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CSR Approach: *«Quot homines, tot sententiae».* Corporate social responsibility practices of the oil and gas companies operating in the Arctic.

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Abstract

The thesis is built around two phenonena – Corporate Social Responsibility and the Arctic. The immense resource potential of the Arctic region turned it into a vast industrial frontier. Petroleum sector is now a major industrial actor in the Russian and Norwegian Arctic. In fact, its role exceeds just the role of the legitimate taxpayer. Oil and gas companies are assigned with the wider scope of duties and responsibilities that go beyond simple compliance with the legal requirements. This gradually encompassing CSR agenda of the companies is complicated even more by the peculiarities of the Arctic region, such as fragile eco-system, challenging climate conditions, the role of local indigenous groups. What is more, there is a concept of "various Arctics" that implies the existing diversity of social economic, legal and climate conditions within the Arctic region that makes impossible for the companies to develop the universal CSR strategy for the Arctic.

The study is aimed at identifying the way the notion of Corporate Social Responsibility is perceived by the management of the Russian and Norwegian-based companies operating in the Arctic and also identifying the differences in approaches towards CSR strategy formulation between Russian and Norwegian-based companies as well as between private and (partly) state-owned companies. The focus of the study stays within the process of strategy formulation and framing at the corporate level.

The value of the research lies in the unique data gained through the interviews with the companies' representatives which was interpreted by the author and presented in a number of findings concerning the perception of CSR and the way it is framed by Russian and Norwegian-based companies and the peculiarities of CSR strategy embedded in the Arctic context.

Key words: Corporate Social Responsibility, Sustainable Development, Arctic, Russia, Norway, Social Activist Approach, Stakeholder Theory

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1 Introduction

1.1 Relevance of the research and the problem statement

The idea of the research is to identify differences in perception of the CSR notion and CSR strategy formulation between the oil and gas companies in the Arctic regions of Norway and Russia. While the objective of the research is to juxtapose the approaches towards CSR, compare the set of the main components and the prevailing directions in CSR strategies of the companies, the focus is made on the integration of the Arctic dimension in the CSR strategy of the studied companies.

The Arctic as a resource potential frontier remains to have a reputation of an attractive region for the extraction industries. The value of Arctic resources has a global nature. However, the attractiveness of the Arctic is counterposed by the reverse side of the Arctic unique character. The peculiarity of this region is not only in the abundance of natural resources but also in a number of challenges for the conduct of business operations, such as climate conditions, fragility and sensitivity of the environment, lack of infrastructure, conflicting coexistence of petroleum industry and traditional subsistence economies of the Arctic.

The resource extraction projects in the Arctic conditions are closely tied with global commodity markets and price risks, technological deficiency and health and safety risks. Companies that are operating in the Arctic are to posses sufficient financial capital, technological experience, human resources, and knowledge expertise to be able to work under

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the abovementioned risks and uncertainties and have a strong policy in terms of cooperation with local communities and environmental NGOs or, in a broader sense, to have a profound Corporate Social Responsibility strategy.

One of the major peculiarities of the Arctic region is its various conditions. Arctic climate, retreat of the sea ice, the intensity of human activity, the density of local population is different throughout the region. State affiliation of the territory also defines the prerequisites for the development of the region in terms of legal framework, economic conditions, business activity. Due to its diverse nature, it is impossible to frame the universal CSR model that can be used by any business operating in the Arctic. Regarding this, the case study of the companies based in different countries – Russia and Norway and from different sectors – state-owned and private, seems to be an appropriate way to examine the approaches towards CSR strategy formulation and gives an opportunity to create a vivid view of the studied phenomenon.

To develop the idea of the research I would like to set the following research questions:

RQ1: *How do the Russian and Norwegian companies frame and understand CSR?*

RQ2: *What is the difference in the approach to the CSR strategy implementation between the state-owned and private Russian and Norwegian companies?*

RQ3: *How do companies incorporate Arctic dimension in their CSR strategies?*

1.2 Structure of Master Thesis

To achieve the goals of the thesis – to provide a consistent research and present the sound outcomes of the research it is vitally important to follow the coherent structure which in my thesis is presented in the following way:

1. Introduction;

2. Introduction to key concepts and background;

3. Methodology;

4. Empiric;

5. Analysis: answering research questions;

6. Conclusion.

The Introduction Chapter gives the overall idea of the study and reasoning for the stated research questions. The research questions define the direction for the whole study.

The Introduction to key concepts and background Chapter provides theoretical foundation for the thesis. It examines two phenomena – CSR and the Arctic where the CSR notion is treated from different perspectives – academic, business, petroleum sector approach and through the prism of sustainability governance and the Arctic is described from the global perspective in terms of its social economic development and resource governance.

Methodology Chapter establishes the methodological framework of the study that encompasses the research philosophy, approach, purpose, data collecting method and analytical technique. The issues of validity and reliability of the research as well as ethical aspects are also considered.

The Empiric Chapter includes the overview of the national contexts and proceeds to the units of the multiple case study – four oil and gas companies operating in the Arctic. The chapter presents the findings of the interviews conducted with the representatives of the companies.

Analysis Chapter provides the answers to the research questions supported by the interviews findings and the argumentation derived from the analysis of the CSR/Sustainability Reports of the studied companies.

Conclusion Chapter presents the summary of the thesis, identifies contribution of the study to

the theory and practice and proposes directions for further research.

Introduction   Methodology   Analysis

Empiric   Conclusion

Theory
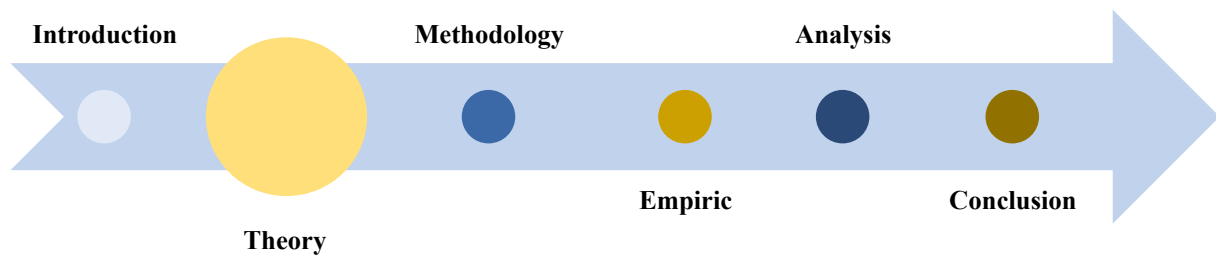
2 Introduction to key concepts and background

For the oil and gas industry social and environmental sustainability is considered as a key element of corporate social responsibility. However there is no unified approach towards CSR policy among the stakeholders – businesses, local communities, governments, NGOs and scholars. The purpose of this Chapter is to present the theoretical component of the research with the aim to identify the emergence and development of the CSR concept, different academic approaches to CSR. The Chapter also illustrates the relation between Corporate Social Responsibility and Sustainable Development notions. The issue of CSR strategy implementation in business realities and the attitude towards it in the oil and gas sector will be developed as well. This Chapter also will present the overview of the Arctic region from the global perspective providing the background for further analysis of Arctic dimension in the CSR strategies of the oil and gas companies.

2.1 Defining the concept

The concept of CSR emerged in 1950s. It was grounded on the idea of the supremacy of the society's interests over corporate once. The aim of CSR implementation was considered as to mitigate the negative impact from business's activities, such as environmental degradation, harsh working conditions, etc.. (Blindheim, 2008). Within the borders of this approach the definition of CSR was formulated by Bowen as follows: "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are

desirable in terms of the objectives and values of society (Bowen, 1953). Further the concept was interpreted by Davis as "the firm's consideration of, and response to, issues beyond its narrow economic, technical and legal requirements to accomplish social benefits, along with the traditional economic gains that the firm seeks" (Blindheim, 2008). One of the most widely accepted models of CSR was suggested by Carrol and included four interconnected groups: economic, legal, ethical and philanthropic responsibilities (Blindheim, 2008).

The CSR concept has been constantly evolving acquiring more and more related notions – social responsiveness (Frederick, 1987), corporate social performance (Wood,1991), the stakeholder approach (Freeman, 1984), corporate citizenship (Crane, Matten, 2004), the 'triple bottom line' approach (Elkington, 1994), corporate sustainability (Marrwijk, 2003). Thus, CSR can be identified as an interaction between business and society within the scope of economic, social and environmental realms.

An attempt to classify the CSR theories was made by Brummer (1991). He identifies four approaches to CSR based on the following criteria: motive, relation to profits, group affected by decisions, type of act, type of effect, expressed or ideal interest. According to this criteria there are the following approaches clearly recognized: classical, stakeholder, social demanding and social activists.

Classical approach is mostly represented by Milton Friedman. According to his studies the only possible social responsibility of business is "to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (Friedman, 1970) while these "rules of the game" is nothing else than free and open competition and the unacceptance of fraud and deception. In this way, the primary responsibility of any business is to generate profit in compliance with law and ethical norms and, consequently, the social obligations are limited only by the economic and legal issues.

The stakeholder approach centers on "the interests and actors who affect, or in turn are affected by, the corporation" (Freeman, 1984). The stakeholder theory implies that responsibility of business is not only to enhance shareholder value but also to satisfy the interests of stakeholders. Stakeholders can be divided into primary group that includes shareholders, investors, customers, suppliers, employees and secondary group – outside stakeholders, such as governments, local communities, NGOs. Stakeholders' support is a key aspect of a successful business and the involvement in the CSR activities that are of major importance to the stakeholders brings certain benefits.

The basic idea of the social demandingness model is that existence of business (corporation) entirely depends on society. So in its activities business have to address social demands and take into account social values. The social demandingness approach is rather relative, as it does not consider what certain actions and measures a company should take in its CSR policy. The CSR according to this approach is defined by the current needs and expectations of the society. In other words, a corporation is responsible to carry out the activities that society demands and expects from it. It needs to be highlighted that in this model the recipients of the CSR policy are not only stakeholders but the society as a whole.

As well as the social demandingness approach, the social activist model implies that a corporation is responsible to the society at large. Unlike the social demandingness approach the social activist model assumes that business should carry out its activities in accordance with the conventional standards and universal values. Proponents of this theory consider business leaders as being at the same time social and moral leaders in the society (Singer, 1982). According to Brummer, "Corporations or their members are required to perform acts that benefit shareholders, stakeholders, and the general public, both in the primary areas of their business decision making (where the direct effects of their actions are more likely to be noticed) and in secondary and tertiary areas as well (where the indirect effects become more prominent) (Brummer, 1991).

The suggested classification of the CSR approaches is considered depending on the degrees of responsibility assigned to business: from limited responsibility in the classical model to the expanded responsibility as it is implied in the social activist model (Blindheim, 2008).

| Classical | Stakeholder | Social demandingness | Social activist |

Limited responsibility   Expanded responsibility

Figure 1: Classification of the CSR approaches depending on the degrees of responsibility assigned to business

Source: Blindheim, 2008

It is assumed that the current CSR agenda is formulated rather from the standpoint of the social activist approach (Blindheim, 2008). While earlier CSR definitions were related with the mitigation of the harmful consequences of the business activities, nowadays corporate social responsibility is seen as a tool to address the world social challenges and contribute to the sustainable development.

2.2 Corporate Social Responsibility and Sustainable Development

There is a strong tie between CSR and sustainable development notion. This relation is viewed in the way the international organizations such as the United Nations, the European Union, the World Bank treat the concept of CSR, its purpose, tools, methods and expected outcome.

The Brundland Report, presented by the World Commission on Environment and Development in 1987, defines sustainable development as "meeting the needs of the present generation without compromising the ability of future generations to meet their needs". This concept suggests that environmental dimension should be integrated into strategies of economic development (Barth, Wolff, 2009). In a general sense, sustainability is a balance in economic, social and ecological development. At the UN Earth Summit in 1992 sustainability was established as a guiding principal for social development and subsequently was included in business strategies.

Turning again to the Brundland Report we should highlight the way it connects sustainability and business activity: "Industry's response to pollution and resource degradation has not been and should not be limited to compliance with regulations. It should accept a broad sense of social responsibility and ensure an awareness of environmental considerations at all levels" (WCED, 1987). The similar approach was held by the representatives at the World Summit on Sustainable Development in 2002 claiming that in the pursuit of its legitimate activities business has an obligation to "contribute to the evolution of equitable and sustainable communities and societies" (WSSD, 2002). In general terms the Report calls the business sector to the expanded CSR implementation and accountability.

The interconnection between CSR and sustainable development is also observed in the documents introduced by the European Union. The European Union Green Paper "Promoting a European Framework for CSR" states that CSR is "...a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"(European Union, 2001). The EU Commission concerning Corporate Social Responsibility also pointed out the intrinsic link between CSR and the concept of sustainable development and highlighted the importance for the business sector to engage economic, social and environmental impact in its activities (European Comission, 2011).

According to Barth R. and Wolff F., CSR is a voluntary business contribution to sustainable development (2009) that is aimed to integrate social and environmental issues into business activities. CSR can be considered not only as a business tool to address the sustainable development targets but also as a "mode of sustainable governance" (Barth, Wollf, 2009). In this regard, CSR is seen as a notion that links three dimensions: business, social and political (in a sense of public policy). This relations form the "relational model" of CSR that illustrates the relations between companies, civil society and public administration (Albareda et. al., 2008).

1. CSR in governments
2. CSR in government-business relationships
3. CSR in government-society relationships
4. CSR in government-business and society relationships
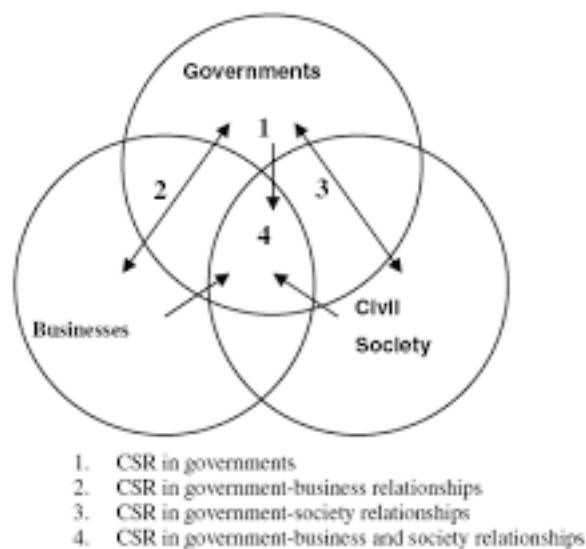
Figure 2: Relational Model of CSR

Source: Albareda et. al., 2008

The business dimension implies corporate practices, such corporate rules and codes of conduct that companies use to address social and environmental concerns. CSR serves as a business tool to deal with sustainability challenges and manage the uncertainties stemming from them.

CSR as a "societal mode of sustainability governance implies that civil society, public organizations and movements participate in formulating and promoting CSR. CSR practices provide constant interaction between management and stakeholders and the latter are to express their expectations, demands and introduce initiatives concerning sustainable development.

CSR and its political dimension is explained by the fact that government stimulates and to some extent regulates CSR by introducing legal frameworks for voluntary instruments,

scrutinizing non-financial reporting, through capacity building, the greening of public procurement. In such a way CSR is viewed as a political mode of sustainability governance.

The abovementioned modes of sustainability governance are incorporated in the CSR practices and being implemented through a range of the instruments – instruments of responsible management, responsible consumption and responsible investment (European Comission, 2004).

Instruments of responsible management include the following (Barth, Wolff, 2009):

- Codes of conduct
- Management systems
- Accounting practices
- Stakeholder engagement and cooperation
- Corporate Citizenship activities
- Non-standardized instruments

Codes of conduct are formal documents that set principals and standards of corporate behavior that are applicable also to the subsidiaries, contractors and suppliers. The governance authority comes from the companies that implement the codes and those who designed it – these can be the companies themselves or their associations or non-business stakeholders. For instance, the ILO Tripartite Declaration was developed by governments, employers and workers represented in the International Labour Organisation (Barth, Wolff, 2009).

Management systems include tools and established procedures that are integrated in everyday practices of a company. They can be applied throughout the whole company as in thee case of ISO 14 000 or be locally based such as the Social Accountability 8 000 standard.

Social and environmental accounting includes auditing and reporting of organizational activities and assessing the impact on sustainability. The framework for accounting is provided by external organizations, the most prominent is Global Reporting Initiative. The outside stakeholders are usually directly involved in the process of social and environmental accounting and thus possess a grater share of governance capacity comparing to their share in the codes of conduct and management systems.

Stakeholder engagement and cooperation is carried out in various forms – formal and informal, specific and more general, bilateral and multilateral. The interaction between a

company and its stakeholders can be initiated by the company itself or within industry associations, such as CCAC Oil & Gas Methane Partnership, by civil society, for example, Oilwatch, governments such as Oil and Gas Climate Initiative.

Corporate Citizenship activities cover the variety of community related measures – sponsorship, donations, volunteering. These projects are usually implemented in cooperation with the civil society stakeholders so the sustainability governance capacity is distributed between a company and stakeholders.

As for the non-standardized CSR instruments, they are specifically developed within a company to promote their social responsibility activities. These instruments can be adopted from the standard frameworks or instruments and modified to fit in the context of a company's business environment. Such instruments may concern relationships with the contractors, formulation and implementation of climate roadmaps.

Speaking about responsible consumption instrument we should mention social and ecological labeling. This is a marketing tool that is aimed to influence the choice of consumer in favor of mor sustainable products. Sustainability governance capacities in this case are distributed among labelling organizations, companies that incorporate labelling criteria in their products or operations and consumers that choose this product or service. So that CSR responsible consumption instruments cause sustainability impact.

Sustainability governance in responsible investment is carried out through socially responsible investment. In this case investors are guided not only by financial results but also take into account social, environmental and ethical targets and achievements of a company. SRI is working through shareholder activism or "screening" (Barth, Wolff, 2009). Shareholder activism is expressed by dialogue, voting at shareholders meetings while screening implies that investors select the company's assets for their portfolio considering social and environmental indexes of the company's performance that are supplied by the rating agencies. Governance capacity in the case of responsible investment belongs to the investors.

Considering the interaction between CSR and sustainable development it is worth mentioning that the latter notion has a macro level implication and global nature while the CSR concept is applied on a micro level within the scope of a company.

However the expanded agenda of CSR, according to Blindheim (2011), in the context of the social activist approach, may be seen as an alternative model of social governance, indicating that the world community is looking for an alternative ways to deal with social problems which the state fails to address on its own. It signalizes a new stage in the collaboration and partnership between the business structures, governments and society where a company is playing more significant and sound role than it used to have before.

2.3 Business case for CSR

The theoretical background of the CSR concept demonstrates the continuous process of this notion evolving and wide varieties of the approaches to CSR. What is obvious is the acquired influence and power of this tool in terms of social impact as well the company's growth and development. Integrating social, economic, environmental aspects into their values, strategy, corporate culture, decision-making process, promoting transparency and accountability in all spheres of operation, businesses create wealth and improve society.

There are certain prerequisites for the role of companies and their CSR policies gaining so much attention nowadays.

As it was already mentioned, the CSR notion and sustainable development issue are closely connected. With rising concerns about sustainability, CSR as a tool to respond to these challenges on the corporate level has acquired substantial significance.

Economic globalization also contributes to the expansion of the CSR agenda. Multinational companies, global supply chains, trans border trade have increased the importance of the CSR role in relation to human resource management, health and safety, environmental protection, etc.. CSR practices of the companies identify and manage the way business activities influence local communities, economies, and environment.

CSR serves as an instrument of governmental and intergovernmental bodies to implement the norms and prescriptions in practice. The UN, the Organization for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO) produce different guidelines, declarations and recommendation that represent the internationally agreed objectives to promote and protect human rights, the environment, ethical norms and standards.

From the financial standpoint a solid CSR strategy helps to increase share value, lower the cost of capital and ensure better responsiveness to markets (International Institute for Sustainable Development, 2007). The current trend of consumers and investors supporting responsible business means that the stakeholders expect more detailed disclosure of information on how companies manage risks and address social and environmental issues. In this case the CSR strategy of a company presents the desired information.

In the light of a number of serious corporate scandals damaging employees', shareholders' interests, violating communities' rights or disturbing the environmental balance, there is a rise of public mistrust in corporations. To improve the negative perception of business the companies actively use CSR to introduce transparency, accountability and ethical standards.

Thus, a range of abovementioned outside factors and trends brought the CSR concept is among the central management issues.

According to An Implementation Guide for Business produced by International Institute for Sustainable Development, CSR, being built in compliance with the law and other legislative regulations, goes "beyond law" in its commitments and activities. In general terms, the CSR policy is implemented into the following interconnected and overlapping dimensions (International Institute for Sustainable Development, 2007):

- corporate governance and ethics;
- health and safety;
- environmental stewardship;
- human rights (including core labour rights);
- sustainable development;
- conditions of work (including safety and health, hours of work, wages);
- industrial relations;
- community involvement, development and investment;
- involvement of and respect for diverse cultures and disadvantaged peoples;
- corporate philanthropy and employee volunteering;
- customer satisfaction and adherence to principles of fair competition;

- anti-bribery and anti-corruption measures;

- accountability, transparency and performance reporting; and

- supplier relations, for both domestic and international supply chains.

There are two drivers for CSR that can be pointed out – public policy and business interest. The scale of the impact business put on the external environment is immense; to mention here, the impact itself can be positive as well as negative. Regarding this, it is natural that governments and society at large are concerned with the activities of the business sector and its produced impact. Governments are trying to increase the volume of positive contribution from the businesses. Another driver comes from the interest of a company. CSR can imply both – costs, for example, of introducing new approaches as well as benefits, such as brand value improvement.

As it was already stated earlier, there are different models of the CSR approach with the social activist approach fitting the today's realities more than others. However, the approach varies from company to company depending on its size, industry, location and other factors. What is obvious is the recognized connection between CSR and business success. According to The World Business Council for Sustainable Development (WBCSD), a coherent CSR strategy based on integrity, sound values and a long-term approach offers clear business benefits to companies and contributes to the well-being of society (WBCSD, 2001).

Socially responsible investment (SRI) indexes together with the traditional financial criteria are now used to make investment decisions. They provide information to mutual funds, private equity funds, venture capital funds, commercial banks and other financial market investors about a wide range of corporate characteristics, including governance, human resource management, health and safety, environmental protection and community development. The most common SRI indexes are the following: the Dow Jones Sustainability index, FTSE4GOOD 100 Index, Jantzi Social Index Canada, Innovest, Calvert CALVIN Social Index and KLD Domini 400 Index. This socially responsible investment evaluations that are widely used demonstrate that CSR is recognized by the investors in the marketplace.

At first SRI was used to monitor potentially undesirable sectors, such as tobacco and gambling, but now it also applies positive criteria connected with the leadership approaches, planning processes, management practices in the area of corporate governance and environment.

Taking into consideration a strong dependence of business success on the CSR approach certain benefits for the company that are implementing CSR can be pointed out.

Legal, social, environmental risks in a complex market environment are better anticipated and managed by companies that experience greater oversight and stakeholder scrutiny of its activities. It also improves the security of supply and overall market stability.

Reputation, bran equity is built on trust, credibility, reliability, quality and consistency. All these notions arise from the coherent sound CSR policy. In other words, organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value.

CSR contributes to the enhanced ability to recruit, develop and retain staff through different initiatives and programs introducing improved human resource practices.

Innovation enhancement, competitiveness and market positioning can be reached through the constant dialogue and interaction with different stakeholders within the CSR activities that can be seen as a source of ideas for new products, processes and markets.

Cost saving and operational efficiency can be the results of the reassessment of the environmental and energy aspects of a company's operations within the scope of the CSR initiative due to the revealed opportunities for turning "waste streams into revenue streams and for system-wide reductions in energy use and costs" (International Institute for Sustainable Development, 2007).

CSR may serve as a tool that detects emerging trends in the market. It happens through the regular dialogue with the stakeholders and due to the acquired knowledge a company becomes better informed and able to respond to the economic, social and environmental changes.

The role of CSR in building "social capital" is also unquestioned. Better understanding of the company's targets and objectives is translated into enhanced relations with the stakeholders that evolve into "more robust and enduring public, private and civil society alliances" (International Institute for Sustainable Development, 2007).

In terms of the project assessment the attention nowadays is also paid to environmental and social criteria. As discussed above, SRI indexes are treated with the same importance as financial once. In their decision making considerations investors are interested in the

indicators of the effective CSR management. So a proper approach to CSR provides opportunities for the better access to capital.

As it was already stated, government is interested in engaging business into addressing global challenges, primarily, sustainability issues. It is evident, that companies that undertake social and environmental initiative beyond the required have better and more favorable relations with the official bodies and may count on some benefits and assistance from the government. For example, in some countries, governments use (or are considering using) CSR indicators in deciding on procurement or export assistance contracts (International Institute for Sustainable Development, 2007).

To some extent, CSR can be considered as a promotion instrument of responsible consumerism. Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them (International Institute for Sustainable Development, 2007).

Most of the companies argue, that the reason they implement CSR policy is not just economic or reputational benefit but a moral duty towards a society and concern for the welfare of present and future generation. This approach is sometimes doubted and criticized. Nevertheless, this is undisputed evidence that the companies benefit from their CSR activities. There is a positive correlation between social and environmental business responsibility and successful

2.4 CSR in the oil and gas sector

Comparing to other industries oil and gas sector is a champion in developing and implementing CSR strategies. This is mainly due to its ecologically risky operations and possibility of oil spills as well as controvercial public attitude towards the industry in general. There is a number of prominent examples of accidents with devastating consequences such as Exxon-Valdez disaster, the 2010 BP spill, the Deepwater Horizon incident, anti-Shell protests in Nigeria and other that were widely publicized and thus put significant pressure on the oil and gas companies all over the world. In this way their brand image seems to be more vulnerable and they have to manage their relations with a wider range of stakeholders comparing to companies from other industries.

In regard to the oil and gas industry there is also no universal definition of CSR. Components of a company's CSR strategy, their composition and attached meanings vary among companies not only at the interstate level but within a country. This will be illustrated further in the thesis in the case studies.

However, it seems possible to point out common issues that oil and gas companies put at the forefront in their CSR strategies. This is primarily the environmental impact of the industry such as oil spills, safety and security, social impacts on the local communities (Frynas, 2009), climate change response.

The focuse of CSR activities varies as well depending on the need of areas of a company's footprint. Thus, in developed countries CSR activities support cultural institutions, scientific research while in developing countries or underdveloped areas oil and gas companies initiate or are engaged in the projects that provide basic services and satisfy primary neeeds such provision of clean water, food supplies, infrastructure creation, educational facilities, healthcare services, etc..

In this regard it is worth mentioning the notion of «local content» (Guldbrandsen, Moen, 2005). This is a dimension of CSR activities that is expected to be included in a company's strategy and implies maximizing of local benefits by engaging local workforce and local suppliers (Pursell, 2001).

Besides global frameworks and guidelines in the spehere of Corporate Social Responsibility and Sustainable development such as OECD Guidelines for Multinational Enterprises, ILO Tripartite Declaration, UN Global Compact, there is a number of sector specific intiatives - IPIECA (the Global oil and gas industry association for environmental and social issues), Oil and Gas Climate Initiative, Extractiv Industries Transparency Initiative, the World Bank Global Gas Flaring Reduction Partnership and others.

The abovementioned initiatives is a part of civil regulation (Utting, 2006) that is carried out by civil society actors resorting to a confrontantional or collaborative tactic (Bendell, 2002). Confrontational approach is practiced by the following actors and initiatives: watchdog groups such as Oilwatch, Corpwatch, Greenpeace; consumer boycotts; sharholder activism that is expressed by indroducing resolutions at Annual General Meetings to address certain issues; governmental suprvision and prosecution for malpractice; complaint procedures in CSR codes and guidelines through which civil society organizations may raise concerns; critical academic research. Speaking about collaborative approach we should mention NGOs

that provide consulting assistance related to reporting standards, best practice, monitoring, ceertification; partnership with local or state organizations in developing environmental and social projects.

From the side of civil society CSR actions are often considered as a «greenwash», especially in relation to the oil and gas sector. This term was coined at the UN Conference on Environment and Development in Rio de Janeiro in 1992 in relation to the large companies that overestimated their environmental achievements (Greer, Bruno, 1996). This case involved Shell and other well-known companies that had joined The Business Council for Sustainable Development to address environmental issusuee. However in 1990s Corpwatch revealed that some oil companies tried to position themselves as CSR leaders without any sound contribution to sustainable development just through tokenism and advertising and presented them Greenwash awards (Utting, 2006). Thus, the notion «greenwash» is reffered to a company's approach that in fact does not suggest any CSR interest but is only a contribution to reputational managemeent (Utting, 2006).

Neverthless, by now Corporate Social Responsibility issue has become an integral part of business strategy of every oil and gas company. Supporting the activities that go beyond their core industrial activities is now a part of a company's «licence to operate» (Zinkin, 2004).

2.5 Arctic: Global Perspective

This section presents the background concerning the Arctic region. It determines the geographical scope of the area of the study, examines its social economic characteristics and touches upon the resource government approach. These aspects seem to be of paramount importance when it comes to CSR strategy formulation as they identify the needs of the region, social expectations in relation to the CSR projects and give the overall idea of the external environment a company has to operate in.

2.5.1 Defining the Arctic Region

The Arctic has variuos definitions. Sometimes it reffers to the Arctic Ocean or a part of it in case of the International Maritime Organisation . The most common definition of the Arctic is the land and sea behind the Arctic Circle (660N). Arctic countries have also various definitions for their Arctic boarders, sometimes the areas north to 600 are included in the Arctic region as well. Some sub-Arctic areas due to its "Arctic" climate conditions, such as Sakhalin in the Far East of Russia, are included in the Arctic discourse while in Norway the Arctic discourse usually excludes the northern areas of the Norwegian Sea – "geographical" Arctic, as operating environment there is similar to the North Sea and does not pose specific challenges (The Prospects and Challenges for Arctic Oil Development, 2014).

The Arctic Council has also no universal definition of the Arctic. Its working Groups define Arctic boarders according the peculiarities of their activities. Thus, the Arctic Monitoring and Assessment Program created so called "AMAP area" where it carries out its monitoring within the framework of the Arctic Environmental Protection Strategy.

"In order to establish a geographical context for its assessments AMAP has defined a regional extent based on a compromise among various definitions. The 'AMAP area' essentially includes the terrestrial and marine areas north of the Arctic Circle (66°32'N), and north of 62°N in Asia and 60°N in North America, modified to include the marine areas north of the Aleutian chain, Hudson Bay, and parts of the North Atlantic Ocean including the Labrador Sea" (AMAP, 2014).

According the Arctic Human Development Repor, which focuses on social-economic data and political units of the region created the following boundaries: "…For reasons having to do

mainly with the location of jurisdictional or administrative boundaries and the availability of data, however, the area covered by this report differs from the AMAP Arctic in some respects" (AMAP, 2014).

In my thesis in regard to Russia I refer to the offshore and onshore areas of Barents Sea, South Kara Sea, Chukchi and Laptev Seas as well as Sakhalin region. Regarding Norway I focus on the most northern counties which are officially situated in the Arctic region – Nordland, Troms, Finnmark and adjacent offshore zones of the Norwegian and Barents Seas.

Arctic with 4 million inhabitants (4,053,055 people as for 2013) (AHDR, 2014) and an annual US$ 230 billion economy (World Economic Forum, 2014), is sectored under the jurisdiction of eight countries – Canada, United States, Iceland, Norway, Sweden, Denmark, Finland and Russia with their own governance systems and approaches towards Arctic. There is also heterogeneity in respect to other conditions: climate, retreat of the sea ice, the intensity of human activity is varying throughout the Arctic region. Thus, the concept of "various Arctics" should be taken into account in the research process and analysis.

In the last decade the interest in the Arctic has significantly increased. It is a consequence of different factors: dramatic socio-economic changes of the region as well as climate change. The ice cover reduction due to the temperature increase, together with technological advancement poses certain benefits for the easier access to the bountiful Arctic resources and opens opportunities for commercial shipping and tourism along the northern routes – the Northern Sea Route and Northwest Passage. On the other hand, climate change will lead to the misbalance of the ecosystem and disruption of traditional subsistence of the Arctic residents, migration and settlement patterns.

While world population is rapidly growing, the Arctic population has been declining since 2000 (AHDR, 2014). This is mostly connected with the population decline in the Russian Arctic, which constitutes almost half of the Arctic population. The Russian Arctic is mostly characterized by the out-migration together with natural increase due to the high birth rates among the Indigenous peoples. In contrast, there is faster population growth in Alaska, Iceland and the Canadian Arctic comparing to the global rate. The population rate of Norwegian Arctic and Greenland stays nearly at the same level with a slight natural increase and in-migration in Norway (AHDR, 2014) According to Statistic Norway (2013) the population of Norway will continue to grow by in-migration due to the income gap with the rest of the world in favor of Norway.

2.5.2 Ethnic Diversity and Cultural Identity

One of the peculiarities of Arctic population is its ethnical complexity. It represents different groups of Indigenous peoples, non-Indigenous population that migrated to the region from non-Arctic regions to work in resource development, military, fishing and administration, people of mixed ethnicity and people who moved to the Arctic from non-Arctic states. The highest rate of Indigenous people is in Greenland, Nunavut and Quebec, Nunavik. Russian Murmansk oblast, Nenets okrug and Yamalo-Nenets okrug are populated with Slavic migrants in majority who settled there due to the development extraction industry and job opportunities (AHDR, 2014).

Arctic and Siberian ethnic groups belong to the officially established category "Korennye malochislennye narody" – numerically small Native peoples that constitute 47 ethnic groups with 37 groups or 253,932 people (AHDR, 2014) belonging to Malochislennye narody Severa – numerically small peoples of the North. Thus the Indigenous population of the Russian Arctic is represented by the numerically small peoples of the North and more numerous groups – Yakuts, Komi and Karelians that together account for 5,5% of the total Arctic population (AHDR, 2014). Murmansk oblast is an area where Sàmi people live. Nenets okrug is populated with 18% of Komi and 9% of Nets while Russian are the majority (AHDR, 2014)

Norwegian Indigenous population is represented by the Sàmi people (40,000 to 50,000 people) that are also spread in northern Sweden, Finland and Russia (AHDR, 2014).

Thus, we observe a complex ethnic landscape that poses a certain challenge to local, regional and international governmental structures and businesses in terms of Human rights, Indigenous People's rights, social projects and investment issues in the North.

In the regions where Indigenous and non-Indigenous communities are coexisting the issue of cultural identity and ethnic affiliation is always on the forefront. In the broader discourse of the Indigenous groups they are often considered as a defective underdeveloped group, dependent on the state's support (Vitebsky, 2005). Culture and identity issues gain the significance when the Indigenous groups defend and promote their legal rights.

One of the dimensions of culture and identity is the language. There is a great diversity of languages in the Arctic, but many of them are on the verge of distinction. As an example,

according to the Russian Census, only 10% of Aleuts (Russian Far North) know Aleut language and this proportion is decreasing. At the same time one of the Sàmi language dialects, spoken in the Northern Norway, is reported to increase in the number of its speakers. The establishment of language revitalization programs by the states and businesses puts a positive impact on language heritage of the region. It is worth mentioning that the Arctic is an active adept of the modern culture – arts, music, cinema industry.

The worldview of the Indigenous peoples is also an issue that should be pointed out in terms of the peculiar character and uniqueness of the region. There are two regions in the Arctic where shamanism is recognized as an official religion – the Sakha Republic, Russia and Tromsø, Norway. The everyday practices of some Arctic communities is closely connected with the land and animals. Animist beliefs give a sacral meaning to hunting so that the interaction between people and their surrounding ecosystem is very important and should not be disturbed by the industrial interference. For instance, nomadic reindeer pastoralism is at the core of some Sàmi peoples' culture and most Siberian Indigenous peoples and nowadays reindeer herding overlaps with the interests of the extractive industries. So called place identity, a very important attribute of the Indigenous people, defines the peculiarities of the land use system in the Arctic and promotes the implementation of efficient resource co-management practices.

At the same time and, above all, traditional activities of the Arctic peoples – hunting, fishing, herding besides being a sign of cultural identity are the ground of their subsistence economies. So, in case of the Arctic peoples there is not a question of adhering to traditions or transition to the modern lifestyle, there is a need to combine both.

The main threat, for this unique, in terms of social-economic and cultural grounds, environment comes from the increased competition over resources and extensive extractive industries' activities.

2.5.3 Arctic Economy

The Arctic economy can be considered as a specific feature. Though there is no unite economy of the Arctic and it is rather the economies of different Arctic regions, I am going to give an overview of the main economic patterns typical of the Arctic region.

Arctic economy is build on three sectors: large industrial resource production, traditional

small-sized or family resource production and transferred from the government public sector, which includes public administration, defense, utilities, health and social sector, education and provision services that support the economy with job opportunities or/and direct payments to residents. The matureness of economy can be characterized by the percentage of the output outside the resource sector and public services. Regarding this, Norway as well as Sweden, Iceland and Finland have more than 40% of their output outside resources and public services. In contrast, in Russia, North America and Denmark resource production and public sector in the Arctic still account for more than a half of the total output (AHDR, 2014)

Another peculiarity of the region is unequal distribution of industrial and public sector's facilities and therefore unequal concentration of output. Thus, in Norway concentration of output is according to location of the major cities in the counties. In Russia the amount of output reflects the concentration of the natural resources. So, more than 45% of output comes from the Khanty-Mansi region and about 60% of Russia's Arctic GDP comes from Khanty-Mansi and Yamal-Nenets (AHDR, 2014).

Year	GRP Arctic Region, USD	GDP Arctic Nation, USD	Share arctic Region GRP, %	Arctic Share of National GDP, %	Arctic Shar of Nation Population, %
United States	47,713.00	14,416,601.00	10,8	0,3	0,2
Canada	7,268.95	1,362,733.26	1,6	0,5	0,3
Denmark	3,266.51	221,243.88	0,7	1,5	1,8
Iceland	11,071.28	11,071.28	2,5	100	100
Norway	18,450.81	282,289.27	4,2	6,5	9,6
Sweden	20,345.05	369,320.86	4,6	5,5	5,4
Finland	19,961.05	194,994.45	4,5	10,2	12,3
Russia	314,773.41	2,827,002.00	71,1	11,1	4,8
Arctic regions, total	442,810.05	19,685,256.00	100	2,2	1,9

Table 1.Arctic GRP by Arctic Nation, millions 2010 US dollar PPP

Source: Ilmo Mäenpää, 2012, Regional Economic Accounts of the Arctic 2000-2010, unpublished typescript in possession of the author.

The issue of benefits of industrial production for the Arctic residents is rather controversial. They depend on the participation of the locals in the production as owners of resources or capital, or as labor and the flow of the revenues transferred from the government. Resource production in the Arctic usually requires import of capital and qualified labor and, consequently, generated income flows out of the region to pay for the imported factors of production (AHDR, 2014).

Outside control of the resource production may limit contributions to the local economies. However, there were certain institutional changes witnessed in some Northern parts that increased the control and management of resources by the local communities that in practice implies the ability to make decisions concerning the possibility production start in a certain area, the amount of resource rent – income that is to stay in the region.

2.5.4 Resource governance in the Arctic

The importance of resource governance is defined by the significant role of the Arctic in the international arena as well as unique relations between Arctic peoples and land and natural resources. North Indigenous peoples' wellbeing, economic devlopment and cultural survival is closely dependent on the access to Arctic natural resources.

Arctic is now in focus of scientific and political communities also due to the climate change that is distinctly observed in the region and may have devastating consequences for the southern part of the world. The respond to the human, social and climate challenges should proceed from the state cooperation, busnesses, NGOs, regional and local communities in a form of effective resource governance.

Resource governanace is «the collective efforts of society to define and achieve societal goals related to human interactions with the environment" (AHDR). It is implemented through formal and informal norms, guidelines, policies that regulate relationships between the stakeholders, limit their behavior or expand their rights.

In relation to the Arctic region, the resource governance is aimed at maintaining the balance between the environmental conditions and social needs that come from the local residents, beneficial expectations of businesses and national interests.

The peculiar Arctic social economic, climate conditions, legal regimes demand an adaptive approach to the resource governance (Forbes, 2014). It includes flexibility in decision-making, active responsiveness, conditions of high uncertainty, continuous monitoring of ecosystems, knowledge integration (Young, 2009b).

The resource governance in the Arctic exists in the form of Indigenous self-governance, shared governance between Indigenous, state, international actors. Arctic resource governance includes the variety of tools such as co-management practices, Indigenous land claim agreements, integration of traditional knowledge in research programs and exploration activities. However the abovementioned practices are not ubiquitously spread throughout the Arctic. Some regions still face fund deficiency, insufficient community capacity. This is true for the European North and Russian Arctic where co-management is not widely implemented and land and resource rights are not fairly recognized (Forbes, 2014).

Local resource management is considered to be the most effective and adaptive level of governance. It is carried out through informal institutions basing on community interactions. However, these informal structures often clash with the official systems where the latter prevail and constrain local response capabilities (Forbes, 2014).

The concept of co-management emerged in 1970s – 1980s in North America (AHDR, 2014). Co-management implies sharing of power between governments and residents of the resource rich area to prevent conflicts over resource development and maintain sustainability. These power-sharing practices are spread across northern regions, mostly in Canada, Alaska and partly in Scandinavian Arctic.

Currently co-management practice is evolving into adaptive co-management. A new approach that combines two traditional practices in natural resource management – collaborative management and adaptive management (Plummer, Baird, 2013). In this way adaptive co-management can be defined as "a process by which institutional arrangements and ecological knowledge are tested and revised in a dynamic, on-going, self-organized process of learning by doing" (Folke et. al., 2002). Adaptive co-management fits in the Arctic conditions as an effective tool to address climate change. It is "a potentially important innovation in natural resource governance under conditions of change, uncertainty and complexity" (Armitage et. al., 2002).

Nevertheless, the practice of power sharing, local decision-making competences in the form of co-management are not commonly recognized in the Arctic region and yet needed to be

developed and adopted.

Another concept in the field of resource governance that gained its recognition in the Arctic region is "Indigenous knowledge". The foundation of this concept is set forth in the General Guidelines on integrating Indigenous Knowledge in project planning and implementation introduced by the World Bank (2000). It suggests involving the indigenous knowledge holders in the project at all stages. "Indigenous knowledge is intensely local and of long duration. It uses indirect indicators to predict events. These are complementary aspects to the strengths of the scientific basis of development projects (Nordic Council of Ministers, 2015). An example of integrating indigenous knowledge is the implementation of observation systems that use GPS technologies that transmit real time observation of the residents (Gearheard et. al, 2011).

Nevertheless the integration of the local knowledge is rather challenging practice. Arctic Human Development Report (2014) informs that in some cases the cultural underpinning of the local knowledge is ignored and the knowledge is seen separately, as a data source from its underlying worldview that leads to the confusion in interpretation of the acquired knowledge of the locals.

Methodology

Introduction　　　　　　　　　　　　**Analysis**

Theory　　　　　　　　**Empiric**　　　　**Conclusion**
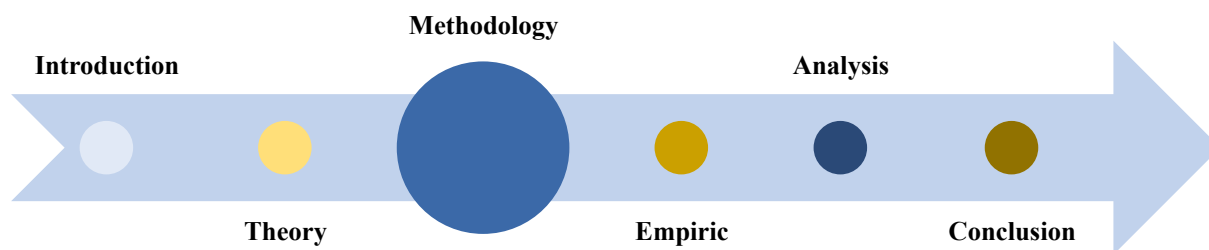
3 Methodology

The processes and techniques of identifying, selecting and analyzing the information that is to address the research questions are described in the Methodology Chapter. This is crucial for evaluating the validity and reliability of the overall study.

Collins Dictionary of Sociology (David, Jary, 1995) points out the following features of methodology. First of all, methodology implies philosophical evaluation of the research methods and also the characteristic of the conceptual, theoretical and scientific aspects of knowledge. In other words, "methodology" is defined as a sum of methods and strategies that are applied for manipulating of the collected data and acquiring knowledge.

Proper and coherently developed methodology is a keystone to success of any study. Otherwise, it may lead to unreliable and invalid results of the study and weaken the interpreted findings of the research.

3.1 Research philosophy

According to the definition of methodology, philosophical foundation is essential for shaping the methodology of any research. To provide correlation between the research questions, collected data and theory it is vitally important to develop methodological framework through a philosophical prism. A certain philosophical position, according to Easterby-Smith et. al. (2012:17), is a determinant factor for choosing and adapting a proper research design. A strong tie between philosophical issue and the research design tools will be clearly

exemplified further.

The philosophical ground has a dual nature – ontology and epistemology. Ontology defines "philosophical assumptions about the nature of reality" while epistemologists are focused on "the ways of inquiring into the nature of the world" (Easterby-Smith, 2012:12).

In my research I am bounded to relativist ontology. Relativism states that there is no absolute truth and all the ideas and beliefs are relative and depend on a range of circumstances, such as culture, language, social status, political convictions etc. My research is aimed at juxtaposing the approaches towards CSR strategy formulation by partly state-owned and private companies in two different countries – Russia and Norway. According to the relativist views it should be assumed that there is no one-size-fits-all strategy that can be developed by every company. The peculiarities of the region, country of residence, type of the company and other outside conditions define the strategy in which a company fulfills it social responsibility.

As for epistemological dimension I am inclined to follow social constructionist approach. Easterby-Smith in relation to social constructionism (2012:23) states that "reality is determined by people", not the external influence and objective factors. In my research I put emphasis on how a company itself understands the concept of CSR and how it is formulated and framed at the corporate level taking into account the country of residence specifics, the peculiarities of Arctic operations and international approach to CSR and its practices. In my research I am analyzing the experience of each company in the field of CSR instead of applying external conditions and theoretical laws to examine and explain their activities.

3.2 Research approach

The choice of the research approach is an important stage at the development of the methodological framework of the study. It lies in the foundation of any research. The type of the research approach shapes the research design, the next stage of the methodological framework. It also defines the choice of the research strategies and allows to understand which one will be the most effective and which will not work.

There are two main types of the research approach– deduction and induction. According to Flick, these forms of logical reasoning "are not concepts, nor are they methods or tools of data analysis, but means of connecting and generating ideas" (Flick, 2014:123). Deductive approach implies the development of a theory and formulation of a hypothesis that is tested

within the scope of a designed research strategy. Inductive approach, in contrast, starts with the data collection and proceeds with developing a theory on the basis of the collected data (Saunders, 2007). In other words, deduction is working "from above", it has its start in the existing law and explains the phenomenon according to the established system of rules, while in the induction approach the phenomenon is interpreted "from below" (Flick, 2014:130) and it is the researcher who attempts to determine rules and laws and create order or rule the combinations of features that are found in the data material (Flick, 2014:128).

My research is conducted from the standpoint of the inductive approach. The idea is to understand the way the CSR concept is interpreted by different companies and how it is framed, that is to study it "from below". So the primary goal was to get the knowledge of the CSR perception of the studied companies and then basing on the interviews I was able to formulate the theory – how CSR is understood by the companies. Nevertheless, the general theoretical ground that was presented in Chapter 1 was also crucial and helped me at the early stage of the research to get the overall view of CSR and work out the interview guide.

In my study I was interested in the features of CSR of the oil and gas companies operating in the Arctic sector that creates a certain peculiar context in which CSR is analyzed. Thus, induction that focuses on the context in which a studied phenomenon occurs (Saunders, 2007) seems to be the preferred research approach.

3.3 Research design

According to Easterby-Smith (2012:38), research design is supposed to define what data is needed to be collected, in what way a researcher is going to get it and the sources of it. Moreover, research design explains in what way and with the help of what tools the collected data will be interpreted and how the answers to the formulated questions will be provided.

Before framing a certain research design it is necessary to identify the purpose of the research. The purpose of the research is determined by the research questions and can be exploratory, descriptive and explanatory.

With regard to my research questions my study is to have a joint purpose – descriptive and exploratory. The answer to the question about framing and understanding CSR suggests having an exploratory underlying while the intention to highlight the differences in approaches towards CSR and to find out how Arctic dimension is incorporated into the CSR

strategies has a descriptive nature. Arctic context is circumstantially described in the research in order to determine the challenges in terms of CSR framing and implementation. This background descriptive material was essential for creating the clear picture of the studied phenomenon and the external conditions influencing it prior to data collection (Saunders, 2007).

In accordance with the relativist ontology at the heart of my research and social constructionist approach adopted as a way to investigate the nature of the issue I apply constructionist research design, the aim of which is to identify "different truths" (Easterby-Smith 2012:48) – the interpretation of CSR notion by each company and the way this interpretation is being framed in the corporate practice. Constructionist design usually underlies action research, archival research, narrative method, ethnography, however, in my research I decided to use case study – a method that can be used in both realist and relativist perspectives.

Case study is considered as a preferred research method when the aim of the research is to investigate a contemporary complex social phenomenon in its real context (Yin, 2014). In case of relativist approach to the research, a solid theoretical ground is important to design and conduct a proper case study. The existing knowledge concerning my study is rather developed and complex that allowed me to enhance my findings and provided more reliable analytic generalization.

In designing a case study it is vital to define a unit of analysis. In my research the unit of analysis is a company. I opted for multiple case design that means that each company is the subject of an individual case study (Yin, 2014) but the initial research includes several case studies. For the cases I chose the following units:

- Statoil ASA;
- Lundin Norway;
- Shtokman Development AG;
- OAO Novatek.

Multiple case study assumes the possibility to juxtapose the findings of the case studies and, consequently, allows to generalize from these findings (Saunders et al., 2007).

Thus, the empiric part of the research has a step structure, first, providing the overview of the peculiarities of the Arctic relevant to the Corporate Social Responsibility from the global perspective, then, getting down to the national level and the development of the CSR notion

within the countries, and, finally, focusing on the units of the case studies and CSR at the corporate level. CSR phenomenon was considered in stages in each company. I studied how the notion of CSR is interpreted by the representatives of the companies and the way it is embedded in their business strategy and reporting initiatives, I tried to point out the differences in the CSR framing between the Russian and Norwegian companies as well as made an attempt to find the difference in the approaches towards CSR between private and state-owned companies and, finally, presented the findings concerning Arctic dimension of CSR strategies of the studied companies. While in the Empiric Chapter the findings were presented for each company in topical order, the Analysis Chapter has a more generalized structure and the findings are presented in a way directly addressing the research questions.

3.4 Data collection methods

To address the research questions following the constructed research design there is a need to prepare a well-considered strategy for data collection. The first consideration that should to be reasoned concerns the choice of qualitative or quantitative method for conducting a research. As my study has an exploratory and descriptive purpose and is not initially aimed at identifying cause-effect relation I opted for qualitative method and made use of non-numerical data. While combining both qualitative and quantitative methods is also possible, in my research I was inclined to apply mono method - single qualitative data collection technique – in-depth interviews and corresponding qualitative data analysis (Saunders et al., 207:151).

3.4.1 Primary data

In terms of the types of data sources, in my study both types – primary and secondary were equally employed. As for primary sources, I used so called language data (Easterby-Smith, 2012) in a form of in-depth interviews that allowed me to get the insight into the CSR practices of the companies, to discover the perceptions and views towards CSR concept of the managers. The semi-structured interviews were conducted via Skype with the representatives of four companies who are engaged in the process of the CSR/Sustainability strategy formulation and implementation. The interviews were conducted on the anonymous base that expects more openness. Even though some interviewees were not against being named I preferred to remain anonymity in all case studies to create equal conditions. Thus, in terms of

the participants I disclose only the following data:

- Statoil ASA middle manager;
- Lundin Norway, Lundin Petroleum, top managers;
- Shtokman Development AG, top manager;
- OAO Novatek, middle manager.

The semi-structured interviews were developed to investigate the following aspects:

- The perception of the CSR notion;
- CSR through the sustainability prism;
- The process of the CSR strategy formulation;
- The component of the CSR strategy;
- Perception of CSR by private and stat-owned companies;
- Arctic implications in terms of CSR strategy formulation and implementation.

The participants were acknowledged with the topics of the interview in advance to have an opportunity to frame and structure their answers and refer to the Companies' reports and other official documents to sustain their statements. The interviewer often resorted to the leading and prompt questions to help the respondents to keep on the track and stay relevant to the topic.

The interviews lasted for 30-40 minutes and were conducted in English and transcribed in a loose format basing in the detailed notes taken during the interview. As I was interested in the personal or rather company's interpretation of the CSR notion I did not mention any theoretical concepts in the interviews, however, afterwards I was able to juxtapose the theoretical propositions and the findings of the interviews and secondary data analysis.

3.4.2 Secondary data

Due to the wide coverage of the studied topic in the academic field and significant public attention there is a various choice of secondary data at my disposal. The theory constructs presented in the study were derived from the academic literature on CSR that provided multi-dimensional approach to the CSR concept. The works by Brummer, Blindheim, Barth and Wolff, Albareda were especially closely scrutinized.

I also paid attention to the official documents, the guidelines and reports of the international

organizations and governments with the aim to illuminate the context in which the studied phenomenon exists. In the theoretical background of the study I refer to the Brundland Report presented by the World Commission on Environment and Development, The Johannesburg Declaration on Sustainable Development introduced at the World Summit on Sustainable Development, guidelines of the World Business Council on Social Development, documents presented by the European Union and European Commission and other sources.

The Arctic aspect of the research was thoroughly studied engaging written documentary materials and area based secondary sources, such as government publications. The attention was paid to the publications of the Arctic Council, Nordic Council of Ministers, World Economic Form, Russian Federation Government, Russian Federation Federal State Statistics Service, Norwegian statistics bureau, the Storting (the Norwegian Parliament), etc.. My own findings in terms of CSR perception and implementation in the Arctic were supported and examined with the consideration of the studies conducted by Klick M., Wilson E., Loe J., Wilson Rowe E., and other prominent researches.

The major source of secondary data used in the multiple case study was the date presented by the studied companies. Such kind of documents helps to understand and make sense of organizational practices (Flick, 2014). The study on CSR implementation process was based on the following publications: Statoil ASA Sustanability Report 2015, OAO Novatek Sustainability Report 2014, Sustainable growth through innovation. Annual Report by Lundin Petroleum, Policy and Strategy of the Corporate Social Responsibility by Shtokman Development AG.

However, documents cannot replace other sources of data, they cannot provide us with a picture of every day practices and the real outcomes not always reflect what is stated in a document that means a researcher should treat documents with a reflexive approach and that is why studying the cases I put more emphasis on the findings of the interviews' interpretation.

3.5 Data analysis

For the data to be useful and reliable it has to be properly analyzed. Since in my research I rely on the qualitative data I appealed to the qualitative data analysis procedures that combine both deductive and inductive approaches. Deductive approach is exploited in the way I used the theoretical background to direct and organize the data analysis (Saunders et al., 2007). However the theoretical framework in my study is multidirectional and built from diffrent perspectives– CSR classification on the degree of responsibility, CSR and sustainability, «relational model» of CSR, busness case for CSR. In process of data collection I defined what isues I have to focus on and what is more relevant in the existing context. This tactic has an inductive nature.

In terms of procedures of qualitative data analysis I opted for analytic induction. According to Johnson (2004:165), analytic induction is «the intensive examination of a strategically selected number of cases so as to empirically establish the causes of a specific phenomenon». Analytic induction «commences with a less defined explanation of the phenomenon to be explored, which is not derived from existing theory (Saunders at al., 2007). In my study the phenomenon of CSR is treated appealingly differently that is proved by the theoretical background so the explanation of the studied phenomenon could not be drived from the theory and thus was developed through the case studies. During the research process the oversaturated and consequently vague explanation of the CSR phenomenon was modified and adapted to the context.

3.5.1 Validity and reliability of research

Well-developed methodological structutre provides credibility of any research. In order to eliminate the possibility of delivering distorted findings validy and reliability as the foundation of credibility of the research should be properly considered.

According to Saunders et al., reliability means «the extent to which the data collecting and analyzing will yield consistent findings» (2007:156). In terms of this study the threat to reliability comes from the interviews of the companies' reperesentatives or so called participant bias. The interviewees may have mentioned officially established practices but not the way the things are done in reality. Nevertheless, this threat was reduced by promoting anonymity of the participants. At the same time anonymity brings certain constraints in terms of validating the material and replicating the study by others (Loe, Kelman, 2016). The author

of this research came to compromise between validity and reliability in favor of reliability with the aim to achieve primary research objective – to illustrate how the CSR notion is perceived by different companies in the Arctic context.

3.5.2 Ethical aspects

Research ethics according to Saunders et al., concerns with the way a researcher formulates the research questions, frames the research design, gets access to the date, analyzes and interprets it in a moral and responsible way (2007:184).

Since the unit of the multiple case study is a company and the process of data collection involved people and the companies ethical issues were put at the forefront while designing the research. The general ethical idea is that the research design should not subject the research population to embarrassment, harm or any other material disadvantage (Saunders at al., 2007:160). Conducting the interviews I tried to provide free and open atmosphere to gain truthful and comprehensive responses. The interview guide was sent to the interviewee in each case in advance to reduce tension during the interview and allow the participant to think over and structure the comments. Notes during the interview were made with the permission of each participant. Anonymity is also to mention here as a possible way to increase trust and therefore enhance the overall quality of the collected data.

Thus, the theoretical framework of my master thesis can be presented in the following way: the research was conducted from the relativist standpoint and guided by the social constructionist philosophy. Research approach has an inductive underlying while the research has descriptive and exploratory purpose. Case study was chosen as a preferred research method and data collection was carried out applying mono method - single qualitative data collection technique – in-depth interviews and corresponding qualitative data analysis – analytic induction.

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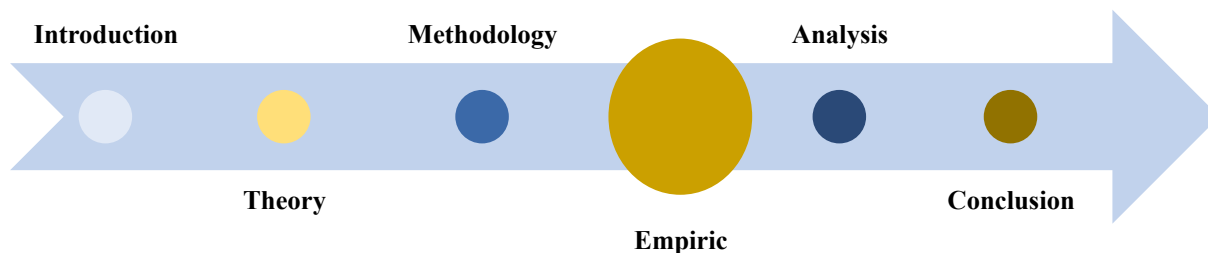
Empiric

4 Empiric

The Empiric Chapter includes the overview of the national contexts and proceeds to the units of the multiple case study – oil and gas companies operating in the Arctic. The chapter presents the findings of the interviews conducted with the representatives of the companies.

4.1 National Landskape: Russia and Norway

4.1.1 Oil and Gas Industry In Russia

Russian unique model of economic development is defined by the historical factors, primarily, the transition from the centrally planned economy to a market model and from the political standpoint, from a one-party rule to a democratic governance. Nowadays Russian economy can hardly be categorized as a market one. A common view on Russian economy implies that it is at the transition stage. However, it can be agued that the economy in Russia is a unique model with a combination of market economy attributes and strong state's role. Nevertheless, those changes and mostly inconsistent reorganizational actions put a certain footprint on the current state of governance practices and business environment.

Andreyeva N. and Kryukov V. note that the changes Russia has undergone for the last 25 years are similar to those the Western countries had undergone for the last two centuries (2008), so in case of Russia the time constraints are extraordinary. In such a time compressed context business has to be able to quickly adapt to currently renewing requirements and address constantly emerging challenges.

The circumstances are even tougher for the companies involved in strategic assets management and development. Here I particularly mean resource extraction industries that play an important role in the Russian economy. The activity of these companies is under close scrutiny of different institutions from the governmental structures to NGOs.

Thus, turning to the oil and gas development in the Russian Arctic we face an extremely complicated structure consisting of domestic challenges, peculiarities of the region within the country and general issues concerning the pan-Arctic region at different levels of governance – from the global level to the municipalities.

Oil and gas development strategy in the Russian North is characterized by the following factors that are fundamental for understanding the environment in which business operates and the way it can address the challenges.

First of all, the source of decision-making competences and legislative authority, including the resource extraction issues, remains to be the federal structures. This is described as centralism (Andreyeva, Kryukov, 2008).

Then, it is corporatism that is defined as the dominance of a few large state-owned or partly state-owned companies over the most territory of the Russian North – onshore and offshore areas.

Paternalism is a way of implementing of social policy in the regions within the central state strategy while the Arctic population is in the role of "passive recipients" (Andreyeva, Kryukov, 2008).

Another salient feature of the Russian oil and gas development model is the performance of the state as the main stakeholder. The state views oil and gas resources as on of the major source of power and influence in the international arena so it is of great importance for the government to have control over oil and gas production.

The basis of the legislation of the oil and gas development in the Russian Federation comprises the following documents:

- Constitution of the Russian Federation (1993);
- The Federal Subsoil Law (Law On Underground Resources of 21 February 1992);
- The RF Federal Law on the RF's Continental Shelf (1995);

- The RF Federal Law on the Production Sharing Agreement (1995).

Russian legislation establishes two approaches towards oil and gas exploration and production. First, the licensing regime that is defined by the Law on Underground Resources means that a license to use subsoil resources can be granted to the Russian or foreign company on a basis of joint decision of the federal and local governments. The general principal of the Subsoil Law lies in the granted authority to the subjects of RF to introduce its own legislation on the use of natural resources within the scope of competences transferred to them from the federal government (CMC Law Now, 2003).

The second approach is based on the production sharing agreements between the investors and federal and local governments (The RF Federal Law on the Production Sharing Agreement of 1995). Russian legislation states that PSA should be treated as civil law contracts subject to a special statutory regime. PSA can be seen as an outcome of an open tender conducted by the Russian Federation. The winner of the tender, investor, negotiates the terms and conditions of the agreement with the federal government and the local government, for example, the scheme of hydrocarbons produced sharing. However, The RF Federal Law on the Production Sharing Agreement (1995) does not cancel the licensing procedure, but in this case the license should be issued by the government within 30 days from the day the PSA is signed and the government has no right to revoke the license once the Agreement is signed.

Speaking about oil and gas development offshore, it is significant to point out that only companies with 50% of the state share and over 5 years of experience in oil and gas development on the shelf are allowed to participate in the oil and gas activities on the shelf. Only JSC Gazprom and JSC Rosneft meet these requirements. As for independent companies, they have an access to the Russian Arctic Continental Shelf participating in the joint ventures with a share less than 50%.

Foreign access to all kinds of underground resources is also limited and possible only in the form of joint enterprise with a Russian company that takes over working control.

The legislative picture of the oil and gas sector illustrates that the government is the major player in the resource development. The priority of the Arctic region in the state policy explains that all decision-making powers and legislative authorities regarding the Arctic region are concentrated at the federal level. Regional development strategies are also formulated by the central government without due collaboration with the regional structures and recognition of the real needs of population. Even though the regional governments have a

right to independently in managing land resources in terms of pipeline laying and terminal construction, "the principal decisions of 'go/no-go' character are centralized at the top" (Andreyeva, Kryukov, 2008: 284).

However, we can speak about certain decisive power transfer from the central government to the large oil and gas companies – JSC Gazprom and JSC Rosneft. In the situation with a vague legislation base and regulating norms the role of corporate rules and regulations concerning the conduct of oil and gas operations is vitally important.

As earlier it was stated that CSR is a tool of sustainable governance, it seems rational to touch upon the issue of sustainability in the Russian context. In fact, there were steps towards incorporation of the sustainability dimension in the state policy taken in the mid 90s. In 1996 there was a Decree 'On the concept of the Russian Federation's transition towards sustainable development' introduced. According to it, "transition to sustainable development should ensure a long-term balanced solution of social-economic development and preservation of favorable environment and natural-resource potential, satisfaction of needs of the present and future generations"(1996).

Sustainability dimension in the Arctic policy is reflected in the Federal Law "On the fundamentals of the State regulation of social–economic development of the Russian Federation's North" (2004). The focus in this document is made on the social-economic dimension, namely, the modernization of the North regions' economies, increasing their competitiveness, infrastructure development. Together with these issues the emphasis was made on protection of the environmentally sensitive areas, maintaining the traditional subsistent way of life of the indigenous communities and promotion of scientific research and innovation activities.

Thus, the core of the sustainability approach in the Russian Arctic is social-economic dimension or, as it is called "social guarantees" for the local population (Andreyeva, Kryukov, 2008). These guarantees imply state participation by implementing long-term projects and elimination of remnants of the previous planned economic model (Volgin, Alekseev, 2004). Oil and gas projects are to facilitate the development of the Northern regions. However, it is a point for consideration to what extent oil and gas activities incorporate sustainability approach and contribute to the sustainable development.

4.1.2 CSR in the Russian context

Now I move to the roots of CSR practices in Russia. The notion of CSR is variously interpreted across the countries as CSR practices and social responsibility heritage is mostly defined by the historical context, traditions and public mentality (Poussenkova, Nikitina, 2016). To understand the current position on CSR of different actors and stakeholders in Russia it is necessary to turn to the history of social responsibility development.

During the USSR period the notion of Corporate Social Responsibility did not exist, as there was no entrepreneurial activity. Welfare and social security was granted by the Soviet government (Moscow Times, 2015). Cultural organizations, sports clubs, social organizations were open on the base of state institutions and corporations that provided also housing, healthcare and other services. Perestroika eliminated the welfare tradition (Moscow Times, 2015) with companies being privatized and abandoning their role of welfare supplier. After the transition period accompanied by the lack of legislation and regulation, prosperity of corruption and fraud, tax vasion, the approach to CSR in Russia is likely to be different from those countries where tax payment, regulatory compliance are taken for granted and no such government presence in the business environment.

Nevertheless, nowadays in order to fit in the international market, to be competitive and collaborate with foreign partners Russian companies have to embrace socially responsible behavior not only in terms of tax payment and compliance with the law but also to apply "beyond compliance" practices (Davis, 1973).

The government of the Russian Federation states in its report (Аналитеский Центр при Правительстве Российской Федерации, 2015) that Corporate Social Responsibility gained its recognition in Russia in 2000s when large corporations started financing large-scaled projects and programs which aim to improve living conditions of people. What immediately appeals is that Russian approach towards CSR focuses on the social dimension. But still the approach to social investments varies across the companies and depends on the level of CSR development in a company.

In Russia the concept of Corporate Social Responsibility as it is interpreted in the international discourse was introduced by the affiliates of international corporations. The importance of CSR is recognized, when it comes to raising capital on intrnational financial markets, attracting foreign partners and achieving competitiveness internationally. So the

signficance of CSR strategy implimentation is unquestioned from the view of its contribution to the bottom line, impact on the cost of capital and risk premium (OECD, 2008).

On the national level CSR practice is developed under the auspices of the Russian Union of Industrialists and Entrepreneurs (RSPP) establishd in 1991 (RSPP). It is an independent non-governmental organization that represents the interests of business entities in Russia. According to RSPP, the prior objective of the Russian business is to achieve strong position in th context of national economy and at the world level through greater efficiency and competitivness on the basis of responsible entrepreneurship (UNECE Work on corporate social responsibility issues in Russia, submission from RSPP). The implmntation of this strategy is also a contribution to sustainable development of the country.

Among the RSPP projects and initiatives promoting responsible business practicess are the following:

- Social Charter of Russian Business - a code of responsible business practices that promote stable business development and may serve as a framework for the corporate strategy of any given company. The Charter is based on the UN Global Compact guidelines and outlines these guidelines in accordance with the Russian realities.

- The National Register of Corporate Financial Reports is a data collection and distribution center that contains published electronic reports by companies of their results, as well as social and environmental reports.

- Public verification of nonfinancial reports – an initiativee of the RSPP Council on non-financial reporting that provides independent validation of companies' prformance in terms of corporate serponsibility in accordance to their reports' statements.

Besides these initiatives, RSPP also introduced charters on social issues, ethics, anticorruption practices, promotes social partnership and philanthropy, facilitates ISO 26000 standards' and GRI reporting framework incorporation.

As we can see Russian approach to CSR is based on the international guidelines and standards and initially was aquired as a way to engage in international market activities. Thus the CSR practice is still developing and not mature.

4.1.3 CSR in the Russian oil and gas industry

The trend of petroleum sector being a champion in the CSR concept implementation is inherent to Russian realities as well. The tools and frameworks of CSR strategies are aligned with international standards, however the roots of CSR in oil and gas in Russian may be traced back to the Soviet period. As the area of my study is geographically limited by the Arctic region, further I refer to the CSR concept evolution in the context of Russian Northern regions.

In their study, Poussenkova and Nikitina introduce so called "Soviet social responsibility phenomenon" (2016) that emerged in West Siberia where during the 1960s a large-scaled oil development was carried out. The workforce was attracted mainly from the central region and had to settle in the barely inhabited territory with harsh climate and lack of infrastructure. There was strong pressure from the government to fulfill the oil production targets while the working conditions were unbearable that was a reason for the high personnel turnover. Due to irrational planning and mismanagement of the Soviet government oilmen had nothing to do but to provide living conditions for themselves on their own. In 1969 a Decree "On Measures Aimed at Accelerated Development of the Oil Industry in West Siberia" was introduced and set among other objectives the construction of the oil towns (Poussenkova, Nikitina, 2016). In such situation with weak labor productivity, low mechanization oil companies had to develop non-core assets – housing, schools, farms, etc.. Thus, the roots of CSR may be found in the non-core activity of the oilmen which, howveer, can not be considered as "beyond compliance".

Nowadays the area of petroleum activities in the North has expanded with new onshore fields and offshore deevelopments. The CSR challenges are not concerned with maintaining comprehensive living conditions, the CSR agenda is expanding including "indigenous peoples'" issue, environmental dimension, climate change impact. Nevertheless it is too early to speak about Russian approach to CSR. CSR concept is still immature in Russian business environment and it is rather an adaptation of western practices.

4.1.4 Norwegian Petroleum Sector

Norway is a highly developed industrial country with the balanced and diversified market economy, which is export oriented. It is a country with centralized system of governance. Being among the richest countries in the world, Norway is on the top in terms of quality of life, life expectancy, health of the population. High level of the nation's welfare is partly defined by the natural resource abundance and also by the inclusion of Norway in the industrial process due to its proximity to the important international markets. Large-scaled trade and interaction with other countries provided Norway with a ground for the successful development of its economy. During the XX century Norway had been undergoing permanent economic growth evaluating from a sleepy, agrarian economy, to a petroleum supplier of global importance (Klick, 2009). The start of oil and gas development of the Norwegian Continental Shelf became a turning point in the Norwegian economy and contributed to the Norwegian welfare state. Currently the petroleum industry in Norway is in its mature stage. It serves as an example of a successful story about managing petroleum resources for the societal benefits (Heitmann, Midtgard, 2008).

Oil and gas activity is carried out through licensing system that is established in the Petroleum Act (1996). According to this Act, the government is the owner of the sub-sea deposits that are grouped into blocks. The Government announces the blocks for which companies can apply (Heitmann, Midtgard, 2008). Production licences are awarded to a group of companies not to the sole one. In each group there is an operator company which leads management of the operation and maintains the compliance with the regulations. Before application for award companies have to carry out the geological assessment of the area of the prospected development, impact assessment that covers environmental impact, economic and social effects on the region and other industries that are present in the region. The Ministry of Petroleum and Energy also takes into account technical and financial capabilities of the companies, their experience. Within a licence group companies are expected to share experience as well as costs and revenues.

State regulation of the petroleum sector is conducted through the Ministry of Petroleum and Energy, its Petroleum Directorate, and the Petroleum Safety Authority (PSA). The latter is responsible for the regulation of health and safety of the worker and natural environment. The Ministry of the Environment manages the   petroleum activity through the Norwegian Pollution Control Authority (SFT) that carries out the monitoring of air and water quality,

emissions level and environmental impact from the petroleum activity.

One of the distinctive features of the environmental management in Norway is a carbon tax, introduced in 1990 to reduce emissions from oil and gas burning. It influences production and leads to the construction of carbon capture and storage facilities. This tax is an instrument to meet Kyoto obligations.

The government gains a large share of the value created through taxes, charges and direct ownership in the fields through divedents from its ownership in Statoil and the State's Direct Financial Interest that are represented by the fully stated owned company Petoro AS and. As other owners the State invests and shares the costs of the projects getting its share of income in return.

The taxation scheme is regulated by the Petroleum Tax Act (1975). There are two types of taxes oil and gas companies have to pay: ordinary tax rate which is 28% and the special tax for the petroleum sector – 50%, thus, the total tax is accounted for 78%. What is special about taxation system in the petroleum sector in Norway is that all state revenues are transferred to the Government Pension Fund with the aim to manage government savings and public pension expenditures.

The approach to the resource management, regulation and taxation systems is exceedingly coherent and well-developed and proved to be an effective one in contributing to the social economic development of the country. However, some argue if the state is capable of fulfilling its both missions – getting revenues from oil and gas promote its development and regulate it at the same time (Klick, 2009).

4.1.5 Arctic in the Norwegian context

Norwegian Arctic has attracted the attention only in the recent decade. High costs, sustainable technological requirements prevented from large-scale development in this region. However, by now Norwegian Arctic has gained the status of an oil rich province and is experiencing the consequences of the oil and gas development.

There was always a strong dispute in Norway concerning the environmental issues in relation to the petroleum activities on the coastal shelf. When the concept of sustainable development emerged on the international level in the late 1980s it just broadened the existing

environmental agenda in Norway and was quickly incorporated to already existent sustainability dimension of the governance practices.

The Bondevik I Government's resignation from Office on the issue of two proposed gas-fired power plants that would increase Norway's CO2 emissions by approximately 6 per cent per year in 2000 demonstrates the significance and aggravation of energy split in the political circles (Heitmann, Midtgard, 2008).

If in 1970s the dispute was about whether or not to exploit the hydrocarbon resources, in other words, economic growth versus environmental concerns, now the focus shifted to 'where', 'when' and 'how' (Heitmann, Midtgard, 2008). In the Arctic dispute the environmental issue plays a central role. Environmentalists appeal to the vulnerability of the Barents Sea and Lofoten Area and claim that the environment of these areas is exposed to danger because of oil and gas activities. Bellona is fully against oiland gas activity in the Barents Sea and Lofoten area because of the threat of oil spills and consequent damage to thee eco-system and neighboring industries – fishiries and aquaculture (Bellona web). The WWF, in its turn, promotes the oil and gas free future for the Arctic as the area with an extraordinary biodiversity value, the world's highest density of migratory seabirds, the richest fisheries in the world, diverse and rare communities of sea mammals and the largest deep water coral reef in the world (WWF). Chemical leaks, radioactivity other emissions, will result in the environmental deterioration of the region with the fatal outcome for its eco-system (WWF).

In 2006 the Norwegian Parliament, the Storting, approved an Integrated Management Plan (IMP) for the Barents Sea and the Lofoten Area (Government.no, 2003). This document is the first precedent of putting the concept of an integrated, eco-system based management regime into practice (Marine Spatial Planning Initiative). The IMP provides guidelines for the activities in the area, introduces monitoring guidelines, evaluates conflicting interests, sets the level for acceptable influence by human, in other words, it provides a framework for the sustainable use of natural resources and goods derived from the area and at the same time maintains the structure, functioning and productivity of the ecosystem of the area (International Hydrographic Organization). According to the IMP, the Lofoten area and the Northern Barents Sea are kept closed to petroleum activity, However the question of opening up at some points the fields in these areas is looming at the horizon due to the drop of the oil prices as Lofoten are seen as a cheap alternative for the resource development because the islands are close to the mainland and the waters are rather shallow (Arrctic Deeply, 2016).

4.1.6 Regional economic aspect

From the standpoint of local inhabitants of the Northern Norway, oil and gas development is considered as a blessing for the region in terms of socio-economic benefits. Snøvit project and recently come on stream Goliat project defined the start of a "prosperous petroleum age in the Arctic Norway" (Heitmann, Midtgard, 2008:215). This prosperity is mostly relevant to Finnmark and Troms while Nordland county is less touched as the Lofoten and Vesterålen area is closed for the development. From being a municipality in decline, Hammerfest is now one of the most prosperous municipalities in the North (Heitmann, Midtgard, 2008). Historacally coastal communitis in the Northrn Norway were dependent on the fisheries. As the industry experienced huge decline with the concurrent unemployment, the Northern population welcomes the petroleum activity as the source of employment opportunities and the ground for economic revitalization. Nevertheless, it should be noted that societies are not fully secured relying on the industries operating in the region. While price increase facilitates the development of the industry and the region of its footprint, price drop easily causes the outflow of the investments and inhibits further activities with their social economic benefits for the population. Thus, whether it is fishery industry or petroleum sector, it can not be considered as a secure foundation for the future development of the region (Willson, Stamler, 2015).

Norwegian petroleum industry is relatively young of age but mature in its government regulation, stability and effectiveness. It is built on the principle of extraction activities in return for the social benefits. The Norwegian Arctic is the most climate friendly area of the Arctic as a whole and similar to the environment of the North Sea. Exploration and production activities in the High North are promoted by the State through its regulation and support of its partly owned Statoil together with the possible access of foreign companies. The oil and gas industry in the Norwegian Arctic can be considered through several dimensions – the environmental, the regional economic development and the Sámi population issue, which was touched upon in the previous section about the Arctic in the general scope.

4.1.7 Roots of CSR

The roots of Corporate Social Responsibility concept can be traced long back in history of Norway. Even though the first official document on CSR – white paper,''Corporate Social Responsibility in a Global Economy" was introduced by the Ministry of Foreign Affairs only in 2009, the Norwegian tradition of dialogue and negotiations between business and society, the interdependence of social and financial values is tied to the paternalism approach emerged at the beginning of 17 century. It was the time when the first large mining companies and small communities around them to support the operations appeared in Norway. An example of this process is the mining community of Kongsberg which by 1769 turned into the second largest city in Norway (Ihlen, Hoivik, 2013). A practice of free medical care, pension allowance and paid sick leave relates to those times as well.

Echoes of CSR concept are found in the statement by the first Norwegian prime-minister Frederick Stang (1873 to 1880) that proclaimed that market liberalism required refinement, so that it could be brought in line with a form of ethics more strongly centered on the broader needs of society (Slagstad, 2001).

Another contribution to the modern CSR model was made by preacher Hans Nielsen Hauge (1771–1824) and his followers who called business to serve for a higher purpose – to serve to God through hard work and care of his creation. Hauge's movement significantly influenced Norwegian business and its ideas are viewed even today, particularly in the fishing, textile, wharf, and furniture industries (Grytten, 2010).

The understanding that productivity and efficiency in the business can be achieved only through solidarity and shared interests between managers and workers has been always inherent to the Norwegian business. The relationships between the management and employees were officially codified by the establishment of a national workers' union and a national employers' federation in 1899 and 1900, respectively (Ihlen, Hoivik, 2013). These institutions promoted balance between the conflicting and common interests.

The period after World War II is characterized by a strong cooperation between government and business to rebuild the national economy. This private-public cooperation contributed to the welfare system where business was expected to fulfill certain social welfare obligations. This cooperation attracted also non-governmental organization to the dialogue and introduced new fields of responsibility, such as environmental issues. Thus, in 1998 in accordance with

the Accounting Act, all companies were subjected to reporting of the environment impact of their activities besides the report on health and safety.

In 2000s in the globalized economy the concept of CSR in Europe evolved incorporating new dimensions, such as human rights, child labor, workers' rights, anti-corruption policy (Ihlen, Hoivik, 2013). Multinational companies, being the dominant players in the world economy had to accept certain responsibility for the society in general. In Norway, in such a context, the state became less powerful effective in terms of welfare obligations but still seeks a presence in large industries through share holding and by fulfilling its regulatory role.

By now there is a clear understanding of the Norwegian model of CSR. Evolved from the tradition of paternalism, cooperation and dialogue Norwegian approach to CSR is defined by the dominant position of business in society. The consideration of business in society opposing to business and society, is a key feature of the Norwegian model in which business interests and societal interests are consistently promoted in tandem (Strand et. al., 2014). Another distinctive feature of the Norwegian model is that CSR concept is promoted by the state, here to mention the state's partly ownership of the large companies. So called "state-friendly" attitude facilitates the welfare obligations' fulfillment by business. Another contributing factor to the efficiency of the Norwegian CSR model is an approach based on cooperation, consensus, participation and power-sharing between management and employees providing the latter with certain powers. Stakeholder engagement which is in the heart of the CSR agenda is also a strong part of the Norwegian model and a historic tradition of the state. Stakeholder dialogue and negotiation grants undisputable competitive advantage to the Norwegian business in the globalized economy.

4.2 Getting to Know the Units of Case Study

In the following subsection I am going to introduce the multiple case study I carried out during the research phase of my work. Here I will present the units of cases – Shtokman Development AG, OAO Novatek, Statoil ASA and Lundin Norway AS. I will give a brief overview of their activities, strategy and the general approach towards CSR policy.

4.2.1 OAO Novatek

OAO Novatek is an independent Russian producer of natural gas. The company is engaged in the explotation and production activities, processing and marketing of natural gas and liquid hydrocarbons. It is 4th on the list of public companies in the world (Novatek Sustainability Report for 2014, 2015) in terms of proved natural gas reserves and 7th in natural gas production. As for 2014 Novatek accounted for about 10% of domestic gas production with distribution to 30 regions of Russia that is 19% of total amount of natural gas supplied to the domestic market via the Unified Gas Supply System.

The main licenses of the company on exploration and production are located in the Far North and respectively its activities are mainly carried out in the Arctic region that makes the case of OAO Novatek closely relevant to the subject of my research.
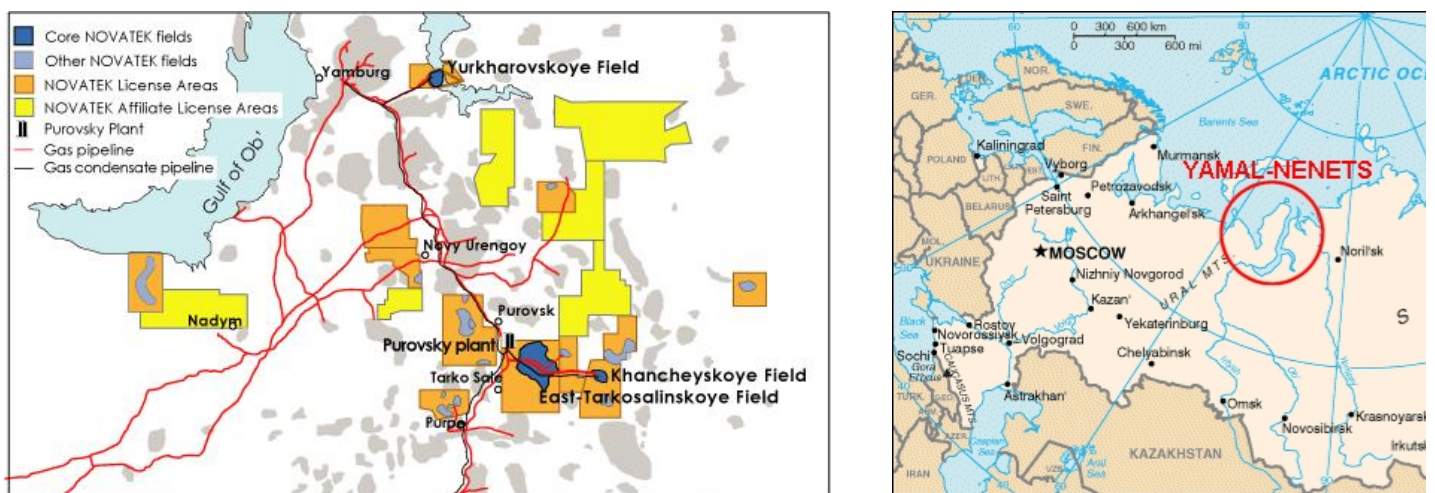
Figure 3. Assets of Novatek

Source: Energy-Pedia News, 2009

The overall sustainable development policy of the Company is presented in the Sustainable Development Report. The latest reporting period is the year 2014, however indicators are given for 2012-2014 period. So that this version will be used for the analysis according to the preliminary formulated scheme. It is the 8th non-financial report of the company. It discloses the information in a three dimensional way: economic, social and environmental aspects. The Report is drawn up according to the updated Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4, 2014).

According to the Report, Corporate Social Responsibility is implied in the notion of Sustainable Development so that the CSR strategy will be disclosed through the sustainability perspective.

"Increased social responsibility is Novatek's strategic objective and operating benchmark. The Company has adopted a consistent approach seeking to create safer workplaces, provide social support to its employees and their families, sustainably reduce accident rates, workplace injuries, occupational diseases, and create favorable social and environmental conditions across its footprint". (Report)

Sustainability objectives are deeply correlate with the company's business activity and are presented in three dimensions:
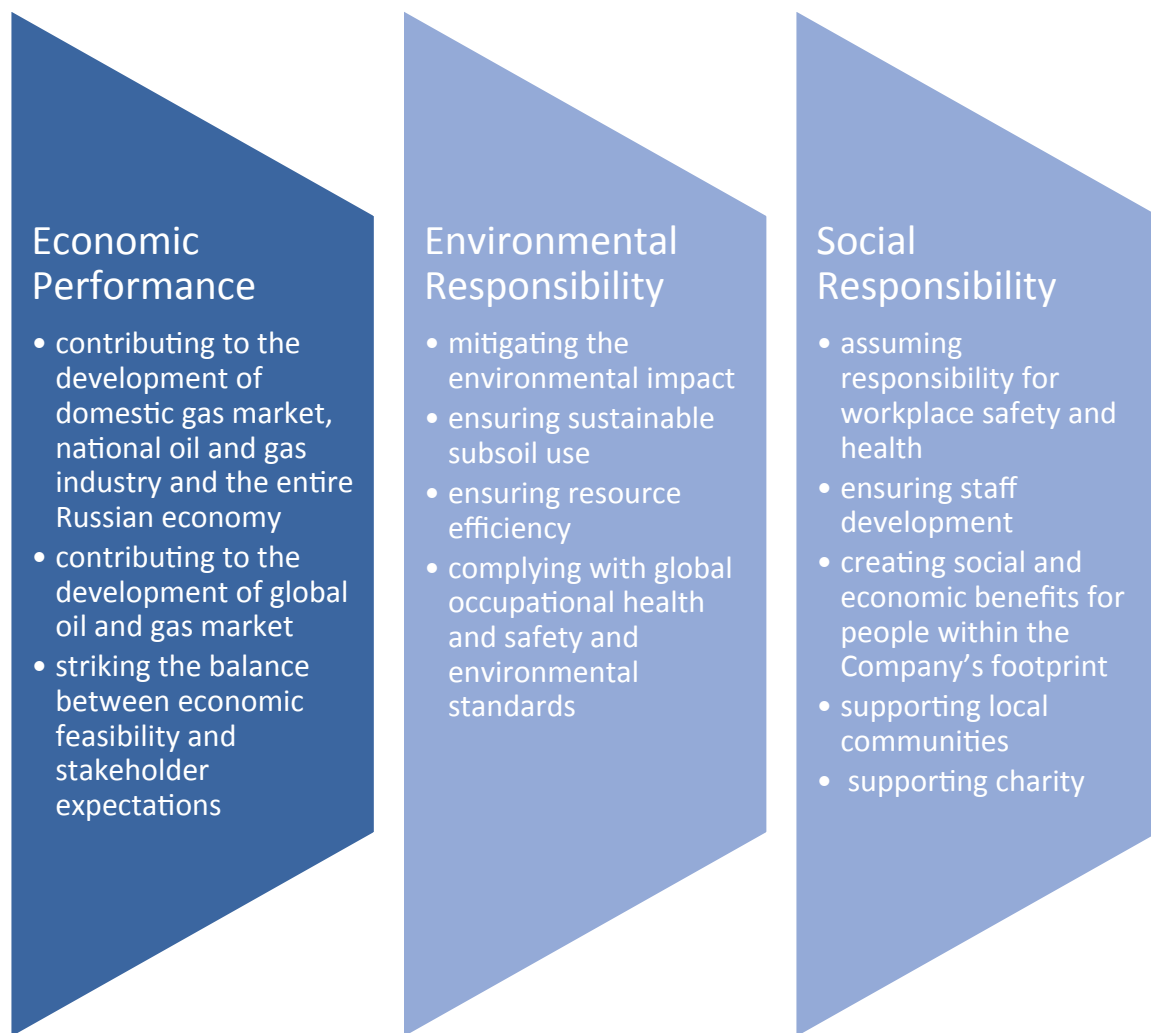
Figure 4. Embedding sustainable development objectives into NOVATEK business activity

Source: Novatek Sustainability Report for 2014, 2015

As we can see social responsibility is a differentiation between social and environmental responsibility and economic performance. However, earlier we defined CSR as a composition of social, environmental and managerial issues. That is why, further in the research we will consider CSR counting all the focus areas.

4.2.2 Shtokman Development AG

Shtockman Developmeent AG used to be a joint venture that was launched for financing, design, construction and operation of the first phase Shtokman gas condensate field development. (wbsit)However the project was delayed foreign partners withdrew from the project and now its 100% of shares is held by PGSC Gazprom.

Shotkman gas condensate field is located in the shelf zone of the Russian sector of the Barents sea about 600 kilometers northeast from Murmansk (SDAG). As the Company was formed for management of one project it promotes sustainable development of regions, directly linked to implementation of Integrated Development of Shtokman Gas-Condensate Field.

As Shtockman Development serves only one project which has not come on stream yet and is a 100% subsidiary of PGSC Gazprom it does not publish separate Annual Reports, however it seems to be an excellent example of the developed corporate social responsibility strategy of a Company operating in the Northern region of Russia.

According to the data presented on the web-site, Sustainability policy of the Company aims at promoting sustainable development of regions, directly linked to implementation of Integrated Development of Shtokman Gas-Condensate Field: Murmansk and Archangelsk Region, Nenets Autonomous District, as well as Northwest Federal District of the Russian Federation as a whole.

Figure 5. Assets of SDAG

Source: Barents Observer, 2008

The general CSR policy framework includes:

.   Improvement of the environmental protection, health protection and industrial

safety status

.   Employees training and education

.   Interaction with the indigenous Arctic ethnic groups

.   Increase of Russian Content in the Project in compliance with the Russian
Content Policy

4.2.3 Statoil ASA

Statoil is the major oil and gas operator on the Norwegian Continental Shelf and the second
biggest gas supplier to Europe. Its activity involves exploration, development and production,
transportation, refining and processing , marketing and trading as well as low carbon
technologies. It is an international company with presense in more than 30 countries.
However with respcect to the topic of my research I focus on the Norwegian Continental
Shelf, primarily, the Arctic region. Staoil is the leading industrial enterprise in the Far North
thus its primary duty is to maintain balanced coexistence with the existing industries and local
communities in the region. The objective is to analyze the way CSR concept is formulated
and transferred into policy of Statoil.
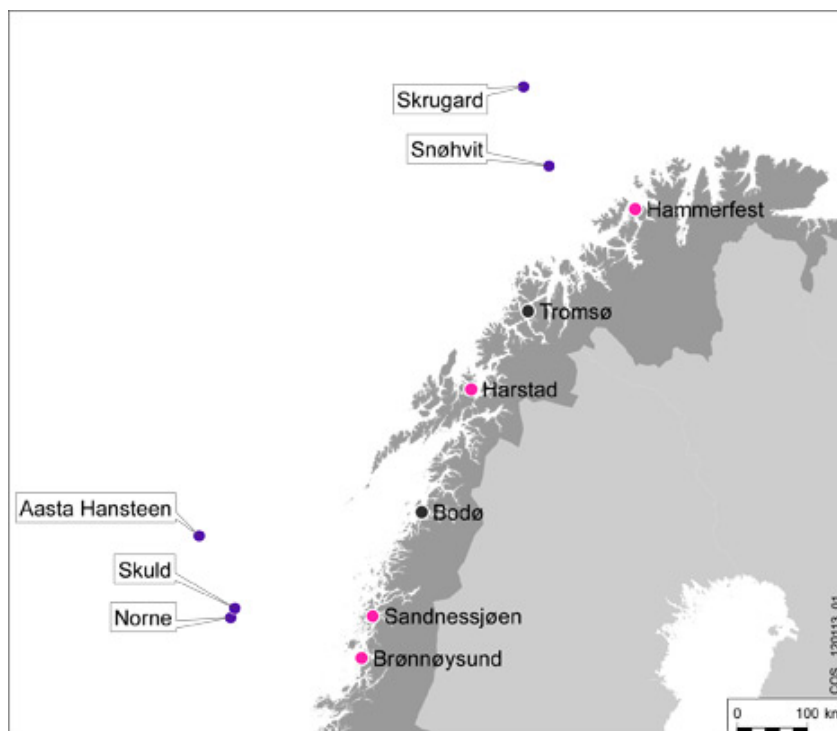
Figure 6. Assets of Staoil ASA in the Arctic

Source: Statoil

Information on Statoil's activities concerning CSR policy is presented in the Sustainability section on the Company's website. Conducting a case study research on the Statoil's CSR activity in the Arctic I relied mostly on the Sustainability report 2015 which gives a vast coverage of issues that were defined earlier in the research as relevant once to the core subject. There are also other publications by Statoil that disclose the information on its activities: 2015 Annual report on Form 20-F, Energy Perspectives 2015, 2015 Payments to governments, 2015 Oil sands report, 2015 Statutory report, 2015 Statement on remuneration for Statoil's Corporate Executive Committee, 2015 CDP1 report, 2015 Global Reporting Initiative (GRI) G4 content index, the Statoil Book.

The Sustainability Report includes four topical chapters: Climate Change, Safety and Security, Communities, People and Organization. In this year's Report, comparing to the Sustainability Report 2014, more attention is paid to the climate change and climate risk. This was done following 2015 Annual General Meeting where stakeholders expressed their particular interest in these issues (Report). Content selection was carried out according to the GRI, G4 Guidelines and stakeholders' expectations.

The Company's safety and sustainability ambitions are to support the Company's vision and are integrated into Statoil business strategy:

- *An industry leader in safe and secure operations*
- *Be recognised as the most carbon efficient oil and gas producer*
- *Create lasting local value for communities*

4.2.4 Lundin Norway AS

Lundin Norway AS is a subsidiary of Lundin Petroleum, Swedish independent oil and gas company. Its exploration and production assets are concentrated mainly in Norway and South East Asia, it also operates in France, Netherlands and Russia. Lundin Norway value chain includes exploration, development and production.
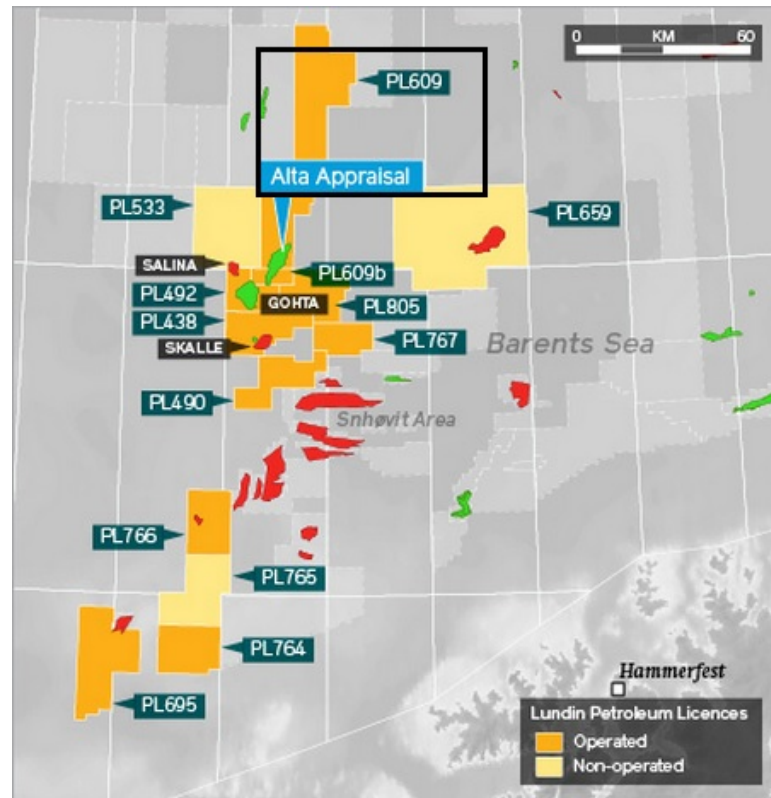
Figure 7. Assets of Lundin Norway on the Norwegian Continental Shelf

Source: Subsea World News, 2013

The Company's management is represented by Norwegian personnel in majority. In Northern Norway it has its headquarters in Harstad. The first discovery in the Barents Sea was made in 2001, then there was Gohta discovery in 2013 and the Alta field in 2014 which will be appraised during 2016. Currently Lundin Norway is undertaking an active exploration and appraisal programme in the Norwegian Arctic. It has 13 licenses in the offshore Southern Barents Sea region, in the majority of which it is engaged as an operator. The Company states that there are no significantly different challenges in terms of operation environment in the Barents Sea South area comparing to the North Sea and Norwegian Sea.

Lundin Norway does not publish its own Reports but the activities of the subsidiary are included in the Lundin Petroleum publications – Communication on Progress to the United Nations Global Compact, Year End Reports, Annual Reports.

The overall business vision and strategy of the subsidiary is transferred from the Parent Company and adapted for the regional realities.

"Our vision is to grow a profitable upstream exploration and production company, focused on core areas in a safe and environmentally responsible manner for the long-term benefit of our shareholders and society" (Lundin Petroleum).

Lundin Petroleum draws a scope of its responsibility in the following way:

"Lundin Petroleum is responsible towards:

> . *shareholders, to realise and sustain a good return on investment and a continuing growth of its asset base.*
> . *employees, to provide a safe and rewarding working environment.*
> . *host countries, owners of the resources, to find and produce oil and gas professionally, efficiently and responsibly.*
> . *local communities, to contribute to local development and higher living standards.*
> . *society, to contribute to wealth generation while minimising the impact of our activities on the environment".*

4.3 CSR at the corporate level in the studied companies

4.3.1 The notion of Corporate Social Responsibility

Before analyzing the framework for the CSR policy of any company it seems neccessary to clarify what they understand under the term of Corporate Social Responsibility. As it was stated earlier in my study, thrree is no unified approach and definition of CSR. So the first step in my study was to get the knowledge about the overall idea of CSR of the companies included in the case study.

Explaining the idea of CSR the representatives of Russian Shtokman Development AG and Norwegian Statoil ASA directly appealled to the so called tripple bottom line concept where CSR is viewed as a Company's commitement to manage the economic, environmental and social impacts of its activities.

The interviewees from Lundin described CSR in a broader sense. For the respondents, «Corporate Social Responsibility is how they do business, the manner they approach business reality and the notion of integrating it in the value chain». They see their mission in CSR as to make sure that when they decide to go to a new area or start a new phase of operation that they «are aware of aboveground issues, external issues of the value chain» and are in compliance with the strategy of the Company's business.

Russian independent gas producer, OAO Novatek, embeds social responsibility in the sustainable development objectives along with economic performance and environmental responsibility. What is worth mentioning is that "Social Responsibility" section in the English version of the website stands for the "Interaction with Society" translating from Russian word-by-word. From this view, social responsibility (or interaction with society, to be more precise in translation) implies responsibility for workplace safety and health, initiatives promoting staff development, creation of social and economic benefits for people within the Company's footprint, local communities support and charity activities. However, speaking about Corporate Social Responsibility as a concept, the interviewee mentioned workplace health and safety, environmental dimension, stakeholder engagement, local content – regional development in the areas of company's footprint, indingenous peoples relations.

4.3.2 Corporate Social Responsibility and Sustainable Development

While the relation between Corporate Social Responsibility and Sustainable Development was illustrated in the previous chapter I found it challenging to identify these notions in the process of data collection from the secondary sources, primarily corporate websites and reports.

Statoil and Novatek do not separate CSR from the Sustainability reporting and claim that these notions are interchangeable. This leads to the idea that the expressions CSR and sustainability are treated as ''umbrella constructs'' - ''a broad concept or idea used loosely to encompass and account for a broad set of diverse phenomena'' (Hirsch and Levin's, 1999, pp. 200). Assuming this, I used the sustainability aspects presented in the Sustainability Reports of Statoil ASA and OAO Novatek as those, related to the CSR concept.

The respondents from Lundin Petroleum and Lundin Norway also consider CSR and Sustainablee Development as interchangeable notions. However, the interviewee brought in the idea that corporate responsibility is a notion that is used from the company's perspective while sustainability has a societal meaning and is used by society regarding not only corporate's responsibility but responsibility of other actors – media, academics, NGOs, governments. Nvertheless, both these notions are to achieve the same things – "activities that have a positive lasting effect".

Shtokman Development representative underlined the interrelation between the notions as well. This interrelation is viewed in the way that sustainable development is one of the basic principles and goals of the Company's CSR activities. As stated in Shtokman Development AG CSR Policy, «In accordance with the environmental and social performance standards of the International Financial Corporation and in compliance with the law of the Russian Federation, Shtokman Development AG makes a commitment to the principles of social responsibility and sustainable development and adopts an integrated approach to the economic, social and environmental aspects of its operations».

4.3.3 Goals of CSR strategy implementation

Having got the idea of the way the companies interpret CSR notion I proceeded with the question about the main, overall goal the companies pursue while implementing CSR strategy. To put the respondents in the right direction I mentioned such alternatives as generating profit in compliance with law and ethical norms/benefits for the stakeholders/reputation, positive image/meet the expectations of society/promotion of universal values and others.

The representative from Statoil ASA opted for the mixture of all suggested goals of CSR strategy implementation. However, the issue of risk was highlighted as a priority: «I think it is a question of risk like sustainability risks and other risks in the company we have to deal with».

Swdish-Norwegian colleagues from the private Lundin Petroleum and Norway AS pointed out that the main goal of CSR is to help a company to achieve its goals. "We believe very strongly in the notion that "you do well by doing right". The well-known phrase "Do well by doing good" was modified and the moral dimension of "doing good" was excluded as "CSR is not about doing good per se". "We do right from the point of societal expectations and internal values". In this case, doing right contributes to the bottom line and "CSR makes sense when it contributes to the bottom line".

The respondent from Shtokman Development AG referred to the CSR Policy official document and cited: "Our objectives in the Social Responsibility domain are to support sustainable development through compliance with the Company's governing documents regarding HSE, Business ethics, Procurement, Russian Content.

OAO Novatek considers CSR as one of the instruments to achieve sustainability targets. The welfare of its employees, environmental and industrial safety, creation of a stable and favorable social environment, and contributing to overall economic development are viewed as top corporate priorities and responsibilities.

4.3.4 Components of the CSR policy of an oil and gas company

Speaking about the main components of the CSR policy of an oil and gas company, the majority of the respondents presented more or less similar lists that contain health and safety dimension, human rights, stakeholder engagement and environmental impact. Nevertheless, the focus varies among the studied companies.

Statoil emphasizes climate issues – climate change and climate risk. It was pointed out by the respondent that this year is the first time the Company published financial impact data on climate change and this initiative came from the shareholders that expressed their interest in climate issues at 2015 Annual General Meeting. Among others components of CSR there were the following:

- Safety and security of the operations;
- Balancing reliable energy supply and climate issue;
- Creating local values in the areas of the Company's footprint;
- Openness and transparency;
- Environmental safety;
- Resource sufficiency

The representatives of Lundin Petroleum and Lundin Norway pointed out that for oil and gas company the most important issue is healthcare and environmental issues. In Lundin Norway HSE is a part of corporate responsibility as "it is about how we do business". Corruption, human rights, labor standards were mentioned as well but still highlighted that the most material issue in the oil and gas activities is HSE.

According to Shtokman Development AG representative, the key areas the company is focused in its practice are the following:

- maintaining continuous stakeholder engagement,
- social risk management, incl. identification of social risks and mitigation measures,
- ensuring transparency and anti-corruption measures,
- protecting human rights and labor standards, including notably the rights of indigenous peoples,
- promoting CSR in the relations with contractors and suppliers, including measures to enhance the Russian content,

- social investments,
- Key Performance Indicators to evaluate CSR progress,
- monitoring and reporting

Even though it was not stated by the respondent but it is clear from the list that the social dimension is prevailing.

In OAO Novatek case, regarding the question of CSR components, I was directed to the Sustainability Report. I assume that Corporate Social Responsibility is implied in the notion of Sustainable Development so that the main components of CSR strategy can be disclosed through the sustainability perspective and are as follows:

- Staff development
- Workplace Health and safety
- Energy and Resource efficiency
- Reduction of environmental impact
- Contributions to local development and indigenous population programs
- Sports and culture sponsorship, charity, volunteering

4.3.5 CSR strategy formulation and implementation

Statoil ASA

In Statoil ASA case the Sustainability Strategy formulation and implementation is carried out by the Corporate Sustainability Unit that operates under the Global Strategy and Business Development. Safety and securities issues are handled by the Corporate Safety and Security Unit that reports directly to the chief operating officer. (Statoil, 2015) The chief supervisory bodies are the corporate executive committee and the Safety, Security, Sustainability and Ethics Committee.

The Report is composed in accordance to the Global Reporting Initiative G4 version; certain reporting standards are also taken from IPIECA (The global oil and gas industry association for environmental and social issues). The respondent mentioned the UN Global Compact and also a "combination of the requests from shareholders, NGOs, investor community" that "give a basis of what the company is going to focus on". Global and national policy, climate policy

are also at the core of CSR strategy formulation. As for the external assurance, it is carried out by KPMG.

More encompassing range of international initiatives and guidelines that Statoil adheres in its activities within the sustainability framework are presented in the table.

Climate Change	The Oil and Gas Climate Initiative (OGCI)
	The Global Gas Flaring Reduction partnership (GGFR)
	The Climate and Clean Air Coalition Oil and Gas Methane Partnership (CCAC OGMP)
	The Business Partnership for Market Readiness (B-PMR)
Communities: transparency and anti-corruption	The Extractive Industries Transparency Initiative (EITI)
	World Economic Forum's Partnering Against Corruption Initiative (PACI)
	United Nations Global Compact
Human Rights	the UN Guiding Principles on Business and Human Rights (the UN Guiding Principles)
	the ten UN Global Compact principles
	the Voluntary Principles on Security and Human Rights
Arctic Context	The Barnts Sea Exploration Collaboration
	the Arctic Response Technology Joint Industry Programme

Table 2. Statoil International Initiatives

Source: Staoil

Lundin Norway AS

In case with Lundin Norway, first of all, it was important to understand the way it associates itself with the head company – Lundin Petroleum. According to the respondents this association lies in the shared commitment – "protect people, protect environment". As for CSR strategy formulation, the responsible unit for it is CSR department. But what is important that it functions in a strong cooperation with other units. Thus, HSE issue is incorporated in the CSR strategy of the Company but there is a separate HSE Departement.

CSR Department is an initiator but the sTtrategy is a shared responsibility of all the units of the Company.

Speaking about the standards that serve as a basis for the formulation of the CSR strategy, Lundin representatives named international initiatives, however when the Company was launched at 1999 it started with the Code of Conduct that encompassed all the issues. Nowadays the Company is guided by the Global Compact as the most inclusive guideline that addresses a wide range of issues – human rights, environment, labor standards, anti-corruption. Transparency Industry Initiative, Carbon Disclosure on Climate Change, Volunteer principals on Human Rights are the tools that help the Company "to progress in a daily issues". The respondents also mentioned more high-level standards that shape the CSR strategy, such as UN Declaration, ILO Standards, OECD guidelines. Global Reporting Initiative was also mentioned as a way to translate what the Company does in an established framework. This is the first year Lundin is preparing a GRI Report.

Shtokman Development AG

Shtokman Development AG used to have a special unit in charge of CSR issues. Later on, when the Shtokman project was delayed and the Company downsized, the CSR unit was merged with the public relations service.

The interviewee explained, "The corporate CSR strategy was developed by a dedicated team of experts, which included employees of the Shareholders, to ensure transfer of the best practices from various countries".

In regard to the standards for the formulation of the CSR strategy there were mentioned the following:

- International Finance Corporation (IFC) Social and Environmental Performance Standards,
- Equator Principles (a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing),
- relevant legislation and regulatory Acts of the Russian Federation,
- International Labour Organization Standard SA 8000 'Social Responsibility'

OAO Novatek

OAO Novatek representative named the following international and national standards and documents it adheres:

- Oil and Gas Industry Protocol
- AA1000 Stakeholder Engagement Standard
- Social Charter of Russian Business
- National GOST R ISO 26000:2012 Standard
- Specialized ISO 14001 and ISO 9001:2008 Standards
- OHSAS 18001:2007 Standard

The company claims to have implemented and operate an Integrated Health, Safety and Environment Management System (IMS) (Novatek Sustainability Report for 2014, 2015) which meets the international standards of ISO 14001:2004 and OHSAS 18001:2007. Within the scope of the environmental police the Company is carrying out The Heritage Environmental Damage Remediation Program, which implies actions to rehabilitate land, water and treat drilling sludge (Novatek Sustainability Report for 2014, 2015) The Company also is carrying out environmental monitoring and the Program for Rational Use of Associated Petroleum Gas. Novatek takes part in the Carbon Disclosure Project and reveals information on the water condition, as the CDP Water Disclosure Project requires.

In terms of Health and Safety all the rules and guidelines developed by the Company and its subsidiaries are launched in accordance with the federal law "On Industrial Safety of Hazardous Production Facilities" and "Rules on the Organization and Implementation of Industrial Control for Compliance with Requirements of Industrial Safety at Hazardous Production Facilities".

Stakeholder policy of OAO Novatek is developed according to the criteria of The Institute of Social and Ethical Accountability and AA1000 Stakeholder Engagement Standard (AA1000SES).

External control is carried out by Federal Environmental, Industrial and Nuclear Supervision Service of Russia (Rostechnadzor, Russian environmental body), Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor, Russian consumer protection body), and Russian Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM).

4.3.6 Russian and European energy companies' approaches towards CSR strategy formulation and implementation

This issue was discussed only with Russian respondents as due to the immature state of the CSR agenda in Russia, it is Russian business that orientates with an eye on the Western standards. According to the respondent's opinion, there is not much difference now between Russian and European companies, "partly due to the fact that most Russian energy companies are listed in London and New York Stock Exchanges", have acquired loans and project financing in Western banks, and have therefore had to comply with most Western standards of reporting and corporate behavior, also in the area of CSR.

The actual difference lies rather in the approaches of the broad public and government authorities, especially regional administrations and local self-government, who tend to view CSR, first and foremost, as an obligation by the companies to support social projects (like construction of hospitals and kindergartens, sponsoring theaters, supplying schools with PCs, etc.).

4.3.7 Perception of CSR by private and state-owned companies

As in the case study there are state-owned or partly state-owned companies together with the private once it seems interesting and up to the point to understand what these companies feel about their own position and how they perceive the position of their counterparts. All the respondents agreed that there is no actual difference or at least there should not be. However, certain considerations were expressed.

The representative of Statoil suggested that the Company is more influenced by politicians, the requirements of the national government. The discussion about climate issues that is now on the agenda of the Norwegian Government is found on the agenda of Statoil as well. Also being partly-owned by the Government means having and being able to meet higher expectations from the society in terms of CSR as well.

Lundin representatives assumed that in theory there should not be any difference but in fact there are. "If you are a partly owned company you are a part of a more general energy strategy, economic strategy. So there are other dimensions and considerations. The other

thing, from a financial point of view, you dont have the same constraints». The respondents brough in the example of their cooperation with Statoil and came to conclusion that exept the fact that Statoil is much bigger there is no much diffrence in trms of CSR.

The situation in Russian context is close to the idea that expectations from society are higher towards state-ownd companies. «It is generally presumed that state-owned companies pay higher attention to the social issues like employment, environment, maximizing taxes and public goods to the society, etc., even if this may affect their economic performance". And, indeed, some 10-15 years ago many Russian privately held companies would state that they fulfill all of their social responsibility by paying taxes to the budget. But over the last few years, the situation has changed largely, "whereby big Russian private companies have launched major CSR programs and introduced stringent corporate behavior rules". The example of it is an encompassing Sustainability Report of OAO Novatek. So, the difference between the private and state-owned companies is no longer so clearly visible.

4.3.8 Arctic context

As it was previously mentioned, Norwegian Arctic is the most benign Arctic area and does not demand extremely special approach. Statoil highlights the existing technological barrier that yet has to be handled. Arctic is considered as a long term asset and the company's approach to Arctic operations is not to move faster than technology allows and to ensure safe and responsible operations" (Statoil, 2015). One of the primarily tasks Statoil set is the development of new ISO standards for Arctic operations (Statoil, 2015). The Barents Sea has become a platform for collaboration and the oil and gas companies joined forces to collaborate on exploration activities. The Barents Sea Exploration Collaboration is launched to deal with the ice management issues, environment and oil spill response, health and working environment (Statoil, 2015). Statoil also is a member of the Arctic Response Technology Joint Industry Programme that is to improve the technologies used in the Arctic oil spills response.

Community issue is also not neglected by Statoil and was mentioned by the interviewee. It was previously discussed the Statoil activities in the Northern Norway have a significant impact in social economic development of the northern counties and welcomed by the local communities.

The respondent also mentioned Morgendagens Helter - social initiative that supports and promotes education, cultural development and sport activities in Norway, including its northern counties.

Lundin Norway with regard to the Arctic region underlines the maturity of the petroleum sector in Norway in terms of regulations ("extremely high regulated in a positive sense") that leads also to a certain public perception of the oil and gas activities. Society gets the benefits so the overall attitude towards oil and gas activities in the North is positive. What also plays a positive role is the lack of serious accidents in the Norwegian Arctic. As for the company itself, according to the representatives, "openness, transparency and trust in what you do" is the earnest of success.

Speaking about challenges in the Arctic, the interviewees mentioned that even though Southern Barents Sea is a "workable" Arctic it is still less studied area, so the Company has to do more. Thus, the Company is carrying out mapping of the seabed in the Barents Sea, environmental studies along the Norwegian Continental Shelf. As for the legal technical requirements in the Northern Norway, the respondents named winterization of rigs for the certain period of the year. Adjustments in infrastructure, local ability to support the industry were also mentioned but the respondents added that these factors exist in the most areas of petroleum activities. From a CSR point the main task the Company has to fulfill is to inform the stakeholders about the reality of the operating environment in the Arctic. The perception of the Arctic sometimes is false with polar bears and boundless ice expanse when in reality the Norwegian Arctic is place of living of thousands of people with more or less developed regional economy and the modern way of life. However, the representatives named people safety as the first priority in all the Company's operations including the Arctic region and then the environmental safety.

Shtokman Development AG, which was to develop the first gas field in the Russian offshore Arctic, set the aim from the very beginning "to make the groundbreaking efforts and serve as a role model for other Russian companies". That was why it aimed "from the outset at the most stringent environmental regulations and the best available practices, including 'zero emissions' target". HSE was named as the key component of CSR strategy regarding the Arctic region. Currently HSE enjoys the biggest public attention. The interviewee mentioned the Macondo blowout in the Gulf of Mexico in 2010, and problems Shell had in Alaska later,

that have made "both the authorities and the global opinion alerted about the environmental risks of oil and gas activities".

As for the challenges oil and gas companies face in the Arctic in terms of the CSR implementation, the responded listed the following:

- harsh natural environment (low temperatures, ice, dark seasons, polar lows, etc.) combined with the vulnerable wildlife and poorly developed infrastructure, pose much more stringent HSE requirements,
- limited employment opportunities whereby any lay-offs make much heavier employment impacts,
- poorly developed local industries and their lack of competences complicate the task of increasing local content,
- large-scale industrial activities have to be counterbalanced with the traditional industries and cultures, including the rights of rights of indigenous peoples, etc.

As for another Russian company, the core operating assets of OAO Novatek are located onshore in the Russian Far North, namely in Yamal-Nenets Autonomous Region, that is why the Company does not distinguish the specifics of CSR in the Arctic in its strategy because the whole strategy addresses primarily the Northern areas.

The first thing that was mentioned by the respondent in terms of CSR strategy was the external social policy of the Company. External Social Policy of OAO Novatek is developed in the following directions: cooperation with the regions that implies support of indigenous and minorities of the North, Educational Programs, Preserving Cultural Heritage, Sports, Volunteering, Veteran Program. The company reports to donate RR 727 mln in the social projects (Novatek, 2015). The company contributes to the social and economic development of the regions as a major taxpayer, employer and through the cooperation with the local governments.

The company's representative also pointed out the environmental dimension as one of the priorities of the Company operating in the North.

The Sustainability Report for 2014 illustrates the Environmental protection policy in the following aspects (2015):

- Emissions and waste

- Water use and wastewater
- Energy consumption and efficiency improveemeent
- Biodiversity preservation
- Disturbed area reclamation
- Environmental protection training

Introduction — Theory — Methodology — Empiric — Analysis — Conclusion
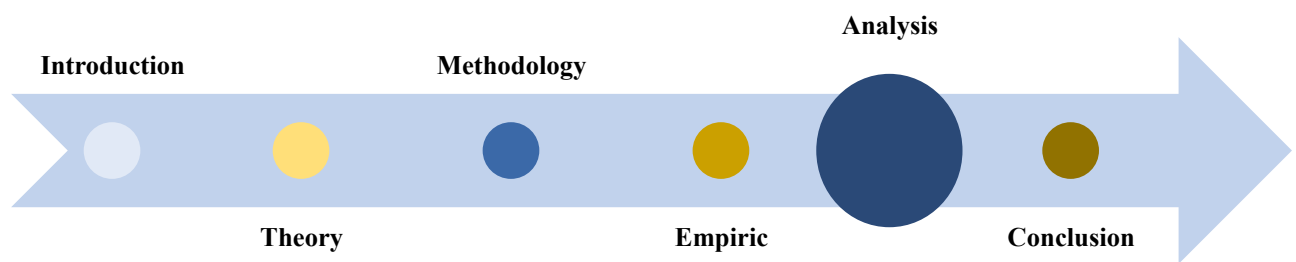
5 Analysis: answering research questions

5.1 RQ1: How do Russian and Norwegian companies frame and understand CSR?

According to the interviews and secondary data collected during the research phase it is possible to draw a conclusion about the way CSR notion is percieved by the studied companies.

Generalizing the approaches of all the companies, both Russian and Norwegian, it turns out that the companies' strategies are closely intertwined with the concept of «tripple bottom line». In all the cases three Ps of Elkington (1997) – profit, people and planet are counted and measured. While the bottom line of the profit and loss of a company is a traditional measurment, that defines a company's overall behavour, social and environmental performance desrves the same attention. Tripple bottom line busisness approach implies companies' commitment to Corporate Social Responsibility.

As it it was previously stated, oil and gas companies are champions in developing and implementing CSR strategies due to extensive ecological impact of their activity on the area of the footprint, high risk of operational accidents and overall huge influnce on the region where a company operates in terms of social and economic transformations. This broad impact defines wide-scale CSR agenda that follows the aggregate structure:

- Ethics and governance

- Stakeholder engagement
- External social policy (Cooperation with the regions, Support of Indigenous peoples and minorities, Educational programs, Sport, Volunteering)
- Employment practices
- Health&Safety
- Environmental protection and climate issues

Further this structure will be illustrated by the companies' examples of their CSR strategies development and implementation. But before that, I would like to consider CSR and Sustainability relation that was examined in the theoretical part and discussed during the interviews.

While the comments of the interviewees varied, it still can be assumed that the idea of CSR being a "mode of sustainable governance" (Barth, Wollf, 2009) proves to be valid. The introduction of corporate rules and codes of conduct that address social and environmental concerns (business mode of sustainability governance), stakeholder engagement existing in all the cases (societal mode of Sustainability governance) and governmental role in introducing legal frameworks to promote and incorporate sustainability instruments in business (political mode) are the evidence of CSR promoting sustainability.

In the Apendix 2 I enclosed the tables where I grouped the activities and management tools used by the studied companies to carry out their social responsibilities. However they should not be treated as exhaustive lists of activities and tools used by the companies. Preparing these charts I relied on the Sustainability Reports and corporate websites and the comprehensiveness of the spectrum of companies' activity was dependent on the level of disclosure of the information presented on the websitea and official documents. These tables are composed to demonstrate the engagement of each company in the dimensions of Corporate Social Responsibility.

As it is seen, there is not appealing difference in perception of the CSR concept and framing the strategy. The companies of different national origins have similar sets of policy framing documents. Statoil and Novatek use GRI G4 standards for reporting, this year Lundin will also introduce a report in compliance with GRI G4 version. What can be pointed out as a difference between Russian and European companies is the scale of their involvement in the international initiatives and participation in international industrial associations as well as the

claim of commitment to the universal documents, such as the Universal Declaration of Human Rights, the UN Global Compact goals, etc. Undoubtedly, it does not mean that Russian companies violate the universal principals, it only shows that the scope of CSR strategy has more local, nationally boarded nature (or has not reached yet the global scale).

What also brings up certain difference is the scale of a company and specifics of its activities. Statoil ASA is a large partly state-owned corporation, the major license holder on the Norwegian Continental Shelf with assets in more than 30 countries. It is obvious that its strategy has a more global and encompassing perspective. Statoil develops climate change and climate risk issues, recognizes its role in achieving the Sustainable Development goals.

Lundin's scope of activity is more moderate comparing to its Norwegian partner. In Norwegian Arctic it operates offshore and does not have direct interaction with the local population. It priorotizes HSE dimension in its CSR strategy and considers CSR as an instrument to achieve Company's goals and contribute to the bottom line. Thus, it leads to the idea that Lundin's perception of CSR is more company-focused with the recognized obligation to meet the expectations of the society and its other stakeholders that implies the activities beyond compliance with the legal requirements.

Shtokman Development AG position is rather specific now as initially it was launched to serve Shtokman project that was delayed due to well-known reasons. It was launched as a joint venture of JSC Gazprom, Total S.A. and Staoil ASA so its strategy was developed by the international team and in accordance to the international standards. As the implementation of the project was postponed the most of its CSR tools in terms of operational process were not implied. However much was done in terms of external policy. There were different programms to support Indigenous population carried out and local stakholders practices implemented.

As for OAO Novatek, what attracts the attention is the extensive activities aimed at support of the local population and Indigenous Peoples of the North. It can be assumed that the focus on interaction with the society is due to its operations carried out onshore that directly influence population in many ways - social and economic, environmental.

Thus, the abovementioned findings allow me to conclude that the perception of CSR and the way it is framed is rather similar from case to case and correlates with the theoretical approaches outlined in the Theoretical Chapter. It was pointed out that with the akin general perception, the focus made by the Companies may vary according to the companies' size and

the scope of their activities.

Basing on the interviews and secondary data I am going to make an attempt to classify the CSR strategies of the studied companies according to the model that considers CSR approaches depending on the degrees of responsibility assigned to business (Blinheim, 2008).

As it was previously presumed, in the international discourse CSR is perceived through the prism of Social activist approach. Indeed, the companies in my case study consider their responsibility to be a contribution to sustainable development. The findings of the research show that business is conducted not only with the aim to enhance shareholders value and meet the legal requirements. The perception of the companies' responsibility is expanded and aimed at satisfying the demands of not only primary stakeholders but also secondary once – governments, NGOs, local communities, indigenous peoples. Thus, Social activist approach with its "pursuing social or moral goals from voluntary motives, even when doing so compromises the firm's profit performance (at least in the short term)" (Brummer, 1991:190), remains to be rather idealized ambition than reality.

The strategies of all the studied companies are formulated from the standpoint of its stakeholders' demands. The following table presents the excerpts from the companies' reports, websites' content or policy statements. As we can see, the statements of the companies' goals and visions demonstrate, first of all, the commitment to their stakeholders and are filled with the core idea of the stakeholder theory – "to engage in CSR activities that stakeholders define as important" (Blindheim, 2008:60).

Statoil ASA	"Our purpose is to bring energy to a growing population to create value for our **shareholders and the communities** where we operate. That guides our strategy as we work towards a future where energy is sustainable and affordable for all".
	"We aim to provide energy for a low carbon future and to create lasting value for communities".
	"We welcome the conclusion of two ground-breaking global agreements relevant for sustainability in 2015: the 17 *Sustainable development goals* that are at the core of the United Nations 2030 Agenda for Sustainable Development, and the *Paris Agreement* signed at the UN Conference of Parties (COP21) climate conference in December 2015. We recognise that we have a role to play in achieving the ambitious goals set out in both agreements".

Lundin Norway/ Lundin Ptroleum	"Lundin Norway takes the matter of social responsibility seriously. ... we have zero tolerance for corruption and bribery. … The company has an active **dialogue with key stakeholders** and we have several cooperation agreements with **stakeholders in our local community**. Lundin Norway's paramount goal is to avoid undesirable incidents in connection with our activities".
	"Lundin Petroleum is responsible towards: **shareholders**, to realise and sustain a good return on investment and a continuing growth of its asset base; **employees**, to provide a safe and rewarding working environment; **host countries**, owners of the resources, to find and produce oil and gas professionally, efficiently and responsibly; **local communities**, to contribute to local development and higher living standards; **society**, to contribute to wealth generation while minimising the impact of our activities on the environment".
Shtokman Development AG	"Company's decisions affecting external stakeholders shall take into account **the stakeholders' interests and concerns**; in particular, the decisions shall be supported by thorough social and environmental assessments and management plans".
	"Our objectives in the Social Responsibility domain are to support sustainable development through compliance with the Company's governing documents regarding HSE, Business ethics, Procurement, Russian Content".
OAO Novatek	"The success of company is not measured purely in financial results but by a broader definition of **Total Stakeholder Returns**, which encompasses our commitment towards sustainability"
	"Novatek adheres to the sustainable development principles and considers the **welfare of its employees and their families**, environmental and industrial safety, creation of a stable and **favorable social environment**, and contributing to overall economic development as top corporate priorities and responsibilities."

Table 3. The statements of the companies' goals and visions

Sources: Statoil Sustainability Report 2014, 2015; Novatek Sustainability Report for 2014, 2015; Year End Report 2015 Lundin Petroleum AB, 2016; Sustainable growth through innovation. Annual Report 2014, Lundin Petroleum, 2015; Shtokman Development AG.

However, in this regard, I would point out Statoil's focus on the global issues of climate change and low carbon future. Its commitment to the 17 *Sustainable development goals* of United Nations 2030 Agenda for Sustainable Development and recognition of the *Paris Agreement* signed at the UN Conference of Parties (Statoil, 2015) introduces the dimension of the universally important and recognized issues that may be considered as going beyond the stakeholder approach.

So we can conclude that the three companies of the case study, Lundin, SDAG and Novatek fall within the stakeholder approach while Statoil is moving in its CSR strategy further, approaching Social activist model. What seems important to mention here, is that the scale and "globality" of a CSR strategy, surely, is not just a will of a company. It is defined by the size of a company, the scope of its activities, financial capacities, governmental influence, national politics content and other external conditions.

5.2 RQ2: What is the difference in the approach towards CSR strategy formulating between the state-owned and private Russian and Norwegian companies?

The interview findings show that there is no striking difference in the perception and formulation of the CSR strategy between state-owned (partly state-owned) and private companies. The notable distinction lies mostly in the size of a company that defines the scope of its CSR agenda, as it was inferred in the previous section.

Nevertheless, considering (partly) state-owned companies of my case study – Statoil ASA and Shtokman Development AG I came to conclusion that the governmental influence plays an important role in formulation and focus of the strategy of a company. This is evident in the countries like Norway, where state regulation of the petroleum sector is highly developed and institutionalized and the government is the owner of the counry's petroleum resources; and Russia where the government is also the major player in the resource development.

In Statoil government as a primary stakeholder shows a particular interest in CO_2 emission reduction and the overall climate issue. In the Sustainability Report we see that the company addresses the issue with the coherent "Ambition to Action 2016" plan and the initiative to develop and implement Statoil's climate roadmap.

Shtokman Development AG that was initially launched as a joint venture with the foreign partners. The state efforts to promote and defend the interests of Russian industries are translated in the introduction of the local content policy document. The purpose of the document is to ensure the participation of Russian legal entities and individuals in the implementation of the Project. It says, "Optimising the Russian content in the Project activities is one of the key elements of success for Shtokman Development AG".

Hence, the difference is viewed from the standpoint of the governmental role, which may reveal in the direct requirements or recommendations. However, it is obvious, that in the countries where petroleum sector is a major source of the budget inflows, both private and national oil companies are exposed to the stringent governmental scrutiny.

5.3 RQ3: How do companies incorporate Arctic dimension in their CSR strategies?

Arctic is a specific region that poses certain challenges for the conduct of business operations.

- • Climate conditions: low temperatures, perpetual darkness in winter time, sea ice, wind, snowfalls, arctic storms, pose technological challenges, highly dangerous operational conditions and high probability of operational accidents.

- • Fragility and sensitivity of the Arctic environment define destructive impact of oil spills on biodiversity and overall sustainability of the region.

- • Lack of infrastructure requires extra financial investments to maintain it.

- • Indigenous population aspect that include complex ethnic structure of the region, the issue of cultural identity and ethnic affiliation, social economic underdevelopment of the indigenous minorities implies the inclusion of the Indigenous population in the stakeholder engagement activities.

- • Coexistence of petroleum industry and traditional subsistence economies of the Arctic peoples – hunting, fishing, herding implies incorporation of co-management practices, impact-benefit agreements.

- • Conflicting interests of the Arctic based industries arise the problem of coexistence of petroleum industry with other industries in the region (Norway case – fisheries' interests)

- • Northern society's at large expectations imply the companies' fulfillment of "license to operate".

- • Opposing attitude to petroleum development in the Arctic among different stakeholders – governments, environmental NGOs, local communities create a create a certain challenge for companies as they are expected to meet the demands and claims of all the groups.

- • Arctic as a strategic dimension of the state policy: business is guided by the political will and may find itself constrained to some extent in terms of decision making and choice of the partners.

Obviously, a number of the abovementioned factors and existing conditions do not directly refer to the CSR strategy; however, certain challenges are addressed within the scope of the companies' CSR agenda.

In the section on the Arctic context I have already presented the findings of the interviews and

the way each company of the case study treats Arctic dimension. In this section I am going to cover the Arctic dimension of CSR in a generalized terms, to relate the findings with the ideas presented in the background chapters and strengthen them with the findings of the studies conducted within the scope of the same subject.

Summing up the collected data I can point out the following aspects the companies said to be of special attention when it comes to operations in the Arctic:

- Health and Safety;
- Environmental protection and emergency response;
- Local stakeholders issues.

It is fair to note that petroleum development in the Arctic, precisely offshore, is a "young" branch of petroleum industry, both in Russia and Norway. Due to it, there are more challenges in terms of technologies and HSE regulations. A lot of initiatives are at the developing stage now.

On the agenda of both, Russian and Norwegian companies operating in the off-shore Arctic, there is the development of new ISO standards for Arctic operations. Currently, ISO have the standards under development that are related to working environment, environmental monitoring, ice management, escape, evacuation and rescue from offshore installations, material requirements for Arctic operations and Arctic metocean, ice and seabed data (iso.org).

The Barents Sea Exploration Collaboration is an initiative supported by Statoil and Lundin Norway is to promote, safety of working environment and emergency response to offshore operations in the Barents Sea (http://www.offshore-mag.com/articles/2015/04/basec-group-to-collaborate-on-barents-sea-exploration-issues.html).

Arctic Oil Spill Response Technology Joint Industry Programme (JIP) under the auspices of the International Association of Oil and Gas Producers (IOGP) is carrying out research projects to expand industry knowledge and capabilities in terms of Arctic oil spill response (Arctic Response Technology). Statoil is on of the sponsors of this program while only one Russian company, Gazprom Neft, joined this program.

Even though the Russian companies do not participate in the abovementioned initiatives, they follow international standards, such as OVOS, ESHIA in their Arctic operations and incorporate internal HSE management systems.

The significant share of attention on the CSR agenda of the studied companies is paid to the stakeholder engagement, primarily, local population, neighboring industries and Indigenous peoples.

In Russian as well as in Norwegian North the record of the industry – local communities relations lacks conflicts and acute complaints that leads to the idea that social license are in place (Wilson, 2016). The implementation of the oil and gas projects is considered rather as a blessing and expected to facilitate local development.

In Norway, Snøhvit project operated by Statoil in the Barents Sea is a vivid example of oil and gas activity's impact on the local community – Hammerfest. There was reported a positive "ripple effects" for local business development – engaging local suppliers and contractors, employment and community development (Klick, 2009). Fishery industry of Hammerfest expressed certain confrontation but the issues were ironed out by means of debate and dialogue in the form of semi-formal settings in Hammerfest and a concession in favor of fishermen regarding the course of the pipeline (Klick, 2009).

The findings of the research by J.S.P. Loe and I. Kelman (2016) show that the locals feel this "ripple effects' in terms of creation of job opportunities, engaging local suppliers and giving an opportunity for local companies to tender for contracts, cooperating with local business incubators, such as Petro Arctic and Pro Barents and making Hammerfest an attractive place to live.

So the social dimension of CSR was implemented through dialogue, ongoing communication with local stakeholders and active support of the local business development by attracting its capacities in the project implementation.

While in Norway the support was expressed by giving impetus to the development of local economy by engaging local business in the industry, in Russia support is mostly conducted by the direct gestures of help, like philanthropy, material support and fulfillment of basic need of Indigenous population, building infrastructure facilities, primarily providing proper conditions for its employees. CSR of the Russian companies remind social projects where companies perform the obligations of the state while the latter fails to do it. This approach can be considered as a "Soviet model" of CSR with "total social institutions" (Humphrey, 1995:7, Wilson 2016) and the relevant social expectations. Such kind of paternalistic approach leaves no space for dialogue and active cooperation awarding the Arctic population with the role of "passive recipients" that, however, does not cause the expression of dissatisfaction or

condemnation of the locals.

What is worth mentioning is that in both countries CSR in the Arctic is implemented mostly through micro-level approach. The Companies tend to address the problems pointwise, directly influencing the groups of stakeholders and do not bring in the issues of universal scale like human rights, good governance or sustainability goals that may lead to the assumption that while operating in the Arctic the companies do not put the notion of Sustainable Development at the forefront of their CSR agenda or rather they do not name it. The primary issue of concern is to provide safe and secure operations and fulfillment of the needs and demands of the local population. To some extent, these actions imply sustainability measures but in reality the companies, above all, have to deal with the basic practical challenges the Arctic region poses, such as risky operational conditions, technological challenges and coexistence with the local population and industries.

The idea of the lack of concentration on the notion of Sustainable Development in the CSR perception in the Arctic context can be related to the "immaturity" of the resource development in the Arctic region. Technological advancement, enhanced HSE practices and maintained infrastructure will allow the companies to focus on more global and universal objectives within the Arctic.

Introduction   **Methodology**   **Analysis**

Theory   **Empiric**
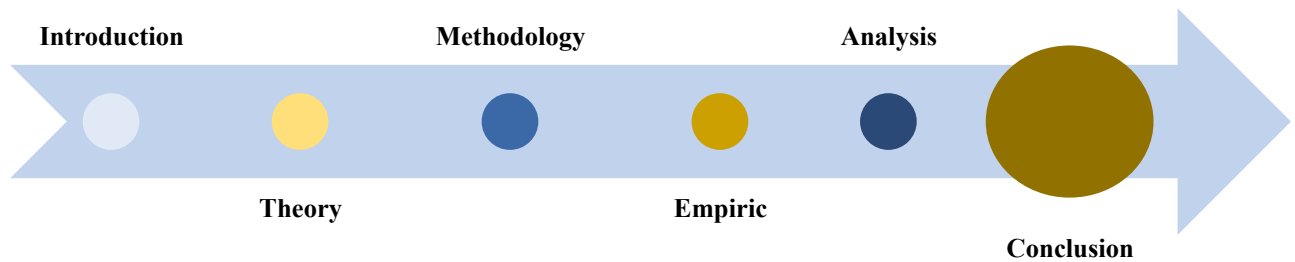
Conclusion

6 Conclusion

6.1 Summarazing the thesis

The immense resource potential of the Arctic region turned it into a vast industrial frontier. Petroleum sector is now a major industrial actor in the Russian and Norwegian Arctic. In fact, its role exceeds just the role of the legitimate taxpayer. Oil and gas companies are assigned with the wider scope of duties and responsibilities that go beyond simple compliance with the legal requirements. This gradually encompassing CSR agenda of the companies is complicated even more by the peculiarities of the region of the companies' footprint, such as fragile eco-system, challenging climate conditions, the role of local indigenous groups and so on.

The thesis is built around two phenonena – Corporate Social Responsibility and the Arctic. Even though the latter is considered rather as a context in which CSR is studied, it has very singular nature that determined the need to pay much attention to the specifics of the Arctic region in terms of its econmy, governance and consider the challenges it poses for the indusrial activities.

Combining the two phenomena in one research I got a complex structured background that was presented in Introduction to key concepts and background Chapter .

The CSR notion was considered from different perspectives. The academic approach to the notion pointed out its constantly evolving character and inability to be universally interpreted.

There were different approaches towards CSR considered: classical approach, stakeholder approach, social demandingness and social activist approaches. It was assumed the social activist approach nowadays prevails in formulation and framing of CSR strategy.

Proceeding with the theoretical concepts, Corporate Social Responsibility was viewed through the prism of sustainability and claimed to be a mode of sustainability governance (Barth, Wollf, 2009), while the business case for CSR proved the undoubted contribution of CSR implementation to the creation of shared value. CSR from the petroleum industry perspective is considered as an integral part of the business strategy and constitutes a part of a company's "license to operate".

As it was already mentioned, the Arctic issue was also included in the Background Chapter and illustrated from the global perspective. The findings on the Arctic region seem to be of paramount importance while speaking about so called "Arctic challenges" that companies face operating in the region and should consider while framing their CSR strategy. What is more, understanding of the social economic situation in the region leads to the understanding of social expectations that are taken into account by the companies in the process of framing and implementing their CSR strategy.

The research phase of the study was conducted through multiple case study of the Russian and Norwegian state-owned and private oil and gas companies operating in the Arctic. But before getting down to the cases themselves I presented the overview of the national context – Russian and Norwegian economic development, legal ground for the resource management that further brought me to consideration of CSR concept evolving within the each country. The process of CSR evolution appeared to be decisive when it came to the present time and the perception of CSR in the modern society. Country differences in this regard determined the level of CSR notion "maturity".

Each case was studied through the CSR or Sustainability Reports and information contained on the corporate websites. This allowed me to get a general idea about the way the company formulates CSR and embeds it in its business strategy. Moreover, I used this data to juxtapose the scope of the CSR agenda of each company and framed the internal initiatives and external activities in accordance to the CSR strategy dimensions.

The interviews with the companies' representatives served as a guiding source of data that adjusted the focus of the research. Combining the findings from the interviews and the

secondary data provided on the corporate websites I managed to present the generalized outcomes and address the research questions.

Thus, in terms of framing and understanding of CSR there was not found appealing difference. The companies of different national origins have similar sets of policy framing documents. That allowed to create an aggregated structure of CSR policy of the studied companies.

What was pointed out as a difference between Russian and European companies is the scale of their involvement in the international initiatives and participation in international industrial associations as well as the claim of commitment to the universal documents. Certain difference was brought up by the scale of a company and specifics of its activities.

The findings on CSR perception also allowed me to correlate the approaches towards CSR by the studied companies with those presented in the theoretical part of the study. As a result, it was concluded that the strategies of all the studied companies are formulated from the standpoint of its stakeholders' demands with the special position of Statoil inclined to the Social activist model.

Regarding the difference in the approach towards CSR strategy formulating between the state-owned and private Russian and Norwegian companies, this research question did not provoke substantial discussion as it was expected. Analysis of the interview data and secondary sources provided excessively general idea that the difference is viewed from the standpoint of the governmental role, which may reveal in the direct requirements or recommendations.

The major findings of the analysis of the Arctic dimension put forward the idea of the lack of sustainability focus in the CSR formulation that was related to the "immaturity" of the resource development in the Arctic region.

6.2 Contributing to the theory and practice

The study provides a comprehensive discussion on the perception of the CSR notion by Russian and Norwegian state-owned and private oil and gas companies, gives the idea of incorporating Arctic dimension in their CSR strategies. There is a significant number of studies conducted on the issue of social expectations and external stakeholder perception of CSR of the petroleum companies in the Arctic. However, the insight into CSR perception and

strategy formulation for the Arctic "from the inside" of the company is a new perspective that has a chance to be developed further examining more companies and therefore providing more generalized and reliable interpretations.

The analysis of four companies' approach towards CSR strategy framing, interpretation of the notion by the representatives provides unique information about the companies that can be valuable for both theory development and business practices of the peer companies operating under the similar conditions

6.3 Directions for further research

As the extractive activity in the Arctic will continue to grow, the CSR concept for the region will be evolving as well acquiring new dimensions that will pose more new aspects to be explored. At this point, in the current circumstances I would like to suggest the following directions for further research:

- Attract more companies from Russia and Norway in the case study to provide generalization of the findings and their wider applicability;
- To include the companies operating in other Arctic states that will give more robust picture of the CSR approach in the Arctic context;
- To narrow the research in scope and to deepen the approach to it by examining the only one aspect of CSR strategy – stakeholder engagement practices, environmental aspect and climate change.

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Appendices

Apendix 1. Interview Guide

Corporate social responsibility of the oil and gas companies operating in the Arctic.

The following interview guide is a part of a research on the subject of corporate social responsibility of the oil and gas companies operating in the Arctic. The idea of the research is to identify differences in perception and implementation of CSR strategies in private and state-owned companies in Norway and Russia.

What does the term "Corporate Social Responsibility" imply, in your opinion?
What is the relation between Corporate Social Responsibility and Sustainable Development? (Is there any relation/are they interchangeable/which has a broader meaning,…etc.?)
What is the main goal oil and gas companies pursue while implementing a CSR strategy? (Generating profit in compliance with law and ethical norms/benefits for the stakeholders/reputation, positive image/meet the expectations of society/promotion of universal

values/others)

What do you consider as the main components of the CSR policy of an oil and gas company?

How is the CSR strategy elaborated and implemented in your company? What corporate unit is responsible for it?

What are the international/national standards that serve as a basis for the formulation of the CSR strategy of your company?
What is the main difference, in your opinion, between Russian and European energy companies' approachess towards CSR strategy formulation and implementation? GRI-?
Do you think there is a difference in the perception of CSR between private and state-owned companies?
What challenges do oil and gas companies face in the Arctic in terms of the CSR policy?

What component of the CSR strategy is the most difficult in the process of implementation regarding the Arctic region?

Apendix 2. Intrnational initiatives and external engagement of the studied companies

	Ethics and governance			
	Statoil ASA	Lundin Norway AS	Shtokman Development AG	OAO Novatek
Internal initiatives and external engagement	Code of Conduct	Code of Conduct	Policy and Strategy of the Corporate Social Responsibility SDAG Ehics Policy	Corporate Governance Code
	Anti-Corruption Compliance Programm	Anti-Corruption Policy and Guidelines,		Code of Business Conduct and Ethics
	Ethics and anti-corruption e-learning programme	Whistleblowing Policy and Procedure		Anti-Corruption Policy
	Extractive Industries Transparency Initiative	The Extractive Industries Transparency Initiative		The Company's Charter and Regulations on NOVATEK's Board of Directors.
	World conomic Forum's Partnering Against Corruption Initiative	the UN Global Compact Call to Action on anti-corruption		

	External social policy (Cooperation with the regions, Support of Indigenous peoples and minorities, Educational programs, Sport, Volunteering)			
	Statoil ASA	Lundin Norway AS	Shtokman Development AG	OAO Novatek
Internal initiatives and external engagement	Heroes of Tomorrow program, Morgendagens Shelter (Norway)	Lundin Foundation partnership, Corporate Donation Policy	Support of educational projects: sponsoring education of the best school graduates of Teriberka village in the Murmansk State Technical University, partnership with the higher educational institutions of the Northern Region	Financial support provided to the Russian Association of Indigenous Peoples of the North, Siberia and Far East Financial support provided to Yamal for Descendants Association and its district branches
	Supporting people with talent and Drive (Tanzania), Creating the way for a growing Angola	Supporting A Chacun son Everest, a charitable organisation which raises funds for children with cancer and leukaemia.	Financing of publication of the Saami language textbook called Aurora Borealis (Vhoafskhas in Saami), projects for promotion of physical training, sports and healthy lifestyle in Triberka	Educational Programs, Preserving Cultural Heritage, Sports, Volunteering, Veteran Program

	Partners with the Astrup Fearnley Museum of Modern Art and the Norwegian College of Elite Sport, support Save the Children Norway, sponsorship of a new oil exhibit at the Norwegian Museum of Science and Technology in Oslo			Two blood donation drives organized for the Blood Center of the Federal Medical and Biological Agency of Russia

Stakeholder engagement			
Statoil ASA	Lundin Norway AS	Shtokman Development AG	OAO Novatek
Governments, Local communities, Civil society and international organisations, Industry associations: IPIECA, World Resources Institute, UN Global Compact, UN Sustainability Energyfor All, Concawe, World Business Council for Sustainable Development. On-going dialogues with indigenous communities in Alaska, Canada and New Zealand	Stakeholder Engagement Policy, Lundin Petroleum's Stakeholder Management Guidelines, Community Relations Policy; member of the Global Compact Nordic Network, Industry Assosiations.	Public hearings based on both Russian (OVOS) and international (EISHA) standards; together with the Murmansk and Archangel Oblast governments, set up standing working groups to cover the key areas of operation.Meetings with the representatives of the Northern indigenous people a living in the Murmansk region. Cooperation with Murmansk Territorial Administration on Hydrometeorology and Environment Monitoring, TYFOON Scientific Production Organisation, Murmansk Marine Biological Institute, etc.Industry Assosiations: The Chamber of Commerce and Industry of the Russian Federation Union of oil and gas producers of Russia Association of Murmansk oil and gas suppliers Murmanshelf« Association of Arkhangelsk oil and gas suppliers «Sozvezdye» Union of oil and gas equipment manufacturers; Russian Association of pump manufacturers Scientific and Industrial Valve Manufacturers Association Association of Norwegian suppliers «Intsok»	Participation in meetings of the Presidential Commission for Strategic Development of the Fuel and Energy Sector and Environmental Security; Participation in a meeting of the Government Commission on the Fuel and Energy Complex, the Reserve Replacement and Improving the Economy's Energy Efficiency; Participation in a meeting supported by the Yamal-Nenets Autonomous Region Government on LNG production development based on the resources of the Yamal and Gydan Peninsulas; Participation in public hearings on the research to support the establishment of the Nyaboitinsky and Yuribeisky specially protected natural areas as targets of government environmental inspection in the Tazovsky District

(Row label: Internal initiatives and external engagement)

Employment practices			
Statoil ASA	Lundin Norway AS	Shtokman Development AG	OAO Novatek
Voluntary Principals for Security and Human Rights	The UN Guiding Principles on Business and Human Rightss	The HSEQ Policy and the HSEQ Management System	Corporate Technical Competency Assessment System - The Successor Program - The Technical Training Program - The Steps in Discovering Talents Program - Research-to-Practice Conferencefor Young Specialists
International Bill of Human Rights and the International Labour Organization's (ILO) 1998 Declaration on Fundamental Rights and Principles at Work	Company's Human Rights Policy & Guidelin, Corporate Responsibility Staff Handbook		Targeted Compensation and Socially Important Payments Program; State Guarantees Support Program
Human rights training	Corporate Responsibility training session		HSE training courses, extra knowledge tests and other development programs for their personnel

Internal initiatives and external engagement

Health&Safety			
Statoil ASA	Lundin Norway AS	Shtokman Development AG	OAO Novatek
Compliance & Leadership programme,	HSE management system (Green Book)	Environmental, Social, and Health Impact Assessment	Integrated Health, Safety and Environment Management System (IMS)
Security Improvement Programme, Subsea Well Response Project, FIRST		the HSEQ Policy and the HSEQ Management System	Professional training of persons entitled to work with class I–IV hazardous waste
Computer Security Incident Response Team (CSIRT)		Implementation of a quality assurance and quality control (QA/QC) system	

Internal initiatives and external engagement

	The Statoil CEO's SSU Award			

	Environmental protection and climate issue			
	Statoil ASA	Lundin Norway AS	Shtokman Development AG	OAO Novatek
Internal initiatives and external engagement	"Ambition to action" 2015	HSE management system (Green Book)	Environmental Impact Assessment (EIA)	Integrated Health, Safety and Environment Management System (IMS)
	Carbon intensity target	Environmental Policy	Environmental, Social, and Health Impact Assessment (ESHIA)	The Heritage Environmental Damage Remediation Program
	The Powering Collaboration programme (collaboration with General Electric)	Climate Change Statement	Environmental surveys in the area of field development	The Program for Rational Use of Associated Petroleum Gas
	MIT Joint Program on Enrgy and Climate	Biodiversity Statement	"TECHNICAL ASSIGNMENT"for the Development of the "List of Environmental Protection Measures Including Environmental Impact Assessment" (PMOOS-OVOS)	the Energy Saving Program for 2013–2016
	Climate and Clean Air Coalition	Carbon Disclosure Project (CDP)	an Agreement of Intent with the Russian Branch of the World Wildlife Fund (WWF Russia)	Atlantic Walrus Research, Identification and Study of Valuable Habitats of Birds and Plant Communities
	Oil and Gas Meethane Partnership	The International Union for Conservation of Nature (IUCN) and Fauna & Flora International (FFI)	Cooperation with «Arctic Maritime Engineering Geological Expeditions» AMEGE JSC, All-Russia Scientific Research Institute of Fishery and Oceanography (VNIRO), Polar Scientific Research of Marine Fisheries and Oceanography	Cooperation with V.I. Vernadsky Non-Governmental Environmental Fund
	Carbon Pricing Leadership Coalition	Norwegian Clean Seas Association for Operating Companies (NOFO)		Cooperation with the World Wide Fund for Nature (WWF)

				Participation in the Russian national environmental campaign Green Spring 2014
World Bank Global Gas Glaring Reduction	Oil Spill Response Limited (OSRL)			
Oil and Gas Climate Initiative	Artificial breeding of sturgeons in the Caspian Sea			Carbon Disclosure Project, the CDP Water Disclosure Project
Carbon Disclosure Project	Transport of Siberian cranes (an endangered species) from Siberia where they were bred, to Astrakhan from where they pursue their seasonal migration.			
	Carbon Disclosure Project			

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