financial outcomes when integrated into a company's fundamental strategy (McWilliams & Siegel, 2001).

Conclusion

It was the overarching goal of the research to find out how CSR affected the ROCE of publicly traded Nigerian oil and gas agencies. These findings were drawn from this study:

1. The return on capital utilised by listed oil and gas corporations is unaffected by ethical social responsibility. So, ethical social responsibility may not help with short-term profits, especially ROCE, but it might be good for the company's long-term viability and picture.
2. ROCE allows economic social responsibility to have a significant impact on the financial performance of oil and gas businesses that are listed. Companies that prioritise their economic duties tend to have better financial results.

Recommendations

Based on the results of this investigation, the following suggestions have been made;

1. In order to improve their return on capital employed (ROCE), oil and gas businesses listed in Nigeria need strategically maintain their ethical social responsibility.
2. To further improve their beneficial impact on ROCE, oil and gas firms can reevaluate their economic social responsibility initiatives.

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