

The Effect of Corporate Social Responsibility on Corporate Performance in Oil and Gas Industry

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ARTICLE INFO

ABSTRACT

Article history:

Received 5 April 2019

Received in revised form 24 May 2019

Accepted 17 June 2019

Available online 7 July 2019

This article investigates the causal impact of corporate social responsibility (CSR) on corporate performance. Although the social and political issues are the root cause of the threat to sustainability development in the world, only corporations have the three essential components, namely resources, global reach and motivation, in order to achieve sustainability. From the economic distress and social challenges that Yemen is facing, it is very important to understand the complex connection and interdependence of CSR activities. Data were collected by means of self administered survey questionnaire. A total of 339 usable responses were obtained from the employees working in three major oil and gas corporations in Yemen. The findings contribute to the literature of corporate communication to gain public legitimacy and corporate governance and develop a CSR model that explores critical dimensions in the management of corporate in Yemen Oil and Gas industry. The study result shows that CSR to employee dimensions play an important role in corporat performance. Corporate can achieve long term growth followed with maintaining effective CSR activities and achieve its reputation with an effective CSR strategies.

Keywords:

Corporate social responsibilities;
corporate performance; Yemen

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1. Introduction

Researchers have examined various justifications for the decisions taken by managers to spend efforts and time on enhancing corporate social responsibility (CSR). Numerous environmental issues hampered the growth of oil sector followed with lack of trust of foreign corporations [1]. Due to the limited response from the oil and gas corporates towards corporate social responsibility, there has been an imbalance in the relationship between industry and the employees along with affecting the emotional behavior and their engagement towards the organization [2]. The expectations of individuals in Yemen have increased and thus the welfare of the society have been the main concern for the organizations [3].

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Many studies have been conducted in CSR activities [4,5], but the majority of these studies paid more attention to the attitude and behavior of organization customers. For example many studies investigate effect of CSR on customer attitude and behavior [6-13]. While a less attention has been paid to investigate employee's perspective about CSR activities, although employees are primary stakeholders who directly contribute to the success of the company [14].

Majority of previous studies investigated employee's perspective about CSR and corporate performance, conducted in developed countries such as US, Europe [15] and different part of Asia [16-18], while a little attention has been paid in less developing countries and researcher don't found studies in Yemen. Therefore, literature found great lack of studies investigated the effect of CSR activities on performance of oil and gas industry.

Therefore, the main research question this study will answer is: To what extent the oil and gas industry perceives to perform CSR activities pertaining to economic responsibilities, environmental responsibilities, social responsibilities and philanthropic responsibilities in order to increase corporate performance?.

2. Theoretical Underpinnings

The CSR theories align the instrumentalist approach arguing CSR values with the economic reality of the organization towards the employees. Crediting Carroll's having developed pyramid model of CSR consisting of interrelated aspects: corporate's economic, legal, ethical and philanthropic responsibilities, this study focuses on economic, social, environmental and philanthropic responsibilities as CSR activities identifying its impact on corporate performance.

According to Carroll [3] the CSR firms should obey the law, be ethical and be a good corporate citizen and make a good profit. Carroll recognized that this model was imperfect and subject to criticism on the basis that there are inherent tensions between a corporation's responsibilities. Carroll conceded that the most critical tensions would be between the economic and legal, economic and ethical, and economic and philanthropic responsibilities and that the economic traditionalist might see this as a conflict between a firm's concerns for profits versus its concern for the employee benefits.

CSR has transformed momentarily since Bowen [19] and the number of theories and terminologies has increased too approaching to CSR [20]. Since the 1950s there have been an increasing interest in business ethics and practices in the corporate environments [21]. By viewing CSR activities through the perspective of corporate culture and performance, this study adopts a resource based perspective on CSR and its influence on corporate performance, from employees perspective which is rarely investigated in CSR literature. Table 1 shows the theories based on CSR considered by previous studies.

To bridge the CSR activities and performance literature, an integrated research framework is developed to address antecedents, extant and implications in CSR studies. By examining antecedents and consequences simultaneously in the framework, this study is expected to improve the understanding of the importance of CSR activities in the development of the corporates and the employees. Following the early efforts of investigating the theoretical foundation of corporate performance using CSR activities [33], this study is expected to contribute to theoretical development linking CSR activities to corporate performance through corporate from employees perspective. From the theoretical underpinnings and empirical investigation of literature, it is confirmed that for the organization to be performing smoothly in the competitive market and to increase CSR activities are very crucial.

Table1

Selected Theories on CSR

| Authors and Year | Theoretical Perspectives | Results and Arguments |
|--------------------------------------|-----------------------------|---|
| Friedman [22] | Agency Theory | CSR is crucial for identifying the behavior of the managers towards their shareholder's wealth creation |
| Freeman [23] | Stakeholder Theory | Managers need to amend their policies in order to satisfy stakeholders instead of only shareholders. |
| Donaldson [24] | Stewardship Theory | Managers must do the right things without any regards to how such decisions affect firm performance. |
| Donaldson and Preston [25] | Stakeholder Theory | Moral and ethical dimensions of stakeholder theory are crucial for the engagement of firms with CSR |
| Jones [26] | Stakeholder Theory | CSR contributes to favorably influence the firm's relationship with important stakeholders. |
| Hart [27] | Resource-Based View | Environmental social responsibility plays an important role for the firms leading to a sustainable competitive advantage. |
| Jennings and Zandbergen [28] | Institutional Theory | For the sustainable organization, institutions play an important role in shaping the consensus within the firm. |
| McWilliams and Siegel [6] | Agency Theory | Due to supply demand perspective on CSR, firm's level of CSR can be determined by a cost-benefit analysis |
| McWilliams, Van Fleet, and Cory [30] | Resource-Based View | CSR initiatives are crucial for sustainable competitive advantage supported by political strategies. |
| Waldman, Siegel, and Javidan [31] | Strategic Leadership Theory | Firms engaged in CSR can have high influence due to leadership activity of CEO in the form of cost-benefit analysis. |
| Barnett [32] | Institutional Theory | In business, CSR must account for the path dependent nature of the firm-stakeholder relationship from time to time. |

3. Literature Review

3.1 Corporate Social Responsibilities (CSR)

Corporate Social Responsibility (CSR) is a concept that has attracted worldwide attention and acquired a new resonance in the global economy. Before the investigation to be performed there is question arises of the meaning of corporate to be socially responsible. According to the World Business Council for Sustainable Development (WBCSD) [34], CSR is the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities (World Business Council for Sustainable Development) [34]. Historically during the 1960s, CSR has emerged as a crucial social aspect that deals with economical as well as legal aspects of the businesses [3,35]. Thus in order to make the welfare of the employees, ethical and philanthropic acts has been designed to ease the drawbacks.

3.2 Economic Responsibilities

Economic individuals historically designed the corporate image as to provide goods and services to the civilians of the country. The main motive of such corporate is to make profits. Thus it was confirmed by the economists that the business organizations are the main source of the unit for the employees as their main job is to produce goods and service and distribute them to the employees for the sake of creating profit in the process.

Furthermore, Cetindamar [36] integrated economic and social responsibility to increase corporate participation on CSR activities in the future. They investigate corporate motivations for

participating in CSR activities and its impact on company performance. The result revealed that both economic and social dimensions of CSR activities are important. It was also found that when the relationship between the organization and the employee is considered, companies face a conflict of increasing shareholder and stakeholder's value. Furthermore, CSR also helps the organization to increase long term profits claiming CSR as a step towards a decent society. Companies must perform their role towards the employees that is ethically correct particularly when it comes to environmental issues.

Firms must understand the importance of CSR and the role of economic responsibilities as a strategy to curb situational contingencies in the dynamic and competitive environment. Pivato, Misani, and Tencati [37] were having similar view by illustrating importance of trust as mediator between CSR and firm performance. Similarly, Barnett [32] examined how contingency situation influence CSR and performance of the organization by setting out the constructs of stakeholder influenced capacity and found that the relationship between economic responsibilities and firm performance is highly influenced by the environmental and economic factors affect smart decisions that takes the company to greater heights. A contingency perspective in line with the optimal management depending on the environmental and economic conditions would allow the company to be more dependent and can influence firm performance. Firms in order to increase their financial performance must consider economic and social responsibilities simultaneously [38-40].

Recent studies like [16,41,42] claimed that financial and economic interests are the main reason to establish any business and are the key factors to influence survival of firms. Thus, it is hypothesized that:

H1: Corporates having economic responsibilities will lead to increase their performance

3.3 Environmental Responsibilities

The origin of the term CSR lies in the 18th century and was actually used in forestry. In those times, it was only allowed to cut down a certain number of trees so that a long-lasting protection of the tree population was guaranteed. In the course of this study an eco-friendly environment for the protection of resources. According to Elkington [43], companies should not only focus on enhancing its value by maximizing profit and outcome but concentrate on environmental and social issues equally.

Concepts of CSR criticize this point of view when it comes to social and environmental responsibilities. Of course, the economic perspective is important but a company also has a burden of environmental and social responsibilities to handle. Thus sustainable development is a concept where companies integrate environmental concerns into their business operations and interactions with their stakeholders. Oil and Gas companies have faced myriad environmental concerns for decades in a different form. If the managers make the decision on CSR activities due to their personal sense, then CSR is the right thing. However, the task of behaving responsibly is complicated for the modern oil and gas companies, due to environments, technical, legal, political, cultural, social and ethical in which they operate [44].

Several authors [6,45,46] have extended this concept of the demand for CSR so that a CSR strategy can be formulated to achieve sustain a competitive advantage. Economists like Bagnoli *et al.*, [47-49] believed of CSR as the private provision by firms of a local public good like social networks, community development or reduction of a pollution. This concept of the private provision of a public good is an important extension of the literature on strategic CSR. In an interesting extension of RBV, findings by McWilliams *et al.*, [30] suggested that firms can bundle political influence with CSR

strategies to raise regulatory barriers that prevent foreign rivals from using substitute technology including labor costs.

Thus the corporation response to call for sustainability has focused primarily on environmental sustainability. Corporate environmentalism includes environment management, industrial ecology, pollution prevention, optimum resource utilization and conservation of energy to address environmental issues within the large framework of corporate social responsibilities. Corporate environment can integrate economic, social and environmental issues as a part of the strategy for corporate decision making [50].

Furthermore, the interaction between the environment, society and the economy was produced as an opportunity by Elkington [43]. Clean technology and reduction of emission have arisen to economic environmental shear zone delivering best business outcomes with measurable benefits. Therefore, corporate efforts in environmental education are an outcome of the social-environmental shear zone, involving environmental literacy and training for the employees, customers, shareholders and other stakeholders. Issues between social and environmental zone create new problems such as environmental refugees, communities that are forced to find other means of existence resulting to corporate social responsibility, business ethics, human rights, and diversity.

However, even though environmental issues are important to address, but is a very complex task as environmental issues laid out as a series of packaged alternatives. Thus there is a need for grim reality in a corporate environment. The investment period of environmental improvement has come to an end in most of the industries and managers are finding new ways of environmental strategies but not all the strategies can be justified based on benefits to the environment and costs to the company [51].

H2: Corporates having environmental responsibilities will lead to increase their performance

3.4 Social Responsibilities

Company's commitment to social responsibilities in the management philosophy have already been able to explain sustainable development supporting corporate values [52]. From the three pillars of CSR, the social dimension is still the weakest pillar and has been neglected in discussions over the years in comparison to the other two aspects. Brent and Labuschagne [53] focused on sustainability criteria and design a comprehensive framework which is used to assess the social sustainability performance of projects, technologies or the company itself. Furthermore, Lehtonen [54] highlighted the economic-social interface due to the capability approach and social capital.

In CSR, the word social has always been inadequate and imprecise in a specific direction as to whom the corporation is responsible. According to the concept of stakeholder, social or societal responsibilities need to be considered in its CSR orientation. Thus, the stakeholder nomenclature puts names and faces on the societal members who are most urgent to business, and to whom it must be responsive. However, Davis [55] argued that social responsibility referred to business decisions and action taken beyond the firm's direct economic or technical interests. Furthermore, Frederick [56, 57] urges corporations to assume certain responsibilities to the employees which extend beyond their economic and legal obligations for broader social goals.

According to Friedman, the main goal of the management is to increase the profitability of its shareholders arguing that social issues are not the major concerns for the organization. The social issues need to be resolved through the free market systems. If the free market systems were unable to solve the social issues, then the government and legislation must attempt to solve them instead of the organization. Business is not for handling social activities and the managers do not need to have the necessary expertise for social skills and instead must be oriented towards finance and

operations [58]. The primary purpose of the business is diluted due to CSR and thus the adoption of CSR for the business will put them into fields of endeavor that are not related to the corporate goals. The next argument against CSR was the power handled by the organization such as social power is limited and by pursuing CSR, business will itself be less competitive globally. Even though there have been many arguments against CSR, it is noticed that CSR is the primary objective of the business and its concept is widely conceived.

Socially responsible firms believing on CSR have long term self-interest. This view holds that, if the business has a healthy business climate to function in the future long term sustainability of the business can be ensured. A similar argument in favor of CSR was of government regulation. Practically, when business fulfills employee's expectations, future government interventions can be forestalled with the business policies. Furthermore, according to Carroll and Buchholtz [59] CSR is based on anticipating, planning and initiating and is more practical with low cost in order to solve the social issues once they have surfaced.

Finally, it has been argued that business should engage in CSR because the public (society) strongly supports it. Today, it is believed that business must be responsible for their workers, communities and other stakeholders even if required to sacrifice some business profits for them [58].
H3: Corporates having social responsibilities will lead to increase their performance

3.5 Philanthropic Responsibilities

Philanthropy encompasses those corporate actions that are in response to employee's expectation that businesses be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions to financial resources or executive time, such as contributions to the arts, education, or the community. A loaned-executive program that provides leadership for a community's United Way campaign is one illustration of philanthropy.

The main difference between philanthropy and ethical responsibilities is that the former is not expected in an ethical or moral sense [60]. Communities desire firms to contribute their money, facilities, and employee time to humanitarian programs or purposes, but they do not regard the firms as unethical if they do not provide the desired level. Therefore, philanthropy is more discretionary or voluntary on the part of businesses even though there is always the societal expectation that businesses provide it.

One notable reason for making the distinction between philanthropic and ethical responsibilities is that some firms feel they are being socially responsible if they are just good citizens in the community. This distinction brings home the vital point that CSR includes philanthropic contributions but is not limited to them. In fact, it would be argued here that philanthropy is highly desired and prized but actually less important than the other three categories of CSR, In a sense, philanthropy is icing on the cake—or on the pyramid, using our metaphor.

Williamson *et al.*, [40] found that regulatory factors and cost reduction strategies of the firms drives to perform CSR activities. Firms who perform their operations under regulations would lack to deliver business performance [61]. Finally, business is expected to be a good corporate citizen. This is captured in the philanthropic responsibility, wherein the business is expected to contribute financial and human resources to the community and to improve the quality of life.

H4: Corporates having philanthropic responsibilities will lead to increase their performance

This study sets the theoretical framework for the performance of Oil and Gas Corporation. In order to achieve the overall objective of profitability and differentiation agency-stakeholder model

has been described. It has been also argued by previous studies that building relationship is closely linked to the establishment and maintenance of the corporate social relationship between the corporates and the employees. Thus considering the specification of Oil and Gas Corporation as a petroleum industry special attention is provided to the CSR activities performed by this organization in this study. Figure 1 shows the conceptual framework formulated for the study.

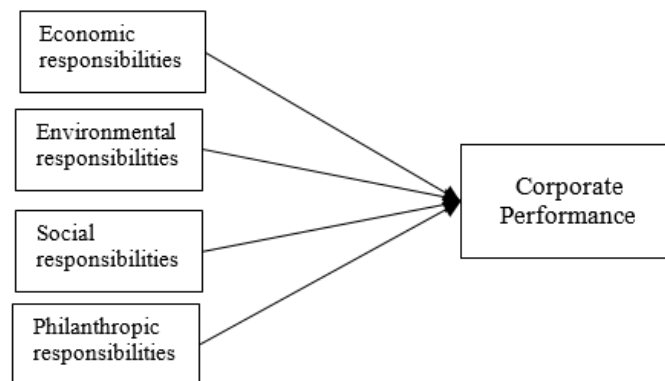


Fig.1. Conceptual Framework

This model is performed keeping in mind agency theory, stakeholder theory and stewardship theory explaining that different aspects of CSR and corporate performance. Therefore, this paper aims to contribute to the literature by highlighting the direct effect of CSR activities with the corporate performance in the context of Yemen. Here CSR activities play independent variables that will contribute increasing corporate performance. This model has corporate performance as dependent variables. employees are considered to be the best respondents as they can answer corporate performance as an internal entity. CSR activities for the employees are expected to play an important role in nurturing a corporate performance that is perceived to focus on employee development, harmony, and innovations.

4. Methods

4.1 Data Analysis

The study conducted a three-stage Structural Equation Modeling using the AMOS (version 24) model-fitting program was applied to validate the measurement of corporate social responsibility (CSR) and test its influence on corporate performance. The study ran a measurement model analysis and a full-fledged structural model to examine the adequacy of the hypothesized psychometric properties of the model as well as to the hypotheses of the study. The procedures employed satisfied the underlying statistical distribution theory, hence yielding estimates of defensible properties.

5. Analysis, Results and Discussion

5.1. Adequacy of Measurement Model

The measurement model of the study was conducted to examine the validity the model constructs. Confirmatory factor analysis (CFA) provided an acceptable fit with chi-square (X^2) = 238.413, degree of freedom (df) = 265, RMSEA = 0.000, comparative fit indicator (CFI) = 1.000 and TLI=1.009. However three items (one from environmental dimension, one from social dimension and one from philanthropic dimension) were deleted for not meeting the specification mentioned.

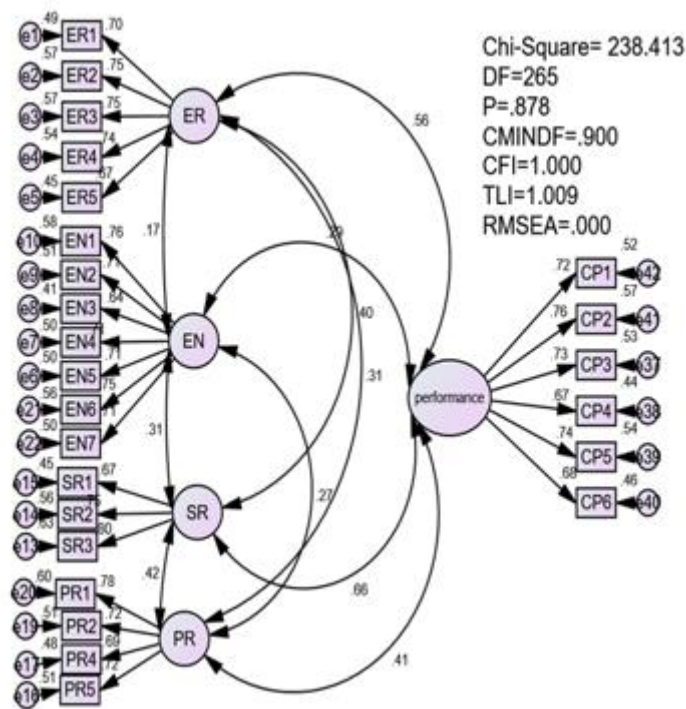


Fig. 2. CFA Results of Study Measurement Model

5.2 Convergent Validity and Reliability

The convergent validity and reliability were estimated using the standardized factor loadings for the final measurement model. It can be seen from Table 2 that the entire standardized factor loadings were above 0.6 values showing first evidence of convergent validity. Equally, t-value critical ratios were all outside the range of -1.96; 1.96 with the p-values less than 0.001 for every measurement item. This result indicates their statistical significance. In addition, the calculated composite reliability (CR) and average variance explained (AVE) values for each construct are equally presented in the Table 2. It can be seen that each factor of AVE is well above 0.5, while its corresponding CR is far above the threshold value of 0.7 and is more than the value corresponding to AVE. These outcomes revealed the fact that there is strong evidence of convergent validity among the constructs of the measurement model.

5.3 Divergent Validity

Divergent validity of the measurement model was equally estimated in the present study. The outcome of the divergent validity is presented in Table 3 showing the AVEs factors presented diagonally across the table. Meanwhile, inter-factor correlations are located below the diagonal of the table. It can be seen that the entire inter-factor correlations are below 0.8. This outcome provides a strong and desirable evidence of discriminant validity.

Table 2
 Standardized Factor Loadings

| Factor | Items | Factor Loading | S.E. | C.R. | P | AVE | CR |
|-----------------------|-------|----------------|------|--------|-----|-------|-------|
| Economic | ER1 | .701 | NA | NA | NA | 0.523 | 0.845 |
| | ER2 | .753 | .089 | 12.172 | *** | | |
| | ER3 | .753 | .090 | 12.175 | *** | | |
| | ER4 | .736 | .097 | 11.938 | *** | | |
| | ER5 | .668 | .094 | 10.963 | *** | | |
| Environmental | EN5 | .706 | NA | NA | NA | 0.508 | 0.878 |
| | EN4 | .710 | .092 | 11.985 | *** | | |
| | EN3 | .638 | .086 | 10.829 | *** | | |
| | EN2 | .711 | .091 | 12.002 | *** | | |
| | EN1 | .761 | .087 | 12.795 | *** | | |
| | EN6 | .748 | .089 | 12.581 | *** | | |
| | EN7 | .707 | .091 | 11.946 | *** | | |
| Social | SR3 | .795 | .106 | 11.299 | *** | 0.549 | 0.784 |
| | SR2 | .751 | .090 | 11.012 | *** | | |
| | SR1 | .672 | NA | NA | NA | | |
| Philanthropic | PR5 | .717 | NA | NA | NA | 0.527 | 0.816 |
| | PR4 | .690 | .103 | 11.051 | *** | | |
| | PR2 | .717 | .109 | 11.413 | *** | | |
| | PR1 | .777 | .105 | 12.092 | *** | | |
| Corporate Performance | CP3 | .727 | NA | NA | NA | 0.511 | 0.862 |
| | CP4 | .667 | .087 | 11.544 | *** | | |
| | CP5 | .737 | .079 | 12.748 | *** | | |
| | CP6 | .678 | .080 | 11.737 | *** | | |
| | CP2 | .757 | .074 | 13.096 | *** | | |
| | CP1 | .718 | .075 | 12.431 | *** | | |

Note: NA is for items with the weight fixed to 1, *** denotes p-value < 0.001

Table 3
 Divergent validity test outcomes

| | ER | EN | SR | PR | CP |
|----|--------------|--------------|--------------|--------------|--------------|
| ER | 0.723 | | | | |
| EN | 0.172 | 0.712 | | | |
| SR | 0.402 | 0.308 | 0.741 | | |
| PR | 0.305 | 0.274 | 0.422 | 0.726 | |
| CP | 0.560 | 0.290 | 0.659 | 0.408 | 0.715 |

Note: (i) Shown diagonally are the average variance extracted (AVEs) for each construct; below the diagonal is the correlation matrix

5.4 Adequacy of the Hypothesized Structural Model

After checking the psychometric properties of the measurement model in terms of the convergent validity discriminant validity and the reliability, the structural model was conducted to examine the influence of the dimensions of corporate social responsibility (economic, environmental, social and philanthropic) on corporate performance which addressed the four hypothesized relationships of the model i.e. H1, H2, H3 and H4 respectively. The hypothesized structural model showed consistency of the hypotheses with the data (normed Chi-square = .900; RMSEA = .000; CFI = 1.000; TLI=1.009). All these fit indices for the corporate social responsibility (CSR) and corporate performance model met the statistical recommended values which indicated a fitting structural hypothesized model.

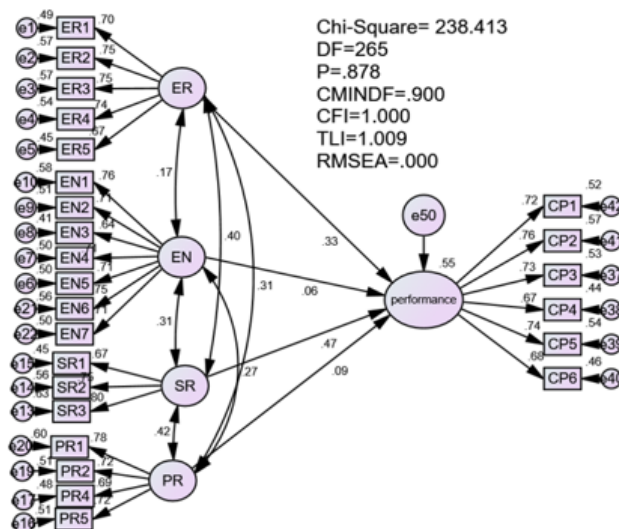


Fig. 3. The Hypothesized Model of the Study

Additionally, the analysis revealed that the four hypothesized relationships for the four exogenous variables, namely corporate social responsibility dimensions (economic, environmental, social and philanthropic) explained 55% of the variance of the corporate performance. Furthermore, the structural model assessment as shown in Table 4 provides the indication of the hypotheses test, namely estimates, t-values and p-values. According to these results, among the four hypotheses in the model, two relationship has turned out to be statistically not significant. These relationship between environmental dimension of CSR and corporate performance ($\beta = .064$, $t = 1.222$, $p > 0.05$) and between philanthropic dimension of CSR and corporate performance ($\beta = .091$, $t = 1.539$, $p > 0.05$). Nevertheless, the other two direct hypotheses were statistically significant at the level less than 0.001. These are relationships between economic dimension of CSR and corporate performance ($\beta = .333$, $t = 5.412$, $p < 0.05$) and between social dimension of CSR and corporate performance ($\beta = .467$, $t = 6.259$, $p < 0.05$).

Four hypothesis specifying conditions to find a relationship between the constructs were derived from the conceptual framework and tested using SEM from a study of 339 employees working in oil & gas companies in Yemen. Hypothesis one investigating the direct effect of economic responsibilities on corporate performance accounted for $\beta = 0.333$, T-value = 5.412, $p = 0.000$, respectively. This confirmed the first hypothesis for the study. However, the hypothesis two investigating the relationship between environmental responsibilities and corporate performance was found to be not significant at $\beta = 0.064$, T-value = 1.222, $p = 0.222$. The third hypothesis

investigating the relationship between social responsibilities and corporate performance was found to be significant at $\beta = 0.467$, value = 6.259, $p = 0.000$, respectively. Fourth hypothesis investigating relationship between philanthropic responsibilities and corporate performance was also found to be not significant at $\beta = 0.091$, T-value = 1.539 $p = 0.124$.

Table 4
 Direct Hypotheses Testing Result of structural Model

| Hypo | Exog | → | Endo | β | T-Value | P-Value | Status | Result |
|------|------|---|------|---------|---------|---------|--------|---------------|
| H1 | ER | → | P | .333 | 5.412 | .000 | Sig | Supported |
| H2 | EN | → | P | .064 | 1.222 | .222 | N.S | Not Supported |
| H3 | SR | → | P | .467 | 6.259 | .000 | Sig | Supported |
| H4 | PR | → | P | .091 | 1.539 | .124 | N.S | Not Supported |

Recent studies confirmed that corporates in order to survive in the competitive and turbulent environment need to enhance their organizational knowledge and increase firm’s ability to innovate [62]. Corporate culture may be particularly tends to increase value and competitiveness. Previous studies like Skerlavaj and Lee; Leal Rodriguez et al [63,64] From the conceptualization of underpinning theories and relevant literature on CSR activities and its influence on performance, it can be concluded that firms that are able to provide CSR activities to their employees to reconfigure and renew their existing CSR benefits will obtain superior operational effectiveness and competitive advantage followed with the efficient work environment. Top managers in the organization should keep in mind that providing CSR activities to their employees would guarantee to increase their trust and commitment along with guaranteed corporate performance. Initiating the investigation of corporate performance is just the first step in the continuous process of realizing value from CSR activities. by examining the relationship variables, the performance of the corporates can be examined and retained which in turn can lead the firm to increase their profitability and gain competitive advantage.

6. Discussion and Conclusions

The findings of this study represent a step beyond previous CSR research, which has reported a direct linear relationship between CSR and corporate performance. This study develops a research model that links CSR activities and corporate performance. The reconceptualized model generated garners the most citations within the research topic.

The current work suggests that corporates in order to improve their performance need to fulfill their CSR responsibilities and take all the stakeholders together. Nevertheless, the concept of increasing profitability against the broader concept of corporate success has been a key issue for the organization’s sustainable growth. Organization and the employees may serve better through strategic CSR. Majority of the studies on CSR revolved around the corporate financial performance. CSR usage builds a strong relationship between employees and managers to achieve better corporate performance. Therefore, as a starting point, it is predicted that CSR activities will have a direct relationship with corporate performance.

The CSR model provides clear insights for the managers in the organization to think about the CSR activities for the employees. The CSR activities would play a unique role in increasing corporate

performance. This paper adds to the view that CSR activities offer the much needed window of opportunity that can connect employees and help the organizations to capitalise their ideas.

Under competitive pressures, managers need to take into consideration the effect of organizational actions including corporate responsibility in order to retain valuable and non-substitutable human resources. In concluding, the results of the study shows that employees prefer to work in socially responsible, corporates are positively affected by CSR to society, natural environment, next generations, non-governmental organizations, employees, and customers. In future research, the effect of Yemen's traditional culture on the CSR should be pointed out. Because stakeholder pressure influences the CSR practices directly, it is suggested that the Yemen government should develop CSR-related regulations designed to encourage companies to adopt CSR practices. Additionally, given the key role of the organizational culture, the Yemen government should help companies promote their own CSR-oriented culture as well.

The implication for HR managers are very clear. This study provides theoretical and practical basis to explore the innovative activity of CSR as part of their culture. In order to get competitive advantage in the oil and gas sector, corporate performance must enhanced by the means of CSR activities. Hence any policy that aims to enhance corporate performance promotes new knowledge and trust paving the way for economic growth and innovation.

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