Corporate social responsibility: Decisions and strategic actions in the industrial scenario of oil companies

Responsabilidad social corporativa: Decisiones y acciones estratégicas en el escenario industrial de las empresas petroleras

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ABSTRACT:
This paper is the product of ongoing research on Corporate Social Responsibility (CSR) in companies in the oil sector. The objective of this research was to know the strategies, actions and implications of CSR in the scenario of oil companies, in a managerial context, defined by decision making, in the environmental, social, economic and ethical dimensions. It is concluded that CSR contributes to the sustainable development and reputation of organizations from multiple perspectives.

Keywords: oil companies, multidimensions, sustainable development

RESUMEN:
Este paper es producto de una investigación en proceso sobre la Responsabilidad Social Corporativa (RSC) en empresas del sector petrolero. El objetivo de esta investigación fue conocer las estrategias, acciones y las implicaciones de la RSC en el escenario de las empresas petroleras, en un contexto gerencial definido por la toma de decisiones, en las dimensiones ambientales, sociales, económicas y éticas. Se concluye que la RSC contribuye al desarrollo sostenible y la reputación de las organizaciones desde múltiples perspectivas.

Palabras clave: empresas petroleras, multidimensiones, desarrollo sostenible

1. Introduction
The oil industry and related industrial sectors represent the business areas that lead the initiative to continuously engage in planned actions of Corporate Social Responsibility (CSR). Scientific production shows that the CSR is being highly considered. The subjects of research are divided for their study in: Social, economic, political, legal, and environmental dimensions (Egri & Ralston, 2008). Currently the CSR implemented in oil producing companies has acquired high importance due to this type of industrial activity, which represent potential threats and risks that can negatively impact the environment, industrial facilities and people, generating lawsuits and legal issues between the parties involved.
In this area, the situation is complex and its discussion is based on understanding the actions and implications of corporate social responsibility (CSR) towards its stakeholders from the scenario of industrial oil companies. This represents an essential topic in the design, implementation and success of CSR in the complex companies of this industrial sector, which has led to a growing heterogeneity of theories (Crane & Glozer, 2016).

Therefore, the strategic business actions belonging to the CSR plans must be in accordance with national and international standards and other legal, social, political, economic, environmental and ethical aspects (Kirat, 2015), since it covers several sectors, portfolios management and sensitive foundations facing critical stakeholders, within a scenario that can lead to a better financial performance of companies (García-Madariaga & Rodríguez-Rivera, 2017).

In this context, business management and its decision-making are integrated into the CSR concept in its intervening factors, creating expectations both in the management itself and in the management of social, environmental, economic and human rights issues (Escamilla, Plaza, & Flores, 2015). Therefore, business management is derived from the system of interactions that surround the dynamics of negotiations with stakeholders, within the policies established by the company. However, some of these elements still highlight the initiatives to address with greater strength and managerial disposition.

In this sense, the willingness to apply actions that improve the performance of organizations can be observed in aspects related to decision making towards clients (Xie, Yaoyang, Meng, & Li, 2017; Chen-Ying, 2018). This has been evidenced by the efforts declared in the strategic actions of CSR and the financial performance of the companies, which are consolidated by finding a positive relationship between customer satisfaction and the same constant financial performance (García-Madariaga, & Rodríguez- Rivera) in the context of economies in transition (Hasoneh & Alafi, 2012).

This paper is derived from research associated with CSR in the business scenario corresponding to corporations in the oil industry. The objective of this research was to know the actions and implications of CSR in the scenario of oil companies, in a management context defined by decision making, in the environmental, social, economic and ethical dimensions. The methodology was focused on a systematic review of the scientific production on Corporate Social Responsibility (CSR) developed in the Corporations of the oil sector. The search was conducted through the publishers of Elsevier using Science Direct search engine and in the scientific electronic library on line (Scielo). The paper indexed in Scopus and other scientific production bases were considered. The methodological perspective used is qualitative (Mays & Pope, 2000). The articles were selected according to a rigorous methodological process (Guirao-Goris, Olmedo Salas, & Ferrer Ferrandis, 2008), and validated (Acevedo, Jiménez, & Rojas, 2017; Basualdo, Grenóvero, Bertucci, & Molina, 2016), which allowed the interpretation of the findings found (Gadamer, 1996) and the application of the deductive method (Carvajal, 2013) to complete analyzes and conclusions. The research was classified as explorative, descriptive. The results allow us to know how corporations in the oil industry implement strategic actions within the context of CSR together with related stakeholders, with the purpose of achieving corporate sustainability based on the environmental, social, economic and ethical processes of their operations.

1.1. Reference framework

Corporate Social Responsibility: Views of global management

The debate that has been developing about the conceptualization of corporate social responsibility (CSR) in the companies of the oil industry and its derivatives, includes various approaches and implications of management, which are evaluated from the business scenario and with the stakeholders, this situation is connected with the social, ethical, productive and profitable schemes of the companies.

Management and its global vision include the new relationship with customers and their effects on the creation of CSR actions, and highlight the strength that their loyalty and their reflections in the corporate image provide. This is where strategic communication allows maintaining a positive relationship with stakeholders, improving their perception of the company they wish to have (Spangler & Pompper, 2011).
Although the world oil industry and all its technological development has increased in the last five decades, social problems have not been solved in this geographical context, however the improvement of social and environmental conditions have gained space and benefits for communities (Spangler & Pompper, 2011). All these factors from the management spectrum allow to establish that the conceptualization of CSR is complicated, and is due to the lack of consensus on the theoretical meaning, its heterogeneous multidimensional character (Gallardo-Vázquez, Sánchez-Hernández, & Corchuelo-Martínez -Azúa, 2013) and finally to one-dimensional measurements in contexts of complex companies, where oil organizations are incorporated (Galant & Cadez, 2017).

Moreover, the interesting thing about all these scenarios is the perception that is imposed in each of the business administrations, which evolve in the development of perspectives facing CSR and social dynamics.

In short, the legitimacy of the research that has been developed on the theoretical perspectives applicable to the concept of CSR, focuses on the meaning of the various actions in relation to stakeholders and, in the framework of compliance with existing national and international legislation (Omran & Ramdhony, 2015).

2. Methodology

2.1. Methodological framework

In the field of science, the theoretical updates are generated from the review of the various publications of scientific articles, and reference texts. These allow generating new knowledge to the scientific society, and the methods applied for the analysis of the information allow the information to be valid (Acevedo et al., 2017; Basualdo et al., 2016).

This article is the product of ongoing research with a qualitative methodological perspective, interpretative and hermeneutic (Gadamer, 1996), whose orientation is to generate a theoretical approach to the actions and strategic implications CSR in oil companies, under the dimensions environmental referents, economic, social and ethical profitability.

This research is developed from the review of published articles of the bases of Elsevier and Scielo and other bases, so it is classified as a systemic review or review article. The research development includes a methodology supported by the rigorous selection of reliable bases (Guirao-Goris et al., 2008), which provide important similarities with the original articles (Day, 2005) and guarantees the validity of their results.

2.2. Study Design

The research design was structured on a systematic review of the literature (Guirao-Goris et al., 2008), focused on the CSR actions of companies in the energy sector that produce oil and gas. The research is classified as exploratory and descriptive (Hernández, Fernández, & Baptista, 2014). The methodological perspective applied will be qualitative (Mays & Pope, 2000), for the analysis of the findings found, the deductive method was used (Carvajal, 2013). The main objective of this paper is to interpret the actions and results of maintaining active processes of Corporate Social Responsibility (CSR) in the scenario of oil corporations, defined from the environmental, economic, social, and ethical dimensions.

The results will be presented and analyzed for each dimension of the CSR selected.

2.3. Data collection and analysis of results

The Data collection will follow the steps of the methodology proposed by the researchers (Guirao-Goris et al., 2008). The research group structured the sequence in phases.

Phases 1: the definition of the objectives of the revision is followed.

Phase 2: the bibliographic search, consultation of databases and selection of documentary sources was carried out about the topic in Corporate Social Responsibility (CSR) in the scenarios of the oil industry.

Phase 3: the article selection strategy was established.
Phases 4: the criteria for document selection are specified.

Phase 5: proceed with the organization of the selected information and the writing of the article, see table 1. The content analysis technique is used (Bardin, 2002). The final paper is translated from Spanish to English.

**Table 1**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Methodological Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Define the objectives of the review.</td>
</tr>
<tr>
<td>2</td>
<td>Carry out the bibliographic search, query of databases and selection of documentary sources.</td>
</tr>
<tr>
<td>3</td>
<td>Establishment of the selection strategy.</td>
</tr>
<tr>
<td>4</td>
<td>Specification of document selection criteria</td>
</tr>
<tr>
<td>5</td>
<td>Organization of the selected information and writing of the article.</td>
</tr>
</tbody>
</table>

*Adapted Guirao-Goris et al., 2008*

### 3. Results

The following shows the found findings of the selected articles for each dimension of the investigation.

#### 3.1. Strategies and actions of the CSR: Environmental dimension.

The investigations describe that the oil and gas industries establish as their corporate objective to maintain a balance between operations and environmental impacts that can affect their direct stakeholders, which are defined as the community, the environment and its employees. In this context, companies establish corporate strategies that keep them sustainable in their productive and financial environment (Cash, 2012). This situation encourages the CSR areas of these companies to develop a group of actions related to investment and biodiversity, in the activities oriented to become a green company, to put into practice new alternatives. In this sense, the consumption of energy accomplish retribution to the consumptions of society, these actions have allowed to know the importance of the actions of the CSR on the environmental dimension (Kirat, 2015). This management vision has contributed to improving the global reputation of these companies.

Other investigations have concluded that the indicators of CSR with global concern are involved with the participation of the company from the environmental point of view in the attention for internal and external stakeholders of the organization, based on green productive operations, and developing practices under the law (Hilson, 2012). In this sense, the environmental facts characteristic of the qualification of a green company, impact the other dimensions and indicators of CSR, since they link the integral understanding of the corporation on the mechanisms caused in its productivity, linked to the performances and participation of the employees in the management of the projects (Melendez Rangel, Malvacias Escalona, & Almeida, 2018).

Within corporate sustainability, CSR has shown results to obtain greater market value, through the moderating effects of environmental factors, such as institutional, strategic, political and legitimate systems, in developed economies (Singh, Sethuraman, & Lam, 2017). Around this moderating effect, the positive effect of CSR actions is expanded by addressing the value of the brand when it is perceived by consumers (Manzano, Simó, & Pérez, 2013).

In response to this, the actions of Asian companies, which are developing environmental practices in harmony with their stakeholders, are evident. These management aspects allow sanctioning environmental violators, promote environmental accounting and environmental
auditing for public sector companies (Huang, Wu, & Gaya, 2017). From these perspectives, the interest in minimizing environmental violations to pay greater attention to the protection of the environment (Hilson, 2012), in establishing strategic plans by the State, that accelerate the applicability of the environmental legal system, in order to influence on the decisions of stakeholders to invest in the environmental aspect. Below is a summary chart of corporate objectives, strategies and actions of CSR in the environmental dimension, table 2.

**Table 2**
Summary: Actions of the CSR on the components of the strategic planning of the oil sector, Environmental dimension

<table>
<thead>
<tr>
<th>Corporate objectives</th>
<th>Strategy</th>
<th>Actions and practices developed by the CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain a balance between operations and environmental impacts that can affect its direct stakeholders. Reduce violations and environmental impact.</td>
<td>Develop practices that promote the well-being of people and environmental protection.</td>
<td>Participation of employees in the formulation of activities on CSR. Agreements with government institutions. Green indicators. Investments. Approaches with stakeholder.</td>
</tr>
</tbody>
</table>

Other findings are focused on environmental protection, we can cite the indicators that show the environmental reports in the oil and gas sector of the industry in Nigeria, following the environmental indicators that are considered by this type of industry, Table 3 shows the results.

**Table 3**
Reports on Oil Spill in the Oil Industry

<table>
<thead>
<tr>
<th>Informed Volume</th>
<th>Primary and Secondary Containment</th>
<th>Hydrocarbons Recovered</th>
<th>Lower Spill Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider separately the barrels of oil that reach the environment.</td>
<td>Large emissions (100 barrels) or a small release in a sensitive environment.</td>
<td>Prevent accidental releases to the environment. Preparation and response to emergencies, plans, structures and affiliations.</td>
<td>Report separately significant hydrocarbons from spills from third-party suppliers.</td>
</tr>
</tbody>
</table>

Note: Adapted from Ironkwe & Promise (2016).

Table 3 presents some aspects of interest to be taken into account in the reports about the oil spill in the oil industry, valued in terms of reported volume, primary and secondary containment, recovered hydrocarbons, and lower spill thresholds. These technical considerations mean that firms are constantly reviewing the management system as a legal, administrative, and business strategy (Moran & Kunz, 2014).

However, some paradoxes appear in the effective environmental performance of companies in these sectors, their strategies are focused on the conflicts between the credibility of human well-being and the long-term ecosystem (Hodge, 2014). This is evidenced in the sustainability reports of the mineral extraction industry and environmental reports (Lodhia & Hess, 2014; Amoako, Lord, & Dixon, 2015), the results show that companies are not fully responsible for the impacts they generate in terms of environmental sustainability, especially in developing countries.
3.2. Strategies and actions of the CSR: Economic dimension.

The CSR in companies in the oil sector, consider the contribution of stakeholders, to help boost business innovation in competitive terms and their development (Lopes de Oliveira Filho & Moneva Abadía, 2013). In this direction, investors have recognized the sense of profits and profitability when executing CSR actions in the oil industries. Research has reinforced that CSR as the point that drives commercial export activities (Yang, Chang, Shiu, & Chen, 2018). These considerations are essential to cooperate in the financing and exploration efforts when dealing with the reserves of metals and non-metals, as well as in the petroleum industry and its derivatives.

These investigations show that CSR is considered as the financial strategy of the company and extends the integration of business operations and their applicable interaction, in both dimensions: financial and CSR. These guarantee profitability, not as the final objective of the accumulation of wealth for the benefit of the shareholders, but rather in the balance of the events of a responsible corporate behavior, that guarantees greater economic stability in the long term (Doumagay, 2016).

In particular, the singularities mentioned about CSR and the company's financial evidence, in the area of mining and oil, are recognized in the various problems related to the capacity of private companies to generate development (Pan, Sha, Zhang, & Ke, 2014). Therefore, its strategic behavior interacts between technical operations and relevant legislation (Dzhavdatovna, Rishadovna and Alexandrovna, 2014).

Below is a summary chart of corporate objectives, strategies and actions of CSR in the economic dimension of CSR, table 4.

<table>
<thead>
<tr>
<th>Corporate objectives</th>
<th>Strategy</th>
<th>Actions and practices developed by the CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure the economic profitability of the company.</td>
<td>Develop financial policies.</td>
<td>Relationship with stakeholders.</td>
</tr>
<tr>
<td></td>
<td>Promote innovation in competitive terms.</td>
<td>Application of financial policy.</td>
</tr>
<tr>
<td></td>
<td>Schedule actions together with stakeholders.</td>
<td>Investments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adjustments of operations according to legislation.</td>
</tr>
</tbody>
</table>

Table 5 shows the evolution of the performance of the profitability of the Canadian oil and mining industry in scenarios that apply CSR practices (Marshall, 2017).

<table>
<thead>
<tr>
<th>Periodo/($ millions)</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and gas extraction.</td>
<td>88847</td>
<td>84,959</td>
<td>81,878</td>
<td>84,920</td>
<td>88,604</td>
</tr>
<tr>
<td>Petroleum and coal products manufacturing.</td>
<td>7155</td>
<td>7,036</td>
<td>7,468</td>
<td>7,044</td>
<td>6,728</td>
</tr>
<tr>
<td>Support activities for mining and oil and gas.</td>
<td>10,669</td>
<td>11,471</td>
<td>8,314</td>
<td>10,290</td>
<td>12,204</td>
</tr>
</tbody>
</table>
However, tangible and intangible factors that intervene in the interpretation of financial impacts and policies of CSR in these types of industries are not clearly defined (Spangler & Pompper, 2011). The factors of profitability in relation to indicators, such as the use of energy, use of raw materials, prediction of reduced costs, water consumption, waste produced and high performance costs, are not completed in the management reports of CSR, about what is expected from profitability and its determination. The relation between these indicators and CSR becomes important from the point of view of the manager. The manager implements under pressure, aspects related to the perspective of the shareholders, before the request for profitability, attack of the media, customers, among others, granting new investment demands of both financial, human, research and development time, in order to specify positive initiatives in the topic.

### 3.3 Strategies and actions of the CSR: Social-Community Dimension.

In the social context, companies in the oil and gas sector worldwide are obliged to participate in social investments. These companies, due to their industrial activity, maintain high-risk operations, being able to list them in fires and explosions (Melendez Rangel et al., 2018). These companies consider, within their strategies, the formulation of actions that allow them to satisfy their stakeholders.

In this sense, non-governmental organizations are included, which are primarily responsible for the welfare of the social group over economic power. The generation of strategies and actions are part of the objectives of the CSR declared in the organization of this industrial sector. CSR practices reduced risks (Campbell, 2012), and obtain competitive advantages that are capitalized on a positive business image. Although not all of these actions are successful and there have been cases, where corporate and commercial objectives displace social objectives or the only purpose proposed is to achieve a good reputation.

This research shows that the social impact of the oil sector corporations is directed towards communities, is part of the territorial development that must be addressed as a strategy of CSR. Which at the moment is expected a profile of greater capacity and expansion to help solve
problems inherent to socio-environmental sustainability, worldwide, in aspects related to climate change and poverty, identified in the company-society, environment-development-governance relational challenge (Frynas, 2014). According to Frynas (2014), the executives of this type of companies have shown corporate codes of conduct with important international initiatives, such as the United Nations Global Compact and the initiative of transparency of the oil extraction industries of the Government of the United Kingdom. These actions include technical investments, technology, innovation and the development of specific knowledge, which allow to visualize competencies and fair investments in renewable energies, as an alternative source of income once oil and gas are extinguished as global resources.

Likewise, the strategic management of the oil companies continues to renew the functional vision of the community axis, and has the objective of sharing benefits and protecting the commercial interests of the firm, while at the same time leading to the social areas of community care (Kemp & Owen, 2013). This situation is associated to the organizational positioning of the CSR when it is projected to the development of the community, improving at the same time the reputation of the organization (Martínez Ferrero, 2014).

Other researches affirm that attention to communities and the different styles that are implemented in sustainable CSR actions has created skepticism in different interest groups due to the underlying situations that hide these practices (Martinez-Ferrero, Prado- Lorenzo, & Fernandez-Fernandez, 2013). Below is a summary table of corporate objectives, strategies and actions taken from CSR in the social-community dimension, see table 7.

<table>
<thead>
<tr>
<th>Corporate objectives</th>
<th>Strategy</th>
<th>Actions and practices developed by CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Solve the problems of socio-environmental sustainability (environmental change, poverty, improvements in the quality of life of the communities). Improve the reputation of the organization.</td>
<td>Develop the territory where the operation is installed. Increase investments of the social type. Schedule actions together with stakeholders.</td>
<td>Relationship with stakeholders. Application of behavior codes. Community agreements with international institutions.</td>
</tr>
</tbody>
</table>

3.4 Corporate Social Responsibility: Ethics and Business dimension.

The set of decisions made in business are inherent to codes of conduct that are practiced within business ethics in the system of relationships with stakeholders, where in particular numerous factors influence decision-making (Melendez Rangel, Perez Pupo, Garcia Vacacela, & Piñero Pérez, 2018). In this sense the CSR in the oil production industries are key elements in the debates and initiatives that are established against the economic, social, legal and environmental aspect.

The findings reveal that oil companies operating in the African continent face major corruption problems and have selected CSR models to build trust and reputation in their operations (Ackah-Baidoo, 2012). In this sense, CSR has been changing and transcending towards the terms of sustainability and the development of communities, within ethical expectations in the operations system (Sharma & Bhatnagar, 2014).

According to Irina & Stückelberger (2014), caution and concern about considerations for management decision making are related to ethics, and are determined by the prevalence of economic factors that are identified in the long-term implications in the organizations. Most problems in the framework of ethics, related to CSR, focus on the priorities of a positive change in legislation, government monitoring and control of compliance with environmental agreements, contracted in the companies related to their operations.
According to Vargas (2017), oil companies are economic and powerful entities that operate in developed and emerging countries, therefore, they must behave ethically, according to their social concerns. Although there are financial crises that affect their reputation, they have to focus on CSR, within the ethical framework of their actions and facing the demands of the sustainable global economy, as they are obliged to disclose their activities. Below is a summary chart of corporate objectives, strategies and actions of CSR in the Ethics and Business dimension, see table 8.

**Table 8**
Summary: Actions of CSR on the components of the Strategic Planning of the oil sector, Ethics and Business dimension

<table>
<thead>
<tr>
<th>Corporate objectives</th>
<th>Strategy</th>
<th>Actions and practices developed by CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate CSR models that promote the trust and reputation of companies.</td>
<td>Elaborate terms of sustainability for the communities.</td>
<td>Disclose ethical activities. Promote government-monitoring, control of compliance with agreements on environmental sustainability.</td>
</tr>
</tbody>
</table>

4. Limitations
This investigation is derived from an ongoing investigation carried out at the corporate level of a company in the Ecuadorian oil sector. This paper is of exploratory and descriptive level, presented as a systematic review of the literature, with the development of a qualitative methodological perspective and deductive method to establish the results and conclusions. The results presented cannot be generalized for all companies in the oil sector that operate in the world. However, in this sense, the results can serve as a reference in future research related to the strategic implications and actions of CSR in the management context of the oil sector, from the environmental, economic, social and ethical dimensions.

5. Conclusions
This research concludes that the multidimensional perspective of CSR in the oil industry includes factors and conditions intermingled with the reputation indexes. These allow the development of planning in the social, economic-financial, ethical-productive and environmental processes or dimensions, which are exercised within the framework of strategic management practices and decision-making. It is also evident that the strategic management developed in these corporations connects and interacts with stakeholders from the implemented actions of the CSR, and this promotes the strengthening of the organizational content of these companies in the industrial sector by making their operations sustainable.

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