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Increasing the social responsibility of oil and gas companies in the context of the green economy formation: Russian and Western experience

Abstract

Purpose: is to prove that the level of corporate social responsibility (hereafter CSR) of large gas and oil companies can be improved. This is a necessary condition for providing sustainable development of these companies. <...>

Methods: the authors conducted a comparative and iterative analysis of the CSR development process of four major Western and four major Russian oil and gas companies.

Results: large oil and gas companies around the world are deeply involved into the implementation of various areas of CSR in different directions to ensure long-term sustainable development. Our analysis showed that CSR areas are different and correspond to the basic set of CSR activities. There are more advanced activities, though this applies only to individual companies. Oil companies have demonstrated certain features in their CSR practice, such as the variety of issues being addressed, the

wide presence of intersectoral partnerships, and interaction with social entrepreneurs. However, not all companies are equally involved in the implementation of CSR.

Conclusions and Relevance: the results of research allow us to determine the main reserves for improving the competitiveness of the analyzed companies. The practical application of the results of this study is possible in the field of corporate governance, strategic planning for oil and gas companies. The results of the study are also of interest from the point of view of the development of scientific ideas about modern ways of implementing corporate social responsibility and the specifics of its implementation in the oil and gas industry.

Keywords: corporate social responsibility, sustainable energy development, renewable energy resources, green economy, oil and gas companies

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Повышение социальной ответственности нефтегазовых компаний в условиях становления зеленой экономики: российский и западный опыт

Аннотация

Цель настоящей статьи состоит в обосновании возможности повышения уровня корпоративной социальной ответственности (КСО) крупных нефтегазовых компаний. Это становится необходимым условием обеспечения устойчивого развития таких компаний, поскольку, с одной стороны, новая парадигма их развития предполагает переход к низкоуглеродным технологиям, а, с другой стороны, их основная производственная деятельность связана с эксплуатацией природных ресурсов, что неизбежно приводит к определенными негативным экологическими последствиями, и, в свою очередь, становится одной из причин необходимости развития зеленой экономики.

Методы. Авторы осуществили сравнительный и итеративный анализ процесса развития КСО четырех крупнейших западных и четырех крупнейших российских нефтегазовых компаниях.

Результаты работы. Крупные нефтегазовые компании по всему миру в значительной степени вовлечены в реализацию различных направлений КСО для обеспечения долгосрочного устойчивого развития. Проведенный анализ показал, что направления КСО различны и в целом соответствуют как базовому набору мероприятий КСО, так присутствуют и более продвинутые мероприятия, но это касается лишь отдельных компаний. Нефтяные компании продемонстрировали определенные особенности в своей практике КСО, такие как разнообразие решаемых вопросов, широкое присутствие межсекторальных партнерств, взаимодействие с социальными предпринимателями. Однако не все компании в одинаковой степени вовлечены в реализацию КСО.

Выводы. Результаты исследования, изложенные в статье, позволяют определить основные резервы повышения конкурентоспособности анализируемых компаний. Практическое применение результатов представленной работы возможно в области корпоративного управления и стратегического планирования для нефтегазовых компаний. Также результаты исследования представляют интерес с точки зрения развития научных представлений о современных способах реализации корпоративной социальной ответственности и особенностях ее реализации в нефтегазовой отрасли.

Ключевые слова: корпоративная социальная ответственность, устойчивое развитие энергетики, возобновляемые энергетические ресурсы, «зеленая» экономика, нефтегазовые компании

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Introduction

Currently, the dependence of the economy on social and environmental factors is becoming more and more obvious. Scientists describe this dependence within the framework of the concept of green economy, which is often associated with the concept of sustainable development [1]¹.

<...>

A review of the literature and a comparative analysis of Russian and foreign experience in implementing socially responsible activities will allow identifying and summarizing the best practices of the oil and gas sector, identifying key trends and criteria for corporate social responsibility of oil and gas companies.

Literature Review

Corporate social responsibility includes a wide range of activities. Even though CSR has been actively covered in the academic literature over the past 70 years, researchers have published few articles on CSR in the energy sector...

<...>

In practice, CSR is widely recognized and implemented by energy industry companies not only in Russia, but also around the world [12, 13]. It can be assumed that the high level of attention of oil and gas companies to CSR is due to the desire: 1) achieve higher organizational loyalty of the staff [14], 2) fulfil certain environmental obligations [15], 3) legitimize their activities [16], 4) meet the expectations of the public – as a compensation for the impact of the company's main activity of an ambivalent industry on the environment [17], 5) to avoid risks associated with violation of the law (for example, in 2001 ExxonMobil paid \$11.2 million in compensation for damage caused by illegal dumping of pollutants containing benzene into New York

¹ Kozhevina O.V., Belyaevskaya-Plotnik L.A. Formation of Models of «Green» Entrepreneurship Based on Market Segmentation, Taking into Account the Principles of Responsible Consumption. *MIR (Modernization. Innovation. Research)*. 2022; 13(1):111-125. <https://doi.org/10.18184/2079-4665.2022.13.1.111-125>; Izmailova M.A. Sustainable Development as a New Component of Corporate Social Responsibility. *MIR (Modernization. Innovation. Research)*. 2021; 12(2):100-113. <https://doi.org/10.18184/2079-4665.2021.12.2.100-113> (accessed: 01.01.2022) (In Russ.)

reservoirs, and in concealing information about the violation occurred², and in 1998, the company spent \$4.8 million on damage compensation and environmental restoration after selenium was dumped into San Francisco Bay³).

<...>

Materials and Methods

For the current research aims we selected four Russian (Gazprom, NOVATEK, Rosneft, LUKOIL) and four major Western international oil and gas companies (ExxonMobil (American), Royal Dutch Shell (British-Dutch), Total (French) and BP (British)).

<...>

In accordance with the methodology of case studies [25], our initial analysis consisted of analysing data on specific cases and searching for cross-models. Each company was analysed separately and then subjected to a comparative analysis. After that we used iterative analysis [25].

Results

During the research process, we came to a number of important conclusions. Oil companies have demonstrated certain features in their CSR practice, such as the variety of issues being addressed, the wide presence of intersectoral partnerships, and interaction with social entrepreneurs.

However, not all companies are equally involved in the implementation of CSR. This can be seen not only by the number of activities implemented within the framework of achieving the SDGs, but primarily by the quality of such activities according to the highlighted levels of CSR.

<...>

Table 7 shows that not all companies adhere to generally recognized performance indicators in their reporting, such as the SDGs and ESG.

² ExxonMobil to Pay \$11.2 Million for Lying About Poison Waste. *New York Times*. 14.12.2001. URL: <http://www.nytimes.com/2001/12/14/nyregion/exxonmobil-to-pay-11.2-million-for-lying-about-poison-waste.html> (accessed: 14.01.2022) (In Eng.)

³ Corporate Watch. 2021. URL: <http://www.corporatewatch.org/?lid=295> (accessed: 14.01.2022) (In Eng.)

Table 7

Mentioning the degree of achievability of the SDGs and ESG criteria in official reports on socially oriented activities

Таблица 7

Упоминание в официальных отчетах о социально ориентированной деятельности о степени достижимости ЦУР и критериев ESG

No	Company	SDG	ESG
1	Gazprom	+	—
2	Rosneft	+	—
3	Lukoil	+	+
4	NovaTEK	+	+
5	ExxonMobil	+	+
6	Royal Dutch Shell	+	—
7	Total	—	—
8	BP	+	+

Developed by the authors according to the materials posted on the websites of Gazprom, Rosneft, Lukoil, NovaTEK, ExxonMobil, Royal Dutch Shell, Total, BP.

Разработано авторами на основе данных, представленных на официальных сайтах компаний Газпром, Роснефть, Лукойл, НоваТЕК, ExxonMobil, Royal Dutch Shell, Total, BP.

<...>

Conclusions and Relevance

Large oil and gas companies around the world are deeply involved into the implementation of various areas of CSR due to ensure long-term sustainable development.

<...>

It is important to note that Western international companies are larger and much more focused on the internationalization of CSR. Russian companies are comparatively smaller and are mainly focused on the implementation of CSR at the national level. Thus, the scale of the organization really affects the external focus of CSR but does not affect the level of implementation of measures according to certain criteria, for example, social (both Shell and Lukoil support social entrepreneurs). At the same time, such a specific criterion as the number of personnel does not affect the degree of development of cross-cultural policy towards personnel. <...>

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Contribution of the Authors

Gusov A.Z. – development of the conception, planning the research, developing the methodology of analysis, developing the design of the research, formulation of the conclusion.

Lylova E.V. – analysis and synthesis of the relevant literature data, planning research models and methods, summarizing the results, editing the manuscript.

Kolganova E.V. – editing the manuscript in English, revision of the manuscript.

Eyeberdiyeva M.M. – gathering and systematization of the data for the investigation.

Вклад соавторов

Гусов А.З. – разработка концепции и планирование исследования, разработка методологии анализа и дизайна исследования, формулирование заключения.

Лылова Е.В. – анализ и обобщение соответствующих литературных данных, планирование моделей и методов исследования, обобщение результатов.

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