



**CORPORATE SOCIAL RESPONSIBILITIES AND CORPORATE
PERFORMANCE THROUGH WORK ETHICS AND AFFECTIVE
COMMITMENT IN ADNOC**



DOCTOR OF PHILOSOPHY

2024



Institute of Technology Management and Entrepreneurship

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Abdulla Mohamed Alantali

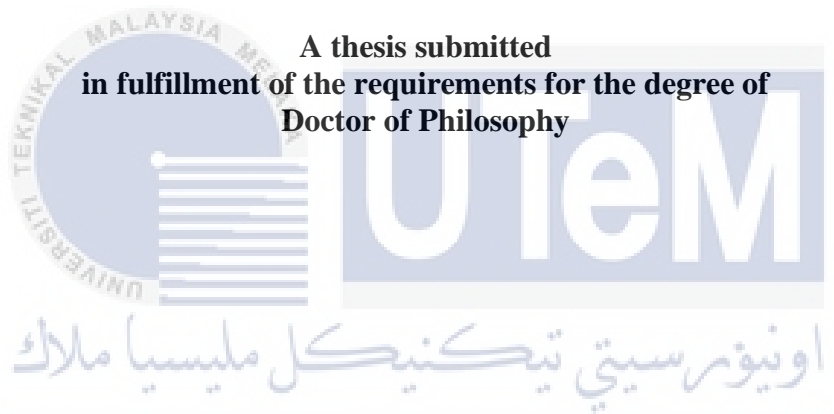
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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2024

DEDICATION

In the name of Allah, the Most Gracious, the Most Merciful.
Praise be to Allah, by whose grace good deeds are accomplished, and may peace and blessings be upon our Master Muhammad and all his family and companions.
To everyone who supported me and stood by my side during my studies and scientific research, may the peace, mercy and blessings of Allah be upon you.

I extend my deepest gratitude and heartfelt appreciation to everyone who supported and assisted me throughout my scientific career. Your unwavering encouragement and motivation were vital in helping me achieve my goals.

This work is lovingly dedicated to the most inspiring individuals in my life, my soul and heart: my beloved father, Mohamed Ahmed Alantali; my dear mother, Fatma Abdulla Alsuraidi; and my cherished grandmother, Shaikha Khameis Alsuraidi. May God have mercy on their souls, as they passed away during my studies. They were my greatest pillars of support from the very beginning, and I owe them an immense debt of gratitude and appreciation. May Allah grant them Paradise and reward them for all they have given me.

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To my dear children, Mohamed, Shaikha, Fatma, and Nora, thank you for your understanding and patience during my busy periods of studying. You are the greatest motivation for my success.

My great supervisor, Datuk Assoc. Prof. Dr. Su'aidi Dato' Safei, guided me with his vision in the use of CSR for Corporate Performance.

To my colleagues and friends, who did not hesitate to extend their helping hands and assistance, thank you for your support and encouragement throughout this long journey.

I pray to Allah to grant you all success and to make what you have given me a part of your good deeds. Thank you all from the bottom of my heart.

May the peace, mercy, and blessings of Allah be upon you all.

ABSTRACT

The importance of Corporate Social Responsibility (CSR) to Abu Dhabi National Oil Company (ADNOC) lies in its potential to enhance corporate performance, stakeholder relationships, and company reputation. However, practical gaps exist in understanding the specific issues related to the implementation and effectiveness of CSR initiatives within the UAE's oil and gas sector. Additionally, theoretical gaps persist in the integration of employee affective commitment and work ethics into the CSR performance nexus. This study investigates the influence of Corporate Social Responsibility (CSR) on corporate performance within Abu Dhabi National Oil Company (ADNOC), focusing on the mediating roles of affective commitment and the moderating roles of work ethics. While CSR practices are widely recognized for their impact on stakeholder relationships and company reputation, the specific dynamics of how CSR interacts with employee affective commitment and work ethics within the context of the UAE oil and gas sector remain underexplored. This research aims to fill these practical and theoretical gaps by examining the direct and indirect effects of CSR on corporate performance at ADNOC. The study was motivated by the practical challenges of implementing CSR in a leading oil and gas company in the UAE, where the effectiveness of these initiatives in enhancing corporate performance has not been sufficiently documented. Theoretically, the research addresses gaps by integrating affective commitment and work ethics into the CSR performance nexus, areas that previous studies have often overlooked. This approach allows for a deeper understanding of the internal mechanisms through which CSR activities influence overall corporate outcomes. Employing a quantitative research design, this study gathered data from 381 employees across various departments at ADNOC using a structured questionnaire. The responses were analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) to test the proposed theoretical model. The findings reveal that CSR activities significantly enhance corporate performance, with affective commitment mediating and work ethics moderating these effects in specific domains such as economic, environmental, and philanthropic responsibilities. The results underscore the importance of strategically aligned CSR activities that not only focus on external compliance and achievements but also foster internal commitment and ethical standards among employees. Theoretically, this study contributes to the literature by highlighting the critical roles of affective commitment and work ethics as pivotal elements that enhance the effectiveness of CSR initiatives in improving corporate performance. Practically, it provides insights for policymakers and management at ADNOC and similar organizations to refine their CSR strategies, ensuring they effectively contribute to both social goals and corporate success. This research bridges the identified gaps by demonstrating how integrated CSR approaches can lead to enhanced corporate performance, providing a model for other firms in the industry and broader UAE market to replicate for improved sustainability and stakeholder engagement outcomes.

TANGGUNGJAWAB SOSIAL KORPORAT DAN PRESTASI KORPORAT MELALUI ETIKA KERJA DAN KOMITMEN AFEKTIF DALAM ADNOC

ABSTRAK

Kajian ini menyelidiki pengaruh Tanggungjawab Sosial Korporat (CSR) terhadap prestasi korporat dalam Abu Dhabi National Oil Company (ADNOC), dengan menumpukan pada peranan pengantaraan komitmen afektif dan peranan moderasi etika kerja. Walaupun amalan CSR diakui secara meluas kerana kesannya terhadap hubungan pemegang taruh dan reputasi syarikat, dinamik khusus bagaimana CSR berinteraksi dengan komitmen afektif pekerja dan etika kerja dalam konteks sektor minyak dan gas UAE masih belum banyak dikaji. Kajian ini bertujuan untuk mengisi jurang praktikal dan teoretikal ini dengan mengkaji kesan langsung dan tidak langsung CSR terhadap prestasi korporat di ADNOC. Kajian ini dimotivasikan oleh cabaran praktikal dalam melaksanakan CSR di sebuah syarikat minyak dan gas terkemuka di UAE, di mana keberkesanan inisiatif ini dalam meningkatkan prestasi korporat belum didokumentasikan dengan cukup. Secara teoretikal, kajian ini mengatasi jurang dengan mengintegrasikan komitmen afektif dan etika kerja ke dalam nexus prestasi CSR, bidang yang sering diabaikan oleh kajian terdahulu. Pendekatan ini memungkinkan pemahaman yang lebih mendalam tentang mekanisme dalaman di mana aktiviti CSR mempengaruhi hasil korporat secara keseluruhan. Dengan menggunakan reka bentuk penyelidikan kuantitatif, kajian ini mengumpul data daripada 381 pekerja di pelbagai jabatan di ADNOC menggunakan soal selidik yang terstruktur. Respons dianalisis menggunakan Pemodelan Persamaan Struktural Partial Least Square (PLS-SEM) untuk menguji model teoretikal yang dicadangkan. Penemuan menunjukkan bahawa aktiviti CSR meningkatkan prestasi korporat secara signifikan, dengan komitmen afektif sebagai perantara dan etika kerja sebagai moderator kesan ini dalam domain tertentu seperti tanggungjawab ekonomi, alam sekitar, dan filantropi. Hasilnya menekankan kepentingan aktiviti CSR yang selaras secara strategik yang tidak hanya fokus pada pematuhan dan pencapaian luaran tetapi juga memupuk komitmen dalaman dan standard etika di kalangan pekerja. Secara teoretikal, kajian ini menyumbang kepada literatur dengan menonjolkan peranan kritikal komitmen afektif dan etika kerja sebagai elemen penting yang meningkatkan keberkesanan inisiatif CSR dalam memperbaiki prestasi korporat. Secara praktikal, ia memberikan wawasan untuk pembuat dasar dan pengurusan di ADNOC dan organisasi serupa untuk menyempurnakan strategi CSR mereka, memastikan mereka secara efektif menyumbang kepada kedua-dua matlamat sosial dan kejayaan korporat. Penyelidikan ini menjembatani jurang yang dikenal pasti dengan menunjukkan bagaimana pendekatan CSR yang terintegrasi dapat membawa kepada peningkatan prestasi korporat, menyediakan model bagi syarikat lain dalam industri dan pasaran UAE yang lebih luas untuk meniru bagi meningkatkan kelestarian dan hasil penglibatan pemegang taruh.

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LIST OF ABBREVIATIONS

ADDCAP	-	Abu Dhabi Drilling Chemicals and Products
ADGAS	-	Abu Dhabi Gas Liquefaction Company
ADMA	-	Abu Dhabi Marine Areas
ADNATCO	-	Abu Dhabi National Tanker Company
ADNOC	-	Abu Dhabi National Oil Company
ADNOC Onshore	-	Abu Dhabi National Oil Company Onshore
ADOC	-	Abu Dhabi Oil Company
ADPC	-	Abu Dhabi Petroleum Company
ADPPOC	-	Abu Dhabi Petroleum Ports Operating Company
ADPPOC	-	Abu Dhabi Petroleum Ports Operating Company
GASCO	-	Abu Dhabi Gas Industries Company
GDP	-	Gross Domestic Product
GoF	-	Goodness of Fit
SDG	-	Sustainable development goals
SEM	-	Structural Equation Modelling
SPSS	-	Statistical Package for the Social Science
UAE	-	United Arab Emirates
VIF	-	Variance Inflation Factor

LIST OF PUBLICATIONS

Alantali, A., and Safei, S., 2022. Impact of corporate social responsibilities on corporate performance through work ethics and affective commitment with ADNOC oil and gas in the UAE, *International Journal of Professional Business Review*. Open Access, 3(4).

Alantali, A., and Safei, S., 2022. Impact of corporate social responsibilities on corporate performance: A review, *International Journal of Professional Business Review*. Open Access.

Alantali, A., and Safei, S., 2024. The impact of corporate social responsibilities on corporate performance within ADNOC oil and gas industry in UAE. Scientific Research Publishing House (SRPH). *Journal of Applied Management and Agile Organisation*. Open Access. (ISSN: 2717-2163). sjamao 2024; 6 (3) :1-6. <http://sjamao.srpub.org/article-7-211-en.html>



CHAPTER 1

INTRODUCTION

1.1 Introduction

As a foundation for the research, a brief introduction is provided of corporate social responsibility (CSR), affective commitment, work ethics and corporate performance in the context of oil and gas company, at the United Arab Emirates (UAE). Following this is a problem statement related to the specified topic, research questions, and objectives based on the problem statement. This chapter also discusses the research's significance, scope, and limits. In the end of this chapter, the framework of the overall thesis will be provided.

1.2 Background of the study

Corporate social responsibility (CSR) has evolved significantly over time, gaining prominence in both academic literature and corporate practices. CSR refers to the idea that companies should go beyond profit maximization to consider the broader impacts of their actions on society and the environment. The concept of CSR has its roots in the early 20th century but gained substantial traction in the 1950s and 1960s when scholars like Howard Bowen began to formalize the idea that businesses have a responsibility to society (Carroll, 1999). Today, CSR is seen as a crucial element of corporate strategy, encompassing activities such as environmental stewardship, social equity, and economic development.

The history of CSR can be traced back to the early 1900s, but it wasn't until the mid-20th century that the concept began to take shape in its modern form. Bowen's seminal

work in 1953, “Social Responsibilities of the Businessman,” is often cited as the birth of CSR, highlighting the idea that businesses have an obligation to pursue policies and make decisions that are desirable in terms of the objectives and values of society (Bowen, 1953). The 1970s and 1980s saw further development in CSR theories, with frameworks such as Carroll’s CSR Pyramid, which articulated the responsibilities of businesses to be profitable, obey the law, be ethical, and be good corporate citizens (Carroll, 1991).

The importance of CSR has continued to grow as stakeholders increasingly expect companies to address social and environmental issues. This is particularly relevant in the oil industry, which has significant environmental and social impacts. The oil industry is known for its substantial contributions to greenhouse gas emissions, environmental degradation, and socio-economic disruptions in the regions where it operates (Frynas, 2009). Consequently, CSR practices in this sector are crucial for mitigating negative impacts, enhancing corporate reputation, and ensuring long-term sustainability.

In the context of the oil industry, CSR encompasses a wide range of activities, including reducing carbon emissions, protecting biodiversity, ensuring the health and safety of workers, and supporting local communities. These initiatives are not only essential for regulatory compliance but also for maintaining a social license to operate, which refers to the ongoing approval and acceptance of a company’s operations by its stakeholders (Prno and Slocombe, 2012).

The United Arab Emirates (UAE) has emerged as a leader in integrating CSR into business practices. Unlike the Western conceptualization of CSR as a voluntary activity, the UAE has moved towards mandatory CSR regulations, reflecting the government's commitment to sustainable development and social welfare (Bergsma, 2019). The UAE's Vision 2021 outlines the country's goals for sustainability, economic diversification, and

social development, all of which are supported by robust CSR policies (UAE Vision 2021, 2018).

The oil and gas sector is a cornerstone of the UAE's economy, holding 4% of the world's proven oil reserves and 3.5% of proven gas reserves (BP Statistical Review of World Energy, 2020). ADNOC, as the national oil company, plays a pivotal role in this sector and has integrated CSR into its core operations to align with national and international sustainability goals. ADNOC's CSR strategy focuses on three main pillars: economic growth, social responsibility, and environmental stewardship (ADNOC Sustainability Report, 2022).

ADNOC's CSR initiatives are comprehensive and include efforts to enhance energy efficiency, reduce greenhouse gas emissions, and promote social welfare. For instance, ADNOC has invested in carbon capture and storage (CCS) technologies to reduce its carbon footprint and is committed to minimizing gas flaring, a significant source of emissions in the oil industry (ADNOC Sustainability Report, 2022). These initiatives are crucial for meeting the UAE's commitments under the Paris Agreement and contributing to global efforts to combat climate change.

On the social front, ADNOC's CSR activities include community development programs, healthcare initiatives, and educational projects. The company supports local communities through job creation, infrastructure development, and social services, aiming to improve the quality of life for its employees and the wider population (ADNOC Sustainability Report, 2022). These efforts are aligned with the UAE's Vision 2021, which emphasizes the importance of social cohesion and community well-being (UAE Vision 2021, 2018).

However, despite these initiatives, there are challenges in measuring the full impact of ADNOC's CSR activities. Comprehensive assessments and transparent reporting are

essential to demonstrate the effectiveness of these initiatives. This includes detailed evaluations of how CSR efforts contribute to economic stability, environmental sustainability, and social well-being (Doe and Patel, 2022).

The oil and gas industry faces unique challenges when it comes to CSR. These challenges include managing the environmental impact of exploration and production activities, ensuring the safety and well-being of employees, and maintaining good relationships with local communities (Frynas, 2009). In the case of ADNOC, these issues are compounded by the need to balance economic growth with environmental sustainability and social responsibility.

One of the key issues in CSR for oil companies is the transparency and accountability of their operations. Stakeholders, including investors, regulators, and the public, demand clear and credible information about the environmental and social impacts of oil and gas activities. This requires companies to adopt robust reporting frameworks and engage in continuous dialogue with stakeholders (Frynas and Yamahaki, 2016).

In the UAE, the integration of CSR into business operations is influenced by cultural, economic, and regulatory factors. The concept of CSR in the UAE is closely linked to Islamic principles, which emphasize social justice, charity, and environmental stewardship (Qasim et al., 2019). This cultural context shapes the way CSR is perceived and implemented in the region.

ADNOC has made significant strides in incorporating CSR into its corporate strategy, but there is still room for improvement. Enhancing the transparency of CSR reporting, conducting comprehensive impact assessments, and ensuring that CSR initiatives are integrated into the core business strategy are critical steps for ADNOC to maintain its leadership in sustainable development (ADNOC Sustainability Report, 2022).

Work ethics and affective commitment are critical variables that influence the success of CSR initiatives. Work ethics refer to the moral principles that guide the behavior of individuals and organizations in their professional activities. A strong ethical foundation is essential for fostering a culture of integrity, accountability, and social responsibility within an organization (Kumari and Afroz, 2019). In the context of CSR, work ethics ensure that companies not only comply with regulatory requirements but also go beyond compliance to create positive social and environmental impacts.

Affective commitment, on the other hand, refers to the emotional attachment and identification that employees have with their organization. High levels of affective commitment are associated with greater job satisfaction, lower turnover rates, and enhanced organizational performance (Meyer and Allen, 1991). In the context of CSR, affective commitment can motivate employees to actively participate in CSR initiatives and contribute to their success. When employees feel a strong emotional connection to their organization, they are more likely to support its CSR goals and engage in socially responsible behaviors (Kumari and Afroz, 2019).

ADNOC recognizes the importance of fostering a strong ethical culture and enhancing employee commitment to achieve its CSR objectives. The company has implemented various programs to promote ethical behavior and build a sense of belonging among its employees. These include training and development programs, ethical leadership initiatives, and employee engagement activities that align with the company's CSR goals (ADNOC Sustainability Report, 2022).

The oil and gas industry is often scrutinized for its environmental and social impacts, making CSR a critical area of focus. Companies in this sector face several challenges in implementing effective CSR practices. These include managing the environmental impact

of their operations, ensuring the safety and well-being of their employees, and maintaining good relationships with local communities (Frynas, 2009).

Environmental challenges are particularly significant for oil companies. Exploration and production activities can result in environmental degradation, including habitat destruction, water pollution, and greenhouse gas emissions. To address these challenges, oil companies are increasingly adopting sustainable practices and investing in technologies that minimize environmental impacts. For example, ADNOC has implemented carbon capture and storage (CCS) technologies to reduce its carbon footprint and is committed to minimizing gas flaring (ADNOC Sustainability Report, 2022).

Social challenges are also critical for oil companies, particularly in regions where their operations can have significant impacts on local communities. Ensuring the health and safety of workers, providing fair wages, and supporting community development are essential components of CSR in the oil industry. ADNOC's CSR initiatives include healthcare programs, educational projects, and community development activities that aim to improve the quality of life for its employees and local communities (ADNOC Sustainability Report, 2022).

Despite these efforts, there are challenges in measuring the full impact of CSR activities. Comprehensive assessments and transparent reporting are essential to demonstrate the effectiveness of these initiatives. This includes detailed evaluations of how CSR efforts contribute to economic stability, environmental sustainability, and social well-being (Doe and Patel, 2022).

In addition to these challenges, there are opportunities for oil companies to enhance their CSR practices. These include leveraging new technologies to improve environmental performance, engaging with stakeholders to better understand their needs and expectations,

and integrating CSR into core business strategies to drive long-term sustainability (Frynas and Yamahaki, 2016).

ADNOC has taken several steps to address these challenges and leverage opportunities for enhancing its CSR practices. The company has implemented a comprehensive sustainability strategy that focuses on reducing environmental impacts, promoting social welfare, and supporting economic development. This strategy is aligned with the UAE's Vision 2021 and the global Sustainable Development Goals (SDGs) (ADNOC Sustainability Report, 2022).

One of the key elements of ADNOC's sustainability strategy is its commitment to transparency and accountability. The company regularly publishes sustainability reports that provide detailed information on its CSR activities and their impacts. These reports are verified by independent auditors to ensure their accuracy and credibility. By enhancing the transparency of its CSR reporting, ADNOC aims to build trust with stakeholders and demonstrate its commitment to sustainable development (ADNOC Sustainability Report, 2022).

In addition to transparency, ADNOC is also focused on continuous improvement in its CSR practices. The company regularly reviews and updates its sustainability strategy to ensure that it remains aligned with evolving stakeholder expectations and regulatory requirements. This includes setting ambitious targets for reducing greenhouse gas emissions, improving energy efficiency, and supporting community development. By continuously improving its CSR practices, ADNOC aims to maintain its leadership in sustainable development and contribute to the UAE's long-term goals (ADNOC Sustainability Report, 2022).

In conclusion, CSR is a critical component of corporate strategy for companies in the oil and gas industry, particularly in regions like the UAE where sustainability and social