

ILE COMPETITION
AND COMPANY LAW
JOURNAL

VOLUME 1 AND ISSUE 1 OF 2023

INSTITUTE OF LEGAL EDUCATION



ILE Competition and Company Law Journal
(Free Publication and Open Access Journal)

Journal's Home Page – <https://cclj.iledu.in/>

Journal's Editorial Page – <https://cclj.iledu.in/editorial-board/>

Volume 1 and Issue 1 (Access Full Issue on – <https://cclj.iledu.in/category/volume-1-and-issue-1-of-2023/>)

Publisher

Prasanna S,

Chairman of Institute of Legal Education (Established by I.L.E. Educational Trust)

No. 08, Arul Nagar, Seera Thoppu,

Maudhanda Kurichi, Srirangam,

Tiruchirappalli – 620102

Phone : +91 94896 71437 – info@iledu.in / Chairman@iledu.in



© Institute of Legal Education

Copyright Disclaimer: All rights are reserve with Institute of Legal Education. No part of the material published on this website (Articles or Research Papers including those published in this journal) may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher. For more details refer <https://cclj.iledu.in/terms-and-condition/>



CSR Initiatives in Mid-Stream and Down-Stream Sector

Author - Shravani Gupta, Student at University of Petroleum and Energy Studies, Dehradun

Best Citation - Shravani Gupta, CSR Initiatives in Mid-Stream and Down-Stream Sector, *ILE Competition and Company Law Journal*, 1 (1) of 2023, Pg. 34-44, ISBN - 978-81-961120-6-6.

Abstract

Recently, scholars and leadership have vowed to give the CSR domain and its intended conclusions more important thought. Because there is no widely accepted explanation, some people refer to it as a concept, a technique, or a hypothesis, while others call it an action or a collection of exercises.

CSR has also been listed under a plethora of names. For instance, depending on the intended allusion, words like "corporate citizenship," "global citizenship," "corporate social responsiveness," "key charity," and "otherworldly free enterprise" may occasionally be employed. Therefore, those who intend to study or incorporate the training into their company practises are confused by these names and translations.

In order to address the social and environmental effects of a company's daily activities, CSR has emerged as a crucial strategy. These organisations externalities are predicted to increase rapidly, and as a result, many of the most difficult problems in the world can be addressed with their help (education, change in climate, poverty, and greenhouse effect, to name a few). This article pragmatically investigates if CSR can live up to the rising expectations from businesses. It does this by looking into an industry that has consistently been at the centre of the growth of CSR: the oil and gas industry. This report thoroughly examines the main businesses from both developed and emerging economies in order to examine the potential of CSR for tackling the significant difficulties.

Introduction

In order to address the social and environmental effects of a company's daily activities, CSR has emerged as a crucial strategy. One needs to consider whether CSR is able to address the bigger issues given the rising expectations from firms in this area. The purpose of this study is to examine the potential and restrictions of CSR in helping to address larger social "challenges."

One of the industries leading the charge for CSR is the oil and gas industry. This is mainly because oil projects have clear negative effects, such when they leak and cause widespread opposition from affected people, civic organisations, and social groupings. There are notable contrasts between companies in several different economic sectors and oil and gas companies like Shell and BP, which may be becoming more well-known and environment-focused. Failures include oil ship accidents like the Exxon Valdez, domestic unrest like the Shell-hating unrest in Nigeria, and the involvement of oil companies in violations of human rights, like Chevron in Columbia. Such events, which are typically publicised by the media, have a global impact.

In contrast to businesses in a variety of other sectors, oil companies give CSR more consideration and have stronger relationships to their local communities. This is demonstrated by the unexpected growth of corporate norms and social disclosure in American and European businesses alike, as well as in any semblance of Petro bras, Indian Oil, and Kuwait Petroleum. Oil companies have also learned about genuine



global initiatives like the Global Compact of the United Nations and the Extractive Industries Transparency Initiative of the UK government. Some multinational oil firms have invested more money in sustainable power sources as a choice source of income and have led environmental-focused initiatives¹¹⁰.

Additionally, initiatives for network improvement have been initiated, supported, and fully carried out by oil organisations. They have helped to create schools and medical facilities, advance neighbourhood SHGs and small-scale credit schemes, and support teenage work activities, particularly in developing countries. They are interested in partnerships with established development agencies, such as the United Nations Development Program (UNDP) and the US Agency for International Development (USAID), while utilising the creativity of Non-Governmental Organizations (NGOs) to actualize development-driven projects at the local level.

Given the importance of CSR initiatives, the oil and gas industry serves as a case study to examine how much CSR growth might alter internal corporate best practises. The most important perception, however, focuses on how unevenly CSR has been adopted inside the firm. BP and Shell are often regarded as industry leaders in corporate social responsibility. They have been at the forefront of genuine global CSR initiatives like the Global Compact and the Global Reporting Initiative (GRI). They have emerged as key participants in the development of renewable energy sources and have persisted in fighting carbon dioxide emissions to reduce their overall carbon footprint. The improvements of multinational corporations like Shell and BP have consistently stood out from those of Exxon, a business that is about the same size but has a general lack of social and environmental commitment.

According to oil organisations' investigations on CSR, businesses who are most concerned with it are likely to expand globally, become more dependent on international financial markets, and maintain their global notoriety. This might help to clarify things like how firms like Brazil's Petrobras, which is expanding its global reach, are becoming increasingly committed to CSR efforts. It's interesting to note that businesses from other developing countries, like China and Malaysia, still don't fully understand CSR. PetroChina continues to invest in the most harsh practises, such as those in Burma and Sudan, where the true international oil companies have long withdrawn due to concerns about human rights.

One must keep in mind that state-owned firms from non-Western countries like Russia, Iran, and Saudi Arabia, rather than firms like BP and Shell, control the majority of the world's oil and gas. Unquestionably, only five national oil companies in the Middle East—the National Iranian Oil Company, Saudi Aramco, Sonatrach of Algeria, Kuwait Petroleum, and Abu Dhabi National Oil Company—control a significant share of the world's known oil and gas reserves. The top fifty oil and gas companies in the world, including six of the ten largest, are all state-owned.

Literature Review

Evidence from global oil firms demonstrates the unfulfilled promise of CSR, according to Jędrzej John Frynas:

The study concentrated on the topic that there are fundamental issues with private companies' ability to deliver development and the desire to accomplish more general development goals through CSR. This essay does not argue that the failure of some business initiatives undermines CSR. NGOs and development offices, while their unmatched capacity for formative learning, also have a number of failed advancement initiatives. The convergence of open assistance, like petrodollars, is claimed to have "asset revile" effects, while assistance delivery has come to

¹¹⁰ WBCSD. (n.d.). CSR: Meeting changing expectations. Retrieved from <https://growthorientedustainableentrepreneurship.files.wordpress.com/2016/07/csr-wbcd-csr-primer.pdf>



rely on NGOs, private contractors, and others, which can dismantle administrative systems¹¹¹.

This study has several limitations because it only focuses on one aspect of CSR—local public development projects—and does not in-depth explore other aspects of CSR work, including areas like ecological remediation or human rights. In any case, this centre allows us to think about the requirements of current CSR methodologies since local community assistance is seen as the primary corporate responsibility in various developing countries. The business case, or the fact that all CSR strategies must be subservient to corporate objectives, may be the main obstacle to the development of CSR as a profession. This essay makes the argument that benefit-boosting cognitive processes are frequently at odds with excellent improvement practise rather than questioning firms' right to profit. In addition, this study has identified a few CSR difficulties, including the inability to include recipients of CSR, the lack of HR, the social mindsets of oil company employees, and the impossibility to integrate CSR projects into larger advancement models.

Peter Utting and Kate Ives' essay, "The Politics of CSR and the Oil Industry,"

This paper argues that international authorities as well as local communities have the wrong idea about the CSR efforts made by the oil and gas industry.

Considerable differences in institutional settings and other important factors that influence CSR and organisational behaviour have led to significant changes in responses within organisations. According to the author of this essay, the political leadership of the nation also plays a role in the implementation of CSR successfully.

In the sense of enhancing the influence of particular actors and alliances, the struggle for the future entails both bringing the state back and regaining it. For this, it will be necessary to acknowledge some of the real flaws in civil society activism, such as the need to diversify the role of NGOs in social development, governments, and established political processes, as well as to create more stable and objective alliances between northern and southern associations and systems.

This paper also makes the case that successful CSR implementation is not always simple and requires a number of steps, including legal bindings, commitment to community development, political connections, and government statutory approvals. As a result, there is a lot of politics involved in the entire process of successful CSR implementation.

Christin L. Anderson and Rebecca L. Bieniaszeska's study, "The Role of CSR in an Oil Company's Development into New Territories," Oil Industry Politics and CSR: Peter Utting and Kate Ives

The environment of the oil industry demands that it be proactive, socially conscious, and function in a morally and naturally friendly manner.

The focus of this analysis is on how CSR fits into BP's overall business strategy, its practises in relation to oil expansions in the Faroe Islands, as well as the advantages of using CSR as a crucial component of business approach when operating in new industries and social contexts.

Ahmad Ahmadian, Colorado State University-Pueblo, USA, Today, Tomorrow, and the Future Shazad Khosropour, Chapman University, United States

The report discusses the advantages and disadvantages of CSR initiatives and focuses on CSR tactics in the oil and gas industry. Additionally, it describes the past, present, and

¹¹¹ Kielmas, M. (n.d.). Pros & cons of CSR. Small Business. Retrieved from <http://smallbusiness.chron.com/pros-cons-corporate-social-responsibility56247.html>



future success strategies for an oil firm to apply CSR successfully.

There are regions of the world where society does not believe that the government should be the primary provider of social welfare or where governments have never been very good at responding to popular desires. Governments and society may ask organisations to enter the rupture in such circumstances. IOCs have taken away considerable assets from those countries that are unable to pay attention to environmental and local community issues while taking into account the ecological and social costs. Furthermore, it is clear that foreign oil companies have suffered reputational damage as a result of their disregard¹¹².

CSR in the Oil and Gas Industry: The Importance of Reputational Riskm-David Spence

The work done by oil and gas companies is not only complex on a social and political level, but also on a technical one. Organizations in the oil and gas industry serve a strong and constant general interest in their products. For their legitimate permits to collaborate, IOCs must occasionally rely on corrupt, ineffective, or unreliable governments in the interim. IOCs usually operate in the background of stubborn social conflicts as well as their own inherited focus on societal needs and concerns. Over the past several years, the government, NGOs, and neighbours have sustained and supported the development of better and more sophisticated CSR projects. Therefore, the search for and production of oil and gas will inevitably result in environmental costs and social challenges.

S.S. NTUKEPO, "Oil Companies and CSR in Nigeria: An Empirical Assessment of Chevron's Community Development Projects in the Niger Delta,"

¹¹² Luo, X., & Bhattacharya, C.B. (2006). CSR, customer satisfaction, and market value. *Journal of Marketing*, 70(4), 1-18. doi: <http://dx.doi.org/10.1509/jmkg.70.4.1>

The worry of oil-rich networks in Nigeria's Niger Delta and the predictable ramifications for the national economy are addressed in this study, which has sparked several arguments about the application of CSR. Despite various attempts by the administration to create a calm environment between the host networks and the oil organisations, the heightened stress, fomentation, and emergencies in the area have persisted. The host communities continue to disagree with the oil firms despite the oil companies' claims that they are doing what is necessary to bring advancement to the villages as part of their CSR¹¹³.

In three oil networks in the Niger Delta, the CSR efforts of one of the oil companies, Chevron, were examined in a graphic evaluation.

150 emotional pioneers from three networks were specifically selected to participate in the study. CSR Project Assessment Instrument (CSRPAI) was used to create the information. The findings show that despite Chevron's community development efforts being deeply rooted in the three networks, the residents did not find them to be aesthetically pleasing or adequately relevant to their needs. The investigation's recommendations included a basic audit of Chevron's CSR efforts and including host societies in their conception and execution to ensure that they were relevant to the needs of the beneficiaries¹¹⁴.

CSR Activities in Oil and Gas Industry

Due to its past egregious mishaps that have negatively impacted the community and environment, the oil and gas sector is particularly well-known and even somewhat infamous. It is impossible to dispute the oil and gas organisations basic dedication to advancing both technology and society. The undeniable opposing evidence, such as oil spills and the ensuing protests by local residents and

¹¹³ McElhaney, K. (2009). A strategic approach to CSR. *Leader to Leader*, 2009(52), 30-36. doi: 10.1002/ltl.327

¹¹⁴ McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). CSR: Strategic implications. *Journal of Management Studies*, 43(1), 1-18. doi:10.1111/j.1467-6486.2006.00580.x



groups representing the general public, partially explains why the oil and gas industry has evolved into one of the key endeavours in promoting CSR. The most notable example that cannot be ignored is the BP oil spill in the Gulf of Mexico in 2010, which was the worst oil spill disaster in US history and had an oil spill size that was typically more than the Exxon Valdez accident in Alaska in 1989. Different incidents include opposition to Shell in Nigeria and BP's involvement in abuses of human rights in Columbia.

Sustainable Business Introduction, Additionally featured are global CSR initiatives like the Extractive Industries Transparency Initiative of the UK Government and the United Nations Global Compact. Since the oil and gas resources of the geologies are likely exhausted, a small number of international oil organisations have invested in sustainable power sources as an optional source of income. Additionally, oil companies collaborate with development organisations like the USAID and UNDP, as well as approve NGOs and professional consultants, to handle the advancement projects on the ground.

Natural gas emissions, land clearing, and oil and gas deposits are frequently found close to areas with high natural decent variety and biological vulnerability, such as rain forests, mangroves, and secured national parks, in 35 emerging economies, which present additional ecological risks for oil and gas activities. Therefore, oil and gas companies must submit their honesty and viability with regard to financial, social, and environmental issues in a widely disseminated CSR disclosing. In order to enable extensive monitoring, organisations should gradually itemise their backups, locations of employment, and budgetary announcements. It is necessary to introduce debasement avoidance strategies and programmes. It is necessary to provide pay, eminences, and inspected accounts that adhere to international accounting standards.

The overview of the environmental impact of oil and gas firms, together with any mitigating measures, is shown in the table below.

Extension and interest in environmental considerations have significantly increased and accelerated, including larger-scale challenges like climate change and biodiversity. Additionally, compared to other divisions, these corporations use the highest level of external confirmation for their ecological reports. The majority of the world's oil and gasoline are claimed by nation-owned organisations, including those from Iran, Saudi Arabia, and Russia, which are no longer Western nations. CSR is primarily developed with the assistance of global oil firms. Oil companies, which are increasingly concerned with CSR because to their dependence on global reputations and markets that are expanding all the time. Organizations from some of the developing nations are rumoured to not have fully embraced CSR in the interim. Taking a brief glance at oil and gas in Europe, European businesses are becoming more aggressive in the low-carbon sector, investing more in alternative energy sources and zero-emission era (including battery improvement and CCUS).

90% of Fortune 500 companies use CSR, and the oil industry has not been excluded from this trend, which has been growing quickly since it began. The fact that many companies involved in the oil industry make up a sizable portion of the Fortune 500 companies speaks to how important CSR has become as a concept. As we look more closely at the CSR considerations carried out within the organisation, the goals underlying this definition—which encompasses quality administration as well as benchmarking—become increasingly clear. The various definitions of CSR hint to the association's ability to adopt methods that address the prosperity of its workers, society, and community.

90% of Fortune 500 companies use CSR, and the oil industry has not been left out of this trend



that has been growing swiftly from its inception. The fact that many companies involved in the oil industry make up a sizable portion of the Fortune 500 companies speaks to how important CSR has grown to be for the company. When examining the petroleum sector, CSR somewhat contradicts its very own definition. The various definitions of CSR all in some way refer to an organization's ability to understand practices that address the prosperity of their employees, society, and community. The world's largest oil and gas companies are represented in the graph below, sorted by revenue (2017). transforming for the company. When considering the oil industry, CSR competes equally with its very own¹¹⁵.

When examining the impact of CSR on an organization's execution, studies in the past have shown contradictory results. While some studies have suggested that CSR has a positive impact, others have suggested that it has a negative outcome. This war is said to have resulted from inadequate or outdated estimate techniques used to evaluate a company's "total performance." A significant majority of earlier studies that concluded that CSR had a negative impact on how well an organisation operated used the method of fully calculating productivity & profitability in the short term for which CSR was implemented. People are the connection's sensible value (i.e., the notional motivating force for the broad masses), and this constrained the gainfulness models that have evolved over time. Market price has been shown to have an impact on an office's chances for improvement as well as managed productivity. Concentrates from the years 2007, 2010, 2012, 2013, 2015, and 2017 have demonstrated that CSR has a favourable impact on the tendencies of clients, customers, merchants, financial analysts, partners, and job applicants.

In conclusion, observational findings show that financial professionals will likely invest in businesses that emphasise socially responsible operations. In addition to increasing customer loyalty and dependability, CSR has the potential to generate "additional capital," which could improve worker productivity, morale, and performance. For determining results, a study was conducted on the effects of CSR on Iran's oil industry (which has the second-largest reserves of oil and fuel in the world), and the outcomes were somewhat anticipated. Within the oil industry, it has been expected that there will be a substantial correlation between CSR and indoor quality outcomes. This is a direct result of the fact that, in theory, nurturing excellence allows oil corporations to charge higher costs while still increasing profit. Additionally, improving internal quality results in less waste, more effectiveness, and a wider distribution of the appearance of resources, which benefits productivity over the long term (Parast and Adams, 2012). This quality improvement also encourages customer loyalty, encouraging greater client devotion, which improves sales and benefit. These benefits for oil put it ahead of the fierce cost-funds competition, making CSR increasingly crucial for the company.

Advantages of CSR activities in Mid-Stream and Down-Stream Sector

The operations of the oil firm will be significantly impacted, so the industry is actively participating in CSR-related activities, which has pros and cons of its own. Long-term operations of the oil and gas business can be benefited by adhering to the law and providing a sustainable environment. These actions can also minimise overall risk and governmental regulatory pressure. However, doing so can raise the company's overall OPEX.

Legally speaking, CSR can be used in the areas of waste management, environmentally sound solutions, pollution prevention and management, reporting, and analysis of various

¹¹⁵ Minor, D., & Morgan, J. (2011). CSR as reputation insurance: Primum non nocere. *California Management Review*, 53(3), 40-59. Retrieved from <http://nrs.harvard.edu/urn-3:HUL.InstRepos:22836595>



concerns affecting society and the general populace.

It is critical to comprehend the intricate laws and processes that must be followed in everyday operations because businesses must adhere to all legal requirements and are watched closely by the public and the government. In turn, it reduces the possibility of becoming involved in legal proceedings such as lawsuits, closures, liability claims, and increases the company's actual production.

Applying CSR benefits businesses by enhancing their goodwill and reputation, which is especially important for those in the oil and energy industries. A company's ability to manage and increase brand value is strongly correlated with the efficacy of its marketing and public relations efforts, and a bad reputation can be harmful to its operations since it can reduce networking opportunities and credibility in the corporate world. The oil leaks from BP and ExxonMobil are a good illustration of how one careless move in terms of ecological sustainability and balance may damage a company's reputation for a very long time.

The media nowadays does not flatter anyone, and the BP oil disaster should be covered in full as a warning to these business titans not to skip out on protecting the environment. Because of the development of correspondence technology and the combination of honesty in the oil industry and consistent customer association, all viewpoints and activities carried out by a corporation can be observed by the general public. By engaging in CSR activities, organisations are less likely to make mistakes like these oil spills, which later contribute to their brand value in subsequent years¹¹⁶.

CSR also lessens governmental regulatory pressure, which is another benefit. When oil firms refuse to accept environmental responsibility, society looks to the government

to control the businesses. The government's tool for limiting innovation and industrial operation is to impose restrictions and regulations on these defaulting businesses. CSR enables businesses to have their own creative space and eliminates pressure from government regulation because it incorporates the practise of self-regulation. The businesses can then claim influence over planning, carrying out, and reporting their operations as well as maintaining environmental sustainability (Spence, 2011). Oil businesses can safeguard their influence and dominance inside their organisation and sector by upholding a high standard of CSR.

The benefits that accrue over a long time are the last of the perks. It is crucial for businesses to consider the long-term effects of CSR on their operations in addition to its immediate benefits in the here and now. Regarding the oil sector: CSR entails preserving a healthy living environment and perhaps investing in the state of the operational region. Oil firms frequently extract and conduct business in many different parts of the world, including developing nations. The organisation enhances the environment in which its employees or prospective employees will be contributing by engaging in ethical business practises. Exercise of CSR will recruit and keep better employees because workers normally want to work in a society with the least amount of pollution and in uncontaminated working environment.

Reporting environmental information lessens stakeholder burden and trust deficits. It's crucial to uphold sincere and genuine relationships with other businesses within a supply chain. For a variety of reasons, one of which is to uphold their own good reputation, people prefer to collaborate with organisations that have a good reputation. An oil company's long-term success might be severely impacted by losing the business of a customer, supplier, or partner. CSR therefore offers oil firms a significant benefit. CSR places a strong emphasis on fostering a positive work environment and maintaining

¹¹⁶ O'reilly, L. (2013). Microsoft has best global reputation. Marketing Week. Retrieved from <https://www.marketingweek.com/2013/10/03/microsoft-hasbest-global-csr-reputation>



partner trust. Consequently, the long-term advantages of CSR for oil industry operations are essentially limitless.

Only a handful of the general benefits of CSR have been mentioned previously in relation to how oil industry businesses operate.

The performance, value, and future of a company are all significantly impacted by the numerous risks that this sector entails. Continuously implementing CSR will lessen those predetermined dangers, provide businesses more control (by alleviating governmental pressure), and benefit the economy's future growth.

Disadvantages of CSR activities in Mid-Stream and Down-Stream Sector

Despite the fact that CSR has many benefits for the oil industry, there are also some drawbacks. CSR asks the use of resources, including time, that may be difficult for businesses to allocate. The difficulty of implementing CSR and the oil companies' commitment to taking part in CSR in both developed and developing nations are the two drawbacks being discussed in this field.

When attempting to implement CSR, there are a few barriers in the oil business that must be overcome¹¹⁷. The key to successful CSR execution is knowledge. When running a business, it is important to understand the many laws and regulations that apply in various states and countries.

This comprises the time and financial resources used by the company to create and update frameworks for shifting priorities. Additionally, organisations may adopt views that are primarily focused on CSR and its support. There are problems because smaller firms lack the resources or funding for formal CSR offices, while larger organisations have trouble implementing CSR strategies. There are several

rules in force for the reporting of CSR regulations. This makes it more difficult to implement CSR because reliable detailing throughout an organisation necessitates a coordinated approach. In contrast to smaller businesses, larger companies will also need more money to adopt trainings and procedures, which will reduce the profit for their investors.

Task procedures will need more time allocated for people involved in the CSR commitment, since successful CSR implementation requires improved reporting and more strategic planning. The C-suite must focus on both their future actions and how those actions will affect society in the future. Planning will likely need to become an all-encompassing process to ensure that instructions are followed and that errors won't happen. A significant amount of time will need to be dedicated to the process in order to detail these means. This is the main criticism level led at CSR implementation, which explains why many firms have legitimate reservations about CSR initiatives. Organizations must put out more effort in both planning and informing all partners about the organization's activities. CSR requires more time and money from the organisations trying to implement it, which creates barriers and initial burdens that must be endured.

The practise of CSR plans for international oil firms reveals another another complication, one that necessitates keen insight and forethought. It is very difficult for oil companies to implement CSR and moral principles across the association because to the prevalence of various convictions in various countries. For instance, some countries encourage child labour and uphold less favourable working conditions than the country where the organisation was founded. This poses the dilemma of deciding whether to adhere morally to the laws of the organization's own country or to those of the host country. Due to the fact that there are multiple standards, there is an enormous amount of uncertainty in global business that

¹¹⁷ Parast, M., & Adams, S. G. (2012). CSR, benchmarking, and organizational performance in the petroleum industry: A quality management perspective. *International Journal of Production Economics*, 139(2), 447-458. doi:10.1016/j.ijpe.2011.11.033.



makes it difficult for oil companies to adopt CSR while operating in different countries¹¹⁸.

For oil companies, dealing with not only the region of their country of origin but also their host nations, in addition to the difficulty of execution, is a disadvantage. The majority of countries want businesses established there to expand to a level of CSR similar to that which they practise domestically (particularly in the oil sector). The environment is the primary concern, with little regard for the home country or the host country. Oil corporations are responsible for adhering to local government laws and regulations as well as those of the host country. Because CSR must be implemented throughout all operating geographies, it becomes challenging to maintain in the oil industry. This is a huge burden because it calls for more resources, flexibility, and knowledge.

A few young nations' citizens think their governments are corrupt. According to research, organisations that collaborate with these legislators get a bad reputation among the people of that country and perhaps even in their own country of origin. Royal Dutch Shell began looking for oil in Nigeria in the 1950s, and the sovereignties paid to the country went to its corrupt government rather than its citizens. This earned the group a terrible reputation. When Shell recognised its societal impact and tainting, it began to make efforts to mitigate its detrimental impact on its host nation. When Shell began utilising CSR, its reputation had already reached an unrecoverable position, and its projects in Nigeria were greatly impacted. Nigerians began aggressively protesting and occasionally turning violent, which brought to a disastrous PR invasion for Shell.

Human rights organisations fought Shell, and in the end, groups of people harmed by Shell's actions received \$15.5 billion in settlements

between 2007 and 2009. Governments are absent, and as a result, the authorities who could impose limitations on international oil companies become the targets of the ire and grievances of the inhabitants of the host nation. This example shows that businesses must maintain CSR in both their home country and the countries where they operate. As previously said, this training continues to consume more resources from the firm, maybe as a result of the enormous difficulties that CSR poses, particularly for global organisations.

The implementation of CSR is primarily what is causing problems. The crucial planning that must be done in order to accept global social responsibility will take a lot of time. If the oil organisation has not taken into account certain significant external & internal aspects in the execution of CSR, such as the environment, people, local communities, etc., the drawbacks should also be taken into consideration when discussing the benefits.

CSR: Issues in Implementing

Civic policy and business strategy are typically the two main drivers of CSR, however there are additional lifting levers available, such as public pressure, values, etc. Since the businesses are a part of society, they are aware of the needs and interests of the general populace. This suggests that organisations are more motivated to produce positive results while minimising the effects of those that might have an impact on society as a whole. Business strategy considers costs and benefits as a lever for CSR. Budgets, such as cash, assets, and labour, are often expected to go along with any new proposal, but given the uncertainty surrounding CSR, these costs are now significantly riskier. However, a growing number of corporate executives believe that a crucial approach to CSR gives businesses the upper hand. CSR can be used to distinguish a company from its competitors by highlighting customer and representative goodwill. CSR can also be used in a preventative manner. An organisation

¹¹⁸ Reputation Institute. (2013). Global CSR RepTrak® 100: Top line report. Retrieved from <https://www.rankingthebrands.com/PDF/CSR%20RepTrak%20100,%202013%20Reputation%20Institute.pdf>



might compel its competitors to participate in CSR by effectively implementing CSR practises. CSR aids in positioning businesses and proactive management of both risk handling and utilisation of resources.

The variety of current endeavours makes it difficult to choose the kinds of activities that businesses should engage in.

While it may be reasonable for an organisation in the oil industry to incorporate elements into their products or manufacturing processes that lessen their adverse effects on the environment, the same cannot be stated of an organisation in the finance sector. Globalization is a fundamental problem that surrounds the application of CSR techniques. "Business models and benchmarks, managerial frameworks, and partner enthusiasm for CSR can fluctuate liberally across various nations, sectors, and lines of business," according to the statement, is uncertain.

The variety of CSR activities that are available to businesses makes it alluring to participate in them all. Regardless, it would be incorrect to link every association to every CSR initiative. In any case, businesses should look for social and natural solutions that they can partially guarantee. For instance, Ford Motor Company's support for AIDS control (social advancement), commendable though it may be, has no direct connection to the association's core competency; manufacturing cars and trucks. Supporting any CSR initiative that focuses on alternative or green fuel for the automotive industry is a better option¹¹⁹.

So when did CSR start to actually be taken into account? Ford's opportunity was undoubtedly attracting attention to CSR, but not enough to spark a meaningful discussion about the concept. One could argue that the societal changes of the 1960s were what really resolved

matters. Among the major changes that had an impact on CSR were "social liberties, women's rights, consumer rights, and ecological development." Natives had doubts about their leadership, organizations, and the vague "establishment" throughout this time. People were continuously becoming aware of the importance of human rights and the necessity to protect the fragile biology. The general public and the minds involved in the development contributed to the formation of CSR. Organizations might never again ignore social differences and the pressure to adopt CSR viewpoints, practices, and techniques.

Conclusion

The remarkable ability of CSR to address environmental challenges is significant. Corporate environmental contributions are significantly improving the environment and sparking the development of novel eco-friendly technologies that are leading to noticeable advancements made by a select few businesses. The operationalization of specialist aptitude and specialised administrative know-how greatly aids ecological improvements and thwarts ecological problems. Natural activities produce a win-win situation since they lessen the negative ecological consequences of organisations while also increasing their profits through improved resources and development¹²⁰.

In contrast, CSR has little ability to address problems related to community development & governance. Organizations stand to gain significantly from improved community relations and administration: losses resulting from employee unhappiness, fewer bribes, improved brand reputation, and the absence of resistance from local communities. Improvements in human development and governance could have a significant positive impact on the host countries in the form of more private investment, improved public services, higher educational standards, and

¹¹⁹ Rwabizambuga, A. (2007). Negotiating CSR policies and practices in developing countries: An inspection of the knowledges from the Nigerian oil sector. *Business & Society Review*, 111(3), 407-430. doi: 10.1111/j.1467-8594.2007.00302.

¹²⁰ Ibid.



improved human capital. However, firms typically fail to effectively address network growth, and they appear reluctant to address management-related concerns. Thus, it was impossible to effectively and efficiently harvest what seemed to be low hanging fruit.

According to this article, there are two major reasons why international oil associations fail to adequately address organisation and progress issues. First off, the "business case for CSR" (i.e., the use of social initiatives to further corporate goals) places restrictions on the positive effects such initiatives can have on society as a whole. Comparing the environment's problems to those of poverty or local community development, the business case has greater potential to address these problems. Second, multinational corporations fail to acknowledge the full extent of their interactions with society and the government, and they don't take responsibility for significant scale-level issues, which relate to the industry's overall effects on the entire population.

While associations undoubtedly engage in political influence, they will universally reject the option of engaging in a lucrative activity to monitor organisational dissatisfactions. In general, CSR trades seem to have little organisational discourses and comprehensive level solutions for challenging societal concerns. In any case, without addressing governance, CSR initiatives won't be able to address some of the most important social and environmental challenges.

On the other hand, there are limitations on how much companies can do to improve governance. On the other hand, when the government is prepared to assist, a group with a strong financial position might be very potent. It is obvious how BP may influence Azerbaijan's open approach by providing the government with expert advice. On the other side, when faced with government resistance, a group may be weak. For instance, the legislatures of Venezuela and Russia recently curtailed the

operations of the largest offshore oil companies, effectively dispossessing some of Shell, BP, and Exxon's advantages¹²¹. The significant distinction between Venezuela and Russia on the one hand, and Azerbaijan on the other, highlights the importance of governance for the achievement of CSR efforts.

¹²¹ Id 4.