CORPORATE SOCIAL RESPONSIBILITY IN THE OIL AND GAS INDUSTRY

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Corporate Social Responsibilities;
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Abstract
Corporate Social Responsibility (CSR) has become a crucial method of dealing with business operations' social and environmental effects. CSR has evolved and is expected to solve some of the world's critical matters, such as climate change, and poverty reduction, and even aid in meeting the sustainable development goals (SDF). This paper examines how CSR is considered in the oil and gas industry, and the role played by the biggest firms in the industry that are implementing CSR initiatives. Oil activities have clear negative effects, such as when there are oil spills, it deteriorates the physical environment and is hazardous, leading to widespread opposition from impacted people, civic organizations, and social groupings. To help address larger corporate, social, and environmental challenges, this research aims to analyze the importance of CSR. The case studies of the world's top five oil and gas firms are further considered in the paper to explore this research subject.
INTRODUCTION

The idea and aim of CSR (corporate social responsibility) started to broaden in the early 1950s and 1960s, partly as a result of a rise in company production efficiency and the beginning of the second stage of the industrial revolution. Where the idea of corporate social responsibility (CSR) was first presented by Howard R. Bowen in his book "Social Responsibilities of the Businessman" in 1953. He is regarded as the founder of CSR. After the CSR idea numerous urgent global issues, such as poverty, climate change, unemployment, and economic transformation, are being demanded more and more from businesses. The late 1960s saw a rise in societal awareness, which was accompanied by a loss of trust in the ability of businesses to satisfy the demands and desires of the general population (Waterhouse, 2017). Whether due to shifting cultural standards, a new regulatory framework, or first-mover benefits. The phrase "Corporate Social Responsibility" (CSR) gained popularity and was used in a variety of circumstances. Whereas, Carroll (1979) claimed that the concept of corporate social responsibility was important in the historical time which includes the economic, moral, legal, and voluntary expectations that society holds for a specific time (Carroll, 1979). In history, Jones (1980) perhaps was the first author to discuss CSR as a decision-making method that affects company behavior when he wrote his book in 1980. Jones (1980), also reflects that CSR is a possibility that new societal issues emerged in the 1980s.

In a similar vein, when prior governments scaled down their efforts to control corporate behavior, managers found themselves having to respond to various interest groups that nevertheless wanted businesses to uphold the social norms of the day. According to a 2007 poll of chief executive officers (CEOs) conducted by the consulting company McKinsey, 95% of CEOs think that society expects more from businesses now than it did five years ago in terms of taking on public obligations. Over half of the CEOs think that these expectations will rise even more sharply during the next five years (Bielak, Bonini and Oppenheim, 2007). The goal of CSR research at that time was to convince leaders and authorities and in addition to their economic role, businesses should also take into account the social repercussions of their decisions. With that, businesses would not only be viewed as desirable areas to work in, but they would also be likely to exceed the business strategy of their opponents (Barrena, Macarena and Pedro, 2016).

Notably, the legal environment prompted academics to study corporate ethics and the operationalization of CSR as a reaction to constituencies like shareholders, customers, and workers, and the word "stakeholder" spread (Carroll, 2008). Notably, these concerns may be seen in a sequence of events that have influenced the international community toward sustainable development and, to some extent, business behavior (Carroll, 2008). Even while these historical occurrences had a direct connection to corporate social responsibility and also a direct impact on how the notion evolved, they demonstrated a rising global awareness of environmental preservation and sustainable development, as well as a direct connection to business conduct (Jedrzej, 2009). As a matter of fact, according to Carroll (2008), the most important public issues and expectations of corporate conduct in the 1980s were "environmental issues, workplace discrimination, consumer abuses, worker health and safety, work-life balance, worsening of urban life, and questionable actions of MNCs (Multinational Corporations). As demonstrated above, the relevance of CSR also has several important implications for the oil and gas industry, Corporate Social Responsibility (CSR) has become a business strategy that addresses the environmental and social impacts of corporate actions. CSR development has mostly been driven by businesses in the oil and gas industry. For several years, the oil and gas sector has been a pioneer in promoting CSR (Tang, Hull and Rothenberg, 2012). With rising business expectations, it is critical to demonstrate that CSR is capable of meeting those objectives. The oil and gas sector has been seen to align its business practices with those that uphold sustainability's core principles. Protection of the environment, extended producer responsibility, consumer rights, fraud, community outreach, complete reporting, and corporate social responsibility (CSR) are all critical components of the industry's evolving code of conduct (Testa and D'Amato, 2017). The concept of corporate social responsibility (CSR) became more important around the beginning of the 20th century when businesses mainly engaged in charitable activities and acted as caretakers of the community (van Marrewijk, 2013). Their CSR approach has led to the establishment of schools and clinics, the development of microfinance services schemes for the local area, and the promotion of youth employment initiatives, notably in developing countries (Testa and D'Amato, 2017). The oil and gas business is actively involved in cooperation with well-established development organizations such as the United States Agency for International Development (USAID) (Gayatri, 2018). To create a society that is in line with environmental and social responsibilities. Numerous non-governmental organizations (NGOs) are assisting them in carrying out the development program on the ground (Gayatri, 2018).
IMPORTANCE OF CSR

The importance of Business Social Responsibility in the corporate sector is reflected in the various complications of business studies. As a result, despite minimal efforts by organizations to raise awareness about global warming, climate change, and so on, the equivalent concentration on CSR is of major significance (Skarmeas, Leonidou and Saridakis, 2014; Oubbak and Magnan, 2018). Environmentalists have acknowledged developed economies for implementing CSR activities and environmental thought into their works to achieve advantages such as high efficiency and environmental sustainability (Raimi, 2017). In comparison, the majority of manufacturing and process-oriented sectors are positioned in slowly developing countries such as Africa and Asia, where sustainability issues are a minor issue (Puppim de Oliveira & Jabbour, 2017).

Global climate changes have recently compelled governments to take safeguards to conserve the environment. Similarly, awareness of global warming is growing by the day. As a result, it is critical to grasp the techniques that can assist in achieving the company's continuous improvement by ecologically sustainable growth. A thoughtful initiative by active businesses might be a way to achieve sustainable performance (Awais, Samin, Gulzar and Hwang, 2019). The research indicated that economical, sociological, and environmental factors are incorporated into business strategy in the changing business settings for future presence and enhanced productivity (Ikram, Zhou, Shah and Liu, 2019). CSR initiatives are the most effective strategy to decrease environmental harm, manufacturing costs, and waste (Wang, Dou, and Jia, 2015). The direct and favorable impacts of CSR initiatives specifically on the oil and gas sector and on business are environmental initiatives, eco-friendly adoption, and corporate sustainability performance (Abbas, 2020).

CSR IN THE OIL AND GAS INDUSTRY

One of the most crucial sectors in the business is the oil and gas industry, which needs constantly exercise corporate social responsibility in the economic, social, legal, judicial, technical, and environmental spheres (Frynas, 2005). The International Energy Agency (IEA) has emphasized the relevance of the oil and gas industry in regulating the global consumption of energy. According to the Olje-og energy department (2005), oil and gas have a huge ecological impact when they are manufactured and utilized. Moreover, the IPCC (2001) report expressed worry about the emission of greenhouse gases that cause global warming. Crude oil contains very poisonous and highly polluting chemicals. Consequently, from a safety and environmental standpoint, the oil and gas business is a high-risk sector. Because of the types of operations, they engage in and the potential risks they pose, particularly to the environment, CSR is becoming increasingly important within the oil and gas business sector (Frynas, 2005). Because of this complexity, nongovernmental and government organizations (NGOs) and individuals are continually looking for ways to oversee oil and gas development in order to reduce the risk of damage and give reparation in case any damage has been caused. This is usually done in OECD nations through regulatory requirements (Edward, Jeffrey, Harrison and Andrew, 2007). Societies turn to oil and gas businesses to self-regulate in order to take further precautions against threats to society beyond simply following the law. More than any other sector, the public expects oil and gas corporations to practice corporate social responsibility (CSR) (Edward et al., 2007).

The operations of oil discovery, development, distribution, and refinement all have the potential to cause environmental harm. Piping leaks, sewage pollutants, and emissions of carbon dioxide are among the most serious significant parts (Nataly, Pastrana and Krishnamurthy, 2014). Because they meet significant and ongoing worldwide demand for their goods, oil and gas businesses are distinctive in that they experience the highest societal pressure and must constantly contend with public expectations for the industry to engage in corporate social responsibility (Nataly et al., 2014). These businesses are generally assumed to self-regulate, which requires businesses to accomplish more to safeguard society from possible dangers than simply adhere to the regulations. However, it is well understood that such difficult technicalities in the sector cannot always avoid disasters. According to this stance, CSR in the oil and gas business needs to go above and beyond to contribute to the community and maintain its goodwill (Frynas, 2005).

Some of the actions that need to be made include spending on biodiversity and becoming green, building infrastructures with durable materials, putting forth options for the power that is now generated and used, and providing social benefit to the organization and in all of its forms (Frynas, 2005). This means that the organizations practice CSR genuinely for the goodwill of the society as a whole, as well as performing CSR practices to obtain competitive advantages and manage a positive reputation and external perception. Globally, the oil and gas industry are driven to make socio-economic growth (Frynas, 2005). Most Organizations are making efforts to accommodate all parties in CSR, including non-governmental organizations (NGOs), which prioritize social welfare above economic power, as well as host.
nations and direct customers, who are more concerned with the oil and gas corporations' operational success (Lantos, 2001). Teetebba (2003) discussed the geographical boundaries on the availability of resources for oil and gas and the significant societal and environmental issues raised by different acquisition fields. The basic ethics idea justifies a greater requirement for organizations to employ CSR practices since it states that an activity is ethical if and only if it provides the best balance of satisfaction over suffering for everyone (Nataly et al., 2014). CSR is helpful in organizational efforts intended to improve the company's reputation, which might encourage new socially responsible clients and shareholders while also strengthening current customer loyalty. Customers may be willing to pay a higher price for 'green' power or oil from a reasonably green oil firm (Nataly et al., 2014). Similarly, people want to work for socially progressive organizations, which may lead to increased employee productivity and greater retention of good personnel (Edward et al., 2007).

On the other hand, many oil corporations fail to address the disadvantages of their CSR initiatives associated with the crisis. However, the striking increase in social responsibility responsibilities and corporate ethics obligations highlights the considerable change in how oil firms today spend and connect with their respective communities and public issues more than they did in the past (Nataly et al., 2014). The industry is also stressing and embracing the value of CSR for the environment by creating sustainable and alternative renewable power usage and reducing the effects of pollution of air and water on the global scale.

CASE STUDIES

CSR is becoming an increasingly significant component of worldwide business. The emergence of big corporations (MNCs) and the globalization of international commerce are primarily responsible for the rise of CSR practices (Amao, 2014). At the international level, there has been an increase in CSR-related activities and processes in recent years because of assisting corporations in establishing a unique identity and consumer trust. These international processes have attracted a large number of MNCs. Some examples of these endeavors are 1) Saudi Arabian Oil Co. (Saudi Aramco), 2) Petro China Co. Ltd. (PTR), 3) China Petroleum and Chemical Corporation (SNP), 4) Exxon Mobil Corporation (XOM), 5) Total Energies SE (TOT).

Saudi Arabian Oil Co. (Saudi Aramco)
The idea, along with CSR by Saudi Aramco, is essential to the oil giant's development story. The Saudi Arabian government owns Saudi Aramco, a completely functional, international petroleum and petrochemical firm. Saudi Aramco is the biggest integrated oil and Gas Corporation in the world and a global leader in the production, development, refinery, marketing, and trading of hydrocarbons because of its long 85-year history of creativity and service (Team Dais, 2018). Their oil and natural gas production structure are the most advanced in the business in terms of scale, operational dependability, and technological improvements. Some of Saudi Aramco's CSR projects are in line with its philosophy of environmental sustainability (Team Dais, 2018).

By safeguarding the well-being of the workforce and supporting the community, Saudi Aramco's CSR efforts represent its conception of sustainable development. Saudi Aramco is coordinating its organization's objectives with regional requirements to advance local communities (Team Dais, 2018). The company takes part in local communities via a broad range of programs to promote more opportunities that are in alignment with the environment (Team Dais, 2018). Saudi Aramco aims to have a lasting influence on society by offering improved tools, procedures, and skills to a variety of micro-enterprises, growers, and artists. The overarching objective is to create a "sustainable society" by Saudi Aramco (Team Dais, 2018). To maintain the well-being of both its staff and the populations in which it operates, Saudi Aramco has partnered with John Hopkins Aramco Healthcare (JHAH). This program was an important feature of the Kingdom of Saudi Arabia's economic expansion. The goal behind the program was a key component of the Vision 2030 plan to remove the Kingdom from its oil dependence (Team Dais, 2018). With its CSR activities, Saudi Aramco's leadership has significantly increased its influence. It shows that this oil company is not only focused on making money but also on the more important objective of human growth through its CSR initiatives (Team Dais, 2018). In Figure 1, we can see CSR initiatives of Saudi Aramco in 2021.

Petro China Co. Ltd. (PTR)
Beijing-PetroChina is one of the biggest oil businesses in the world. It releases its Corporate Social Responsibility report (CSR) along with the annual report every year. The company has been concentrating on raising oil and gas production and balancing the supply curve to fulfill the demands of economic growth (PetroChina Company Limited, 2008). Protecting national sources of energy. PetroChina's vision was a long-term and primary societal duty. PetroChina made significant achievements in 2007 for technical advancements and greater investment, including the Jidong region's Nanpu Oilfield discovery, which enabled both fresh gas and crude oil resources to hit record
levels (PetroChina Company Limited, 2008). In early 2007, PetroChina released its first Corporate Social Responsibility Statement. The CSR report that was published contains additional in-depth details about PetroChina's growth objectives and plans, as well as its successes in technology, administration, and system setup about inventions and sustainably. PetroChina anticipated the release of a CSR report that provides readers with a clear picture of the numerous attempts the company has undertaken. PetroChina has been committed to the "Energize, Harmonize, and Realize" principles to increase the visibility of CSR initiatives, optimize the interests of the corporation and its shareholders, and create new advancements in the creation of a healthy country and the environmental sustainability of humanity (PetroChina Company Limited, 2008).

**China Petroleum and Chemical Corporation (SNP)**

Sinopec, also known as China Petroleum & Chemical Corporation, is an oil and gas company with its headquarters in Beijing. Along with trading in Shanghai and New York, it has a Hong Kong listing (SINOPEC, 2018). Sinopec ranked first in China's chemical and energy industries and second overall in terms of market capitalization according to the assessment of Chinese brands. Sinopec's brand worth increased by RMB 17.3 billion from the past year to RMB 299.1 billion. The company's mission is to support a green environment that is firmly moving in order to grasp greater opportunities (SINOPEC, 2018). The business adopted a sustainable and small development model and kept up its efforts to combat climate change. Enhancing development that is driven by technology to create energy. The corporation also put its innovation-driven growth plan into practice (SINOPEC, 2018). By expanding the Investments in research and development of cutting-edge technologies, extending the reform of technological mechanisms, steadily expanding R&D spending, and accelerating the creation of important core technologies. A company's plan included organizational development that benefited its workers and enhanced the well-being of its customers (SINOPEC, 2018). From Figure 2, CSR activities of China Petroleum & Chemical Corporation can be seen for 2018.

**Exxon Mobil Corporation (XOM)**

ExxonMobil, an organization that produces high-quality chemicals and provides energy, is one of the most publicly traded fuel corporations in the world (ExxonMobil, 2022). It creates and applies succeeding innovations to assist responsibly and safely in fulfilling the global need for power generation (ExxonMobil, 2022). Chosen by the Social Enterprise Report and Awards as Nigeria's 2015 (SERAs), Best Company of the Year in Corporate Social Responsibility (CSR) (ExxonMobil, 2016). Additionally, the company won prizes for being the leading organization in infrastructure projects and reducing poverty. An exceptional occurrence in the history of the SERA Awards is an oil and gas company receiving the Highest Rated Organization of the Year (ExxonMobil, 2016). Additionally, the business was recognized as the Best Company in Building Infrastructure for its work constructing hostels, lecture halls, and fitness centers at the Oluponna Fish Farming and Resource Centre in Osun State, as well as for recovering the facilities of numerous other projects of a similar standard across Nigeria (ExxonMobil, 2016). A well-known and reputable organization, the SERAs - Nigeria CSR Awards, rewards Nigerian businesses for their effective corporate citizenship and shareholder interactions that add social value to the communities in which these businesses operate (ExxonMobil, 2016). ExxonMobil's corporate social responsibility programs focused on enhancing science, technologies, economics, and mathematical (STEM) training and assisting women in nations in achieving their economic aspirations (case centre, 2022). Additionally, the business-sponsored initiatives to prevent the spreading of malaria and HIV/AIDS, nature conservation, and global warming research by providing financial assistance to a number of academic organizations (Case Center, 2022). Figure 3 demonstrates the community investment program of ExxonMobil for 2022.

**Total Energies SE (TOT)**

Total Petrochemicals' name has been changed to TotalEnergies SE. TotalEnergies is a multifaceted energy corporation that manufactures and sells petrol, power, and oil and gas. Its 100,000 employees are dedicated to providing better energy that is more widely available, dependable, reasonable, and environmentally friendly (TotalEnergies, 2022). This firm, which operates in more than 130 nations, aspires to take the lead in responsible energy. Total participates in both upstream and downstream businesses in the oil industry along with its affiliated companies and subsidiaries. Additionally, Total is involved in the production of specialized and basic chemicals (CSRHub, 2022). Total also has a stake in the mining operations and power generating industries. This firm is truly committed to generating genuine value for all parties involved to satisfy its social economic and ecological commitments as a
champion in the downstream oil and gas sector (TotalEnergies, 2022).

As part of its corporate social responsibility to the host communities, Total developed the Malaria Initiative. The system's goal is to raise knowledge about malaria prevention among all of the company participants, including the local community, workers, and their dependents. Additionally, TotalEnergies has adopted the full child care program (TotalEnergies, 2022). It includes providing 20 orphaned children villages with clothing, food, and school supplies. The corporation has broadened the scope of its sustainable development initiatives through this strategy. The complete Child Program, which will operate concurrently with the business sponsorship, is a crucial part of the corporate sponsorship (TotalEnergies, 2022). The corporation also launched additional initiatives, including ones related to the HIV/AIDS epidemic, the SAP skills acquisition program, affirmative action, transportation safety, the young dealer’s program, donations, and sponsorships. These initiatives encourage the incorporation of the subsidiary company’s operations into the regional, local, and social environments (TotalEnergies, 2022).

CONCLUSIONS

CSR has become the need of the hour, and the corporates’ survival largely depends upon not only how well they perform financially, but how responsible they operate for the environment they operate in. This external environment can be defined in terms of corporate governance, social responsibility, and responsible operations. It signifies that the corporates, and the managers of the corporates, must look into the needs of the external stakeholders. The oil and gas industry is one of the key industries in the world that supports the economies, and other business and household sectors globally. The operations of the oil and gas firms are categorized to cause spillover effects for the external environment, thereby affecting the society, and thus, CSR becomes a key component for these firms. The paper examines five key firms in this industry to show how a number of CSR initiatives by the companies help them sustain their competitive advantage, and add to their success stories.

REFERENCE LIST


**Other sources**


LIST OF FIGURES

Growing societal value

We invest in the Kingdom's domestic oil and gas ecosystem to enhance the reliability of our supply chain and optimize operational costs and inventories, providing employment and economic opportunities to thousands of Saudi nationals.

- Long-standing commitment to create employment opportunities for Saudi Arabian nationals
- Stimulated billions of dollars in national economic activity
- Established National Champions organization
- Iktva localization program has attracted more than 540 investments to Saudi Arabia
- Social investment of over USD 360 million in a range of community initiatives in 2021

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<th>Iktva spend</th>
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Figure 1
Social investments of Saudi Aramco in 2021
Source: Saudi Aramco Sustainability Report, (2021)

Figure 2
Corporate Social Activities of China Petroleum & Chemical Corporation in 2018
Source: SINOPEC, (2018)
$253 million in community investments
by focus area

Figure 3
Community investments program of ExxonMobil in 2022
Source: ExxonMobil, (2022)