



## Corporate Social Responsibility in the Global Oil and Gas Industry: A Comparative Analysis of Home and Host Country Practices in Royal Dutch Shell

Jumia O. A. Madi <sup>1\*</sup>, Abdulsalam M. A. Altarhouni <sup>2</sup>, Muftah Faraj <sup>3</sup>  
<sup>1,2,3</sup> Department of Administrative and Financial Sciences, Faculty of Technical Sciences,  
Sebha, Libya

المسؤولية الاجتماعية للشركات في قطاع النفط والغاز العالمي: تحليل مقارنة لممارسات البلد الأم والبلد المضيف في شركة رويال داتش شل

جمعه عثمان علي مادي <sup>1\*</sup>، عبد السلام محمد احمد الترهوني <sup>2</sup>، مفتاح فرج عبد الجليل فرج <sup>3</sup>  
<sup>3,2,1</sup> قسم العلوم الإدارية والمالية، كلية العلوم التقنية سبها، ليبيا

\*Corresponding author: [jumiamadi@yahoo.com](mailto:jumiamadi@yahoo.com)

Received: March 21, 2026

Accepted: April 30, 2026

Published: May 17, 2026

### Abstract:

The current study evaluates the importance of Corporate Social Responsibility (CSR) activities within today's complex business atmosphere. To accomplish this objective, the research selects Royal Dutch Shell as the focus organization, critically analyzing its CSR practices and their consequences on overall performance. The investigation begins by identifying and examining the impact of internal stakeholders, specifically the management team and employees, alongside external stakeholders, including society and customers. Furthermore, the study evaluates the influences of government regulations and environmental protection agencies regarding social and environmental activities, such as carbon emission targets and public payment disclosures. A core component of the research involves comparing and contrasting home country (Netherlands) and host country (Nigeria) practices to evaluate critical ethical, environmental, and legal issues. The findings indicate that while Shell maintains a positive corporate image through sustainable planning in its home country, it faces severe scrutiny and ethical challenges in host countries like Nigeria due to oil pollution and negative economic impacts on local communities. Extensive analysis is conducted on current trends, such as rising CSR budgets and operational costs. Finally, the study provides strategic recommendations to enhance CSR efficiency and transparency, advocating for uniform operational standards, multi-stakeholder involvement in strategy development, and balanced budget segregation to manage ethical and social expectations effectively across diverse global economies.

**Keywords:** Corporate Social Responsibility, Stakeholders, Royal Dutch Shell, Host Country, Home Country, Ethical Issues, Environmental Regulations.

## الملخص

ركزت الدراسة الحالية على تقييم أهمية أنشطة المسؤولية الاجتماعية للشركات في ظل بيئة الأعمال المعقدة الراهنة. ولتحقيق هذا الهدف، اختارت الدراسة شركة "رويال داتش شل" لتكون المؤسسة محور البحث، مع تحليل ممارسات المسؤولية الاجتماعية للشركات بشكل نقدي وبيان عواقبها على الأداء العام. وانصب التركيز في البداية على تحديد ودراسة تأثير أصحاب المصلحة الداخليين، وتحديد فريق الإدارة والموظفين، إلى جانب أصحاب المصلحة الخارجيين الذين يشملون المجتمع والعملاء. وعقب ذلك، قامت الدراسة بتقييم مدى تأثير اللوائح والتشريعات الحكومية ووكالات حماية البيئة فيما يتعلق بالأنشطة الاجتماعية والبيئية، مثل أهداف انبعاثات الكربون والإفصاح العلني عن المدفوعات الحكومية. وتضمن البحث جزءاً أساسياً يقوم على إجراء مقارنة ومفاضلة بين الممارسات المتبعة في البلد الأم (هولندا) وتلك المتبعة في البلد المضيف (نيجيريا) بهدف تقييم القضايا الأخلاقية، البيئية، والقانونية ذات الصلة. وتُشير النتائج إلى أنه في حين تحافظ شركة شل على صورة ذهنية إيجابية من خلال خطط مستدامة في بلدها الأم، فإنها تواجه تدقيقاً صارماً وتحديات أخلاقية في البلدان المضيفة مثل نيجيريا بسبب التلوث النفطي والآثار الاقتصادية السلبية على المجتمعات المحلية. كما أُجري تحليل مستفيض للاتجاهات الراهنة، مثل زيادة ميزانيات المسؤولية الاجتماعية وارتفاع التكاليف التشغيلية. وأخيراً، صاغت الدراسة توصيات استراتيجية فعالة لتحسين كفاءة برامج المسؤولية الاجتماعية وتعزيز الشفافية، داعيةً إلى وضع معايير تشغيلية موحدة، وإشراك أصحاب المصلحة في تطوير الاستراتيجيات، وتوزيع الميزانيات بشكل متوازن لإدارة التوقعات الأخلاقية والاجتماعية بفعالية عبر الاقتصادات العالمية المختلفة.

**الكلمات المفتاحية:** المسؤولية الاجتماعية للشركات، أصحاب المصلحة، رويال داتش شل، البلد المضيف، البلد الأم، القضايا الأخلاقية، اللوائح البيئية.

## 1. Introduction

Social responsibility refers to the principle that companies should voluntarily contribute to the overall welfare of the society rather than emphasizing on profit maximization only. In other words, management of the organization should not focus only on fulfilling all the interests of the owners but also other stakeholders as well (Cheng, Ioannou & Serafeim, 2014). Inappropriate performance of social responsibilities can generate several types of legal, political, environmental and operational issues within an organization. This report will aim to critically evaluate the CSR practices of The Royal Dutch Shell and its consequences on the eventual performance. In order to accomplish this objective, focus will be provided on identifying key internal and external stakeholders and their impact on the organization. It will also highlight influences of government on public, consumers and organization. Detailed description will also be provided about the global issues with regards to the legal and political system. The report will underline key trends and challenges and the way these factors are shaping organizational activities. Finally, based on all these evaluation, specific recommendations will be provided to The Royal Dutch Shell so that it can improve efficiency of its CSR programs.

## 2. Internal and external stakeholders

Stakeholders refer to individual or group of individuals who gets directly affected by the actions, policies and objectives (Lawrence & Weber, 2014). As a whole, stakeholders can be divided into two major categories such as internal stakeholders and external stakeholders. Both these types of stakeholders, generally, create long-lasting impact on the way businesses are performed within the corporate environment.

### 2.1 Identification of two internal stakeholders and their impact

#### 2.1.1 Management team

Management team within The Royal Dutch Shell possesses the right to make critical decisions regarding the way all the responsibilities are performed within the complex business environment. The Royal Dutch Shell, as one of the leading business within oil and gas industry, has provided its board of directors the opportunity to take all the key decisions regarding the way CSR related responsibilities will be performed effectively. The CEO and executive committee members of The Royal Dutch Shell play an extremely important role to provide valuable insights to the board of directors regarding the way all the operational responsibilities need to be performed efficiently (K. Wilburn, & R. Wilburn, 2013). Thus, it indicates that management team plays a pivotal role regarding the way The Royal Dutch Shell develops its mission and vision statement and the way it uses all its resources for the successful attainment of the objective. In other words, management team including CEO and board of directors are responsible regarding the total amount of investment made by the company in CSR activities.

### **2.1.2 Employees**

Employees of The Royal Dutch Shell also play an extremely pivotal role with respect to the way CSR activities are performed within the corporate environment. The Royal Dutch Shell, as one of the top oil exploration company, has formulated clear work structure for the employees. It has assisted the company to specify the role of each employee clearly from the perspective of ethical or social activities. Generally, employees within The Royal Dutch Shell adhere all the ethical guidelines at the time of performing their responsibility, which in turn enables the company to perform all the social responsibilities. Any unnecessary violation of these social or ethical guidelines by the employees is likely to damage overall image of the organization.

## **2.2 Identification of two external stakeholders and their impact**

### **2.2.1 Society**

The Royal Dutch Shell, as an oil exploration company, is extracting natural resources of the society in order to conduct business. Therefore, the company is highly liable to deliver required amount of support to the society (Quintáns-Fondo et al., 2016). Over the years, multiple initiatives have been taken to ensure sustainable development of the society. For instance, The Royal Dutch Shell is currently investing lots of money and resources to generate new and advanced energy resources in order to fulfil future demands. Apart from that, Shell emphasises on enhancing the rate of local community growth by providing employment opportunities. Shell has also developed partnership with local NGOs in order to offer adequate level of community health services.

### **2.2.2 Customers**

Over the years, Shell has formulated strong relationship with multiple business entities across industries including mining, transport, power generation, manufacturing and home energy. For instance, Shell aviation is currently present at 850 airports across 32 countries (Shell, 2018). Similarly, it is offering advanced transport fuels across thousands of power, manufacturing, mining and other companies for years. Therefore, Shell has formulated clear ethical guidelines for each of its customers regarding the way all the necessary resources need to be used in an effective manner. Inappropriate maintenance of these guidelines has caused major issues regarding the way all the social guidelines have been fulfilled.

## **3. Government stakeholders and regulatory environment**

### **3.1 Government's influence affects consumers, the public, and the company**

Shell, as an oil exploration company, has been dealing with multiple government rules and restrictions. For instance, government has formulated specific regulations with regards to employee health safety, security, social performance, environmental protection, transport and many others. Development of such strong legislative regulations have shaped the way Shell is operating across the targeted market. Apart from that, government has formulated strong

legislative guidelines regarding tax and revenue structure that created massive impact regarding the way all the activities are performed across the targeted market. Since Shell primarily is in the B2B business segment, government has also inflicted several legislative regulations for its customers. For instance, customers need to maintain specific set of standards at the time of transporting and storing oil and other energy resources. OPEC has formulated specific guidelines and regulations regarding the way all the activities associated with oil exploration had to be performed in an effective way. Furthermore, legislation like Payments to Governments Regulations 2014 has enforced companies like Shell to report payments to the governments publicly in the economies in which it had conducted logging or extractive operation (Shell, 2016). Therefore, it has in turn created major issues in association with payment procedure and enforced Shell to deal with variety of payment related complexities.

### **3.2 Regulations created by environmental protection agency**

Over the past few years, importance of CO<sub>2</sub> emission rate has raised across the entire world. Therefore, environmental protection agency of government has formulated specific set of standards regarding the way all the activities need to be performed adequately (Heede & Oreskes, 2016). Shell, as oil exploration company, is actually extracting natural resources on regular basis. Therefore, the amount of constraint is also very high with regards to legislative and other political regulations. In order to adhere to this criterion, Shell has already initiated variety of strategies to minimize the overall carbon emission rate considerably. Presently, Shell is aiming to minimize its overall emission rate by 20% within the year 2035 and by 50% within the year 2050 (Shell, 2019). Therefore, Shell has strongly supported “The Paris Agreement”, which is aiming to reduce issues associated with global warming.

## **4. Global issues: legal and political systems**

### **4.1 Comparing and contrasting host country with the home country**

The operational procedure of The Royal Dutch Shell has always remained under extreme scrutiny. Over the years, several differences have been noticed regarding the way Shell has operated in its home country in comparison with host country. In Netherlands, The Royal Dutch Shell has come up with variety of sustainable plan for the complete development of the entire society. For instance, focus has been provided on enhancing the health safety level of the employees and on reducing the overall carbon emission rate as well (Enneking, 2014). The Royal Dutch Shell has also involved itself with variety of NGOs in order to improve overall livelihood of the people. As whole, emphasis has been provided on improving the entire surrounding of the society as whole. For instance, focus has been provided on increasing the overall quality of the air, fresh water, climate change and energy transitions related requirements. As a result, it has able to maintain extremely strong image for most part of the home country.

In host country like Nigeria, however, Shell has been accused for initiating variety of unethical practices. In this context, it had to be mentioned that Shell is operating in Nigeria for more than 70 years. All this time, Shell has performed variety of unethical or illegal activities, which in turn resulted into variety of major consequences (Enneking, 2014). For instance, Shell has been accused to spread oil pollution with its unethical and illegal exploration or logging activities. Moreover, the company was accused of not been helpful enough to the growth of local Nigerian economy. Majority of the local Nigerian people still relies heavily on the farming, fishing or other activities in order to ensure healthy lifestyle for themselves. In this context, unethical logging and oil pollution has damaged not only the overall environmental condition of the economy, but also the livelihood of the people. Thus, it can be mentioned that there is a clear distinction regarding the way Shell performs all its operational and social responsibilities in home country in comparison with host country.

### **4.2 Ethical issue**

As mentioned earlier, Shell has been held responsible for violating all the ethical and social guidelines with regards to oil and gas exploration. Therefore, number of environmental activists and political groups have initiated multiple actions to boycott Shell from Nigerian economy. As per these groups, Nigeria is extremely rich with natural resources like oil or gas, which attracted Shell to enter into the targeted market (Jägers, Jesse, & Verschuuren, 2013). However, the company has not made any effort with regards to perform all the responsibilities in an ethical way. In the recent time, however, Shell is making conscious effort to clean its image by initiating variety of social strategy. For instance, conscious effort has been made to improve its logging and onshore activities within the Nigerian economy. Apart from that, special effort has been made to boost overall employment opportunity for the people within Nigerian economy.

## **5. Trends and challenges**

As per recent trend, overall importance of performing all the operational responsibilities are growing across the global oil and gas industry. Therefore, overall pressure is also increasing on the companies like The Royal Dutch Shell to remain ethical in its approach. Henceforth, the company has continuously increased its overall budget in association with the CSR activities. It has allowed the company to maintain variety of industry standards with regards to environmental protection including managing greenhouse and emission gases, reducing energy consumption and fresh water consumption, preventing leaks or spills of hazardous materials (Du & Vieira, 2012). Similarly, focus has been made to boost the overall condition of the community by increasing local employment opportunity, community health infrastructure, education facilities and energy to access. It has allowed The Royal Dutch Shell to emerge as one of the biggest names in the oil and gas exploration industry. In this context, it had to be mentioned that Shell made conscious effort to reform its internal operational structure for the betterment of the employees and community. For instance, it has increased overall transparency level with regards to payment procedure to governments. Similarly, Shell is now aiming to adhere various human rights related guidelines for representing itself as a responsible corporate citizen. However, all these social activities have increased overall cost of operation for the organization, which in turn affected overall revenue level to some extent.

## **6. Recommendations**

The illustration above has underlined the fact that The Royal Dutch Shell experienced variety of challenges with regards to CSR activities. Specifically, the company has struggled to remain ethical and responsible in relatively underdeveloped economies like Nigeria. In order to counter such challenging situation, focus will have to be provided on following areas:

- The Royal Dutch Shell needs to emphasis on establishing uniform standards for all the employees for eliminating any biases from the operation. Maintenance of uniform guidelines will also help the organization in eliminating unnecessary issues across economies.
- The organization will have to emphasis on enhancing its overall operational transparency for representing itself as a responsible corporate citizen. Therefore, Shell can opt to gather perspective or insight of all the employees at the time of developing CSR strategies rather than depending on management only. Appropriate involvement of all these entities will ensure sustainable growth for the organization.
- The Royal Dutch Shell will have to impose greater effort in understanding all the needs and wants of internal and external stakeholders. Appropriate understanding of all the needs and wants of the stakeholders will enable management in segregating entire budget with respect to CSR activities.

---

## Compliance with ethical standards

### *Disclosure of conflict of interest*

The authors declare that they have no conflict of interest.

---

## References

- [1] Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal*, 35(1), 1-23.
- [2] Du, S., & Vieira, E. T. (2012). Striving for legitimacy through corporate social responsibility: Insights from oil companies. *Journal of Business Ethics*, 110(4), 413-427.
- [3] Enneking, L. (2014). The Future of Foreign Direct Liability: Exploring the International Relevance of the Dutch Shell Nigeria Case. *Utrecht L. Rev.*, 10, 44.
- [4] Heede, R., & Oreskes, N. (2016). Potential emissions of CO<sub>2</sub> and methane from proved reserves of fossil fuels: an alternative analysis. *Global Environmental Change*, 36, 12-20.
- [5] Jägers, N., Jesse, K., & Verschuuren, J. (2013). The Future of Corporate Liability for Extra territorial Human Rights Abuses: The dutch Case Against Shell. *AJIL Unbound*, 107, 36-41.
- [6] Lawrence, A. T., & Weber, J. (2014). *Business and society: Stakeholders, ethics, public policy*. London: Tata McGraw-Hill Education.
- [7] Quintáns-Fondo, A., Ferreira-Coelho, G., Paradelo-Núñez, R., Nóvoa-Muñoz, J. C., Arias-Estévez, M., Fernández-Sanjurjo, M. J., ... & Núñez-Delgado, A. (2016). Promoting sustainability in the mussel industry: mussel shell recycling to fight fluoride pollution. *Journal of Cleaner Production*, 131, 485-490.
- [8] Shell. (2016). *Report on payments to governments for the year 2015*. Retrieved from [https://www.shell.com/sustainability/transparency/payments-to-governments/\\_jcr\\_content/par/textimage\\_569728713.stream/1460962925009/e96f32973a252e495b4deea5dec33ed81b0914fd/shell-report-payments-to-governments-2015-18042016.pdf](https://www.shell.com/sustainability/transparency/payments-to-governments/_jcr_content/par/textimage_569728713.stream/1460962925009/e96f32973a252e495b4deea5dec33ed81b0914fd/shell-report-payments-to-governments-2015-18042016.pdf)
- [9] Shell. (2018). *Shell aviation and skynrg agree strategic collaboration to advance use of sustainable aviation fuel*. Retrieved from <https://www.shell.com/business-customers/aviation/news-and-media-releases/news-and-media-2018/skynrg-agree-strategic-collaboration.html>
- [10] Shell. (2019). *Shell's net carbon footprint ambition: frequently asked questions*. Retrieved from <https://www.shell.com/energy-and-innovation/the-energy-future/what-is-shells-net-carbon-footprint-ambition/faq.html>
- [11] Wilburn, K., & Wilburn, R. (2013). Using global reporting initiative indicators for CSR programs. *Journal of Global Responsibility*, 4(1), 62-75.

**Disclaimer/Publisher's Note:** The statements, opinions, and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of **CJHES** and/or the editor(s). **CJHES** and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions, or products referred to in the content.