CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN THE NIGERIAN OIL SECTOR

The Case of Royal Dutch Shell

Alexis RWABIZAMBUGA

PhD Thesis
Department of Geography and Environment
London School of Economics and Political Science
University of London

Thesis submitted for the degree of Doctor of Philosophy

May 2008

Declaration of originality

I hereby declare that this thesis is the result of my own work and includes nothing that is the outcome of work done in collaboration.

I further state that it is not substantially the same as any other that I have submitted for a degree, diploma, or any other qualification. In addition, no part of my thesis has already been or is being concurrently submitted for any such degree, diploma, or any other qualification.

This thesis does not exceed the regulation length, including text, footnotes, and appendices.

Signed ---------------------------- Date -------------------

Abstract

The thesis contributes to the perspective on the role of stakeholder engagement in negotiating corporate social responsibility (CSR) policies and practices in developing country context. It critically examines the role of societal pressures as drivers of Shell's CSR agenda, and explores the forms of relationships existing between Shell and its stakeholders in Nigeria, as the company implements its CSR programme, both in the light of its strategic business objectives and of its social responsibilities and environmental liabilities. Furthermore, it examines the role of government in the oil MNCs' CSR agenda, and explores the conditions under which the government, in its dual role as business partner and as state authority, promotes CSR policies and practices in Nigeria.

Shell's CSR policies and practices in Nigeria were examined under the theoretical lenses of the resource-based view perspective extended to notions of legitimacy and the licence to operate. Additionally, the stakeholder engagement perspective was applied as the theoretical framework for examining Shell's stakeholder engagement, and the role of the company's stakeholders in negotiating its current CSR policies and practices in Nigeria.

Data collection was undertaken during field research in Nigeria. The evidence presented is drawn from individual interviews with corporate executives at Shell Nigeria, Shell International, several stakeholders in the Nigerian oil sector, and from an online survey conducted in 2005 on Shell Nigeria's stakeholders. Both quantitative and qualitative methods were used throughout the analysis presented in the thesis.

The research findings suggest that the relationship between the firm's pursuit of the social licence to operate through CSR initiatives and stakeholder engagement is more complex than assumed. It adds to the understanding of the dynamics of a MNC's stakeholder engagement in the local context. It highlights the various interdependencies that develop between stakeholder groups and the company at the institutional level as well as within the context of the organisation, as the corporation develops and implements its CSR agenda. As such, the research invites an examination not just of the differences and barriers existing between the firm and its stakeholders, home and host country practices, but also of the ways in which they are embedded in each other, and how this affects their collaboration.

Acknowledgements

My deepest gratitude goes to Lea, Gisa, Isibo and Gaga for their love and unwavering support and encouragement.

I also wish to thank my supervisor Professor Andrew Gouldson who has been a touchstone for justice throughout, as well as an exceptional guide and inspiration. I would also like to thank Professor Eric Neumayer for enabling me to embark on this adventure while returning from a previous UN mission.

I am also very grateful to the Department of Geography and Environment of the London School of Economics for the financial assistance received during the preparation of this thesis. I would like to thank Professor Yvonne Rydin, Dr Michael Mason and Dr Richard Perkins for the encouragement and support they have given me.

Table of Contents

List of Boxes

List of Figures

List of Maps

List of Tables

List of Acronyms

API	American Petroleum Institute
CD	Community Development
CDC	Community Development Committee
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CAC	Community Affairs Coordinator
CDP	Community Development Plan
CERES	Coalition for Environmentally Responsible Economies
CLO	Community Liaison Officer
DPR	Department of Petroleum Resources
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
FEPA	Federal Environmental Protection Agency
FoE	Friends of the Earth
GDP	Gross Domestic Product
GNP	Gross National Product
GRI	Global Reporting Initiative
HRW	Human Rights Watch
NGO	Non-governmental Organisation
NYMB	Not In My Backyard
NIABY	Not In Anyone's Backyard
MASSOB	Movement for the Actualisation of the Sovereign States of Biafra
MNC	Multinational Corporations
MOSOP	Movement for the Survival of Ogoni People
MOU	Memorandum of Understanding
NDDC	Niger Delta Development Commission
OMPADEC	Oil Minerals Producing and Development Commission
OPC	O'odua Peoples Congress
OPEC	Organisation of Petroleum Exporting Countries
PENGASSAN	Natural Gas Senior Staff Association of Nigeria
PRA	Participatory Rural Appraisal
RICO	Racketeer Influenced and Corrupt Organisations
SIA	Social Impact Assessment
SPDC	Shell Petroleum Development Company of Nigeria Limited
USAID	United States Agency for International Development

Chapter One

INTRODUCTION, RESEARCH CONTEXT AND OBJECTIVES

1.0 Introduction

This thesis contributes to the debate on stakeholder engagement in the context of the corporate social responsibility (CSR) agenda of a multinational company (MNC) in developing countries. The central goal of the research is to examine the role of stakeholders in negotiating CSR policies and practices in a developing country context. It analyses how Shell's CSR agenda in Nigeria translates into local practices and initiatives from a stakeholder perspective. The research examines forms of relationships existing between Shell and its stakeholders in Nigeria and examines how the oil company pursues its business objectives and strategy in engaging stakeholders- such as the state, non-governmental organisations (NGOs), expert groups of various kinds, and communities. It explores how this engagement may create the basis on which the latter may develop their perceptions about the activities of the oil company as well as make sense of their role and mutual responsibilities. The research highlights the various interdependencies that develop between stakeholder groups and the company, and adds to the understanding of the dynamics of a MNC's stakeholder engagement in a developing country context. The evidence presented is drawn from interviews with corporate executives at Shell Nigeria, Shell International, and executives from several stakeholders in the Nigerian oil sector including non-governmental organisations and development agencies. It is also drawn from an online survey conducted in 2005 on Shell Nigeria's stakeholders. The research subsequently contributes to the literature on CSR and stakeholders, CSR and business strategy, and CSR and development in an African context.

1.2 Background, context and research gap

The emergence of CSR is often traced back to Victorian Britain and the industrial revolution, although it does not become a major issue in business and society scholarly debates until the 1950s and 60s. The growing concern that business enjoyed a great deal of power, with little responsibility, led to attempts to explore fundamental questions relating to the role, the nature as well as the scope of business responsibilities in society (Bowen, 1953; Elbing & Elbing, 1967; Eberstadt, 1973). As such, CSR research studies what is demanded of business by society and to what extent society's demands should and can be fulfilled in practice by the firm. It has led to the recent conceptualisation of CSR in terms of sustainable development thinking and corporate business strategy.

However, the emergence of CSR has spawned controversy between different schools of thought over some fundamental differences in perceptions and understanding of the role and purpose of the business corporation in society. The main tension has existed between the stockholder vs. stakeholder perspectives of the firm, which have often led to disagreements about the nature, and the scope of the responsibilities of the firm.

The stockholder perspective regards the firm as an artificial person which can not assume moral responsibilities and should above all not be distracted from its primary responsibility to make a profit (Friedman, 1970; Jensen, 2001). Social responsibilities are construed as the responsibility of the state, and not in the firm's remit. The stakeholder perspective dismisses the stockholder view and defines the firm's responsibilities more broadly as extending beyond the narrow focus on the firm's shareholder interests (Davis, 1960; Eberstadt, 1973). The stakeholder perspective has received greater consideration in the current context of global economic integration. The expansion of Foreign Direct Investment (FDI) has heightened the profile of MNCs and their perception as an undisputed engine of economic globalisation, structural and functional integration of the world markets and production systems across national boundaries (Dunning, 1997; Dickens, 1998). However, as MNCs' business operations expand to foreign jurisdictions, their activities are often associated with incidents involving environmental pollution and social disputes that threaten to damage companies' business activities and their overall reputation. This brought severe criticisms levelled against business and the rise of activism against MNCs in particular.

In developing countries, local communities have demonstrated the ability to undermine MNCs' local business operations and as the Nigerian experience demonstrates, communities' actions could be controlled neither by the company nor the state. As such, managing these local encounters and related social, ethical, and development concerns while pursuing the social licence to operate, has emerged as a critical part of MNCs' CSR agenda in the local context. The increasingly larger proportion of business in industrial countries that are involved in developing countries either directly (through direct investment or direct trade), or indirectly (via extra-company supply chains), underlines the importance of the developing country dimension of the CSR agenda. The strategic importance of local CSR initiatives in which the reputation focus, the need to obtain a stable working environment and the need to maintain a competitive advantage leads MNCs' local CSR agenda to a central focus on stakeholder engagement as a key aspect of corporate social performance.

Moreover, as the studies by Waddock and Graves (1997) and Orlitzky (2005) reveal, social performance is both a determinant and a consequence of high financial performance. Whereas the positive impact of social performance is associated with reputation, the latter originates from complex interaction relationships of various social groups, organisations and individuals (Moldaschl and Fischer, 2004). According to Branco and Rodriguez (2006), an attempt by the firm to identify and behave according to stakeholder expectations implies the need to consider the prevailing social norms and dominant views of social responsibility, all of which have an ethical dimension. Furthermore, engaging in CSR for strategic reasons may in many cases have ethical and moral motivations, as well as leading to social benefits (Ibid.)

The localization of CSR is however under-researched and controversial. Critics of MNC's involvement in developing countries depict CSR as no more than the moral vision of global capitalism (Jenkins, 2005). However, the contested nature of MNCs' CSR initiatives in developing countries is unfathomable without revisiting the debates about the role of MNCs in developing countries. Although a growing number of developing countries embraced FDI as a route to economic development, there is a strong critical tradition, by the proponents of the dependency school, which rejects the argument that the growth of FDI and the involvement of MNCs are beneficial for socio-economic development in developing countries. The dependency school has often considered the growing involvement of MNCs in developing countries as a travesty (Barnett and Müller, 1974; Pack & Saggi, 1997; Lall, 2000) and likely to lead to negative consequences for developing countries (Madeley, 1999; Strange, 1996; Jenkins, 1987). This long-standing criticism levelled against MNCs' involvement in developing countries has re-surfaced in recent CSR debates (Jenkins, 2005).

Whilst MNCs have played a critical role as vehicles of foreign direct investment flows (FDI) to developing countries, this relationship has been clouded by decades of malpractices, such as the misuse of power and the neglect of social and environmental impacts of their operations in developing countries (Jenkins, 1987). Consequently, the dependency school and the anti-globalisation movement, consider the involvement of MNCs in the development process of developing countries as detrimental. They argue that it is possibly leading to increased social and environmental deterioration and conflicts between local forces and cultures, and the new forces of global capitalist production (Barnet and Müller, 1974; Pack & Saggi, 1997; Lall, 2000; Madeley, 1999; Strange, 1996; Jenkins, 1987; Sklair, 1995).

Advocates of the economic development perspective however dismiss the above and argue that the involvement of MNCs in developing countries through FDI will boost local economic development leading to increased employment opportunities, infrastructure development, and technology transfer (Dunning, 2002; French, 1997; Rodríguez-Clare, 1996; Reuber 1973, Rugman, 1996). They commend CSR as an opportunity for businesses to respond to their social and environmental responsibilities, and believe that significant changes in business practices are underway because of widespread adoption of CSR agendas by an increasing number of MNCs (Dryzek, 1997; Holiday et al., 2002).

Despite these controversies surrounding CSR and the role of MNCs, this thesis recognises that CSR has in recent years become an established feature of business and society relationship locally as well as globally, and an important component of corporate policy and strategy process. Although there are some concerns over the scope of corporate responsibility, advocates for CSR argue that CSR provides a framework, through which MNCs can manage the challenges and dilemmas arising from their encounter with local societies and the ensuing challenges and dilemmas.

Whilst an increasing number of MNCs already have CSR policies in place, sceptics have raised questions concerning the extent to which CSR principles influence their strategic and operational business decisions and practices (Davis, 1960; Frederick, 1983; Mintzberg, 1983; Boele et al.; 2001). Recent studies have explored CSR and development from the point of view of local community development (Frynas, 2001, 2005; Newel, 2006; Friends of the Earth (FoE), 2003, 2004), but stop short of examining the forms of relationships that develop between stakeholder groups and the company. They also overlook how this may shape the stakeholder engagement process and the basis on which CSR practices are negotiated. In particular, the CSR-stakeholder literature has not paid much attention to the conditions under which stakeholders may influence the firm's CSR practices in the developing country context, and the nature and scope of this influence.

This research project is particularly important given the fact that MNCs have increasingly had to implement CSR initiatives under significant pressure from local and international pressure from anti-corporate campaigners(Zadek, 2001; Hoffman, 2000) threatening to undermine corporate reputation (Zadek, 2001; Fombrun & Shanley, 1990). For example, it has been suggested that Shell introduced an ambitious CSR programmein Nigeria as a new approach for addressing decades long social and environmental problems associated with its oil production activities in Nigeria (Wheeler et. al 2001). Shell has spent up to $ US 304 million from 1998 to 2003 amidst a major reputation crisis. The oil corporation faced mounting pressure from local communities and increasingly negative responses from the global civil society and media (Rwabizambuga, 2007b).

However, there is controversy surrounding Shell's intentions. Critics raise doubts about Shell's CSR performance, as greenwash rather than destined to improve the living conditions of communities that are negatively affected by oil production activities in Nigeria (Wheeler et. al 2001; Frynas, 2000; Friends of the Earth, 2004). Sympathisers view Shell's efforts as comprehensive and farreaching, only hampered by a non-enabling socio-political environment in Nigeria. Hence, in the absence of efficient or effective government, communities hold the company to ransom by increasingly engaging in rent seeking behaviour while the government is less concerned with the needs and plights of communities in oil producing regions (Uwem, 2004).

Research has shown that the accruing financial resources from oil production have had detrimental impacts on the socio-economic and political condition of Nigeria, (Khan, 1994; Sala-i-Martin & Subrahamanian, 2003). The flow of oil revenues in the late 1960s has exposed the Nigerian economy to Dutch disease (Soremekum, 1995; Khan, 1994) with the decline of productive sectors such as agriculture and the service sector (Frynas, 2000). The country grew dependent on oil revenues, which presently account for 98% of its export revenues and is often cited as a quintessential case where the considerable natural resource-based inflows of capital have immiserating effects (Sala-i-Martin & Subrahamanian, 2003).

Nigeria's inability to deal with the social, political, and economic problems related to its oil sector is largely rooted, if not blamed on the historical framework within which its energy industry emerged, i.e. the country's colonial past, the dysfunctional identity of Nigeria as a new nation and its inherent institutional weaknesses (Bierstekker, 1987 Forrest, 1995 Khan, 1994; Frynas, 2000. Several explanations were advanced, including poor accountability in public governance, lack of participation and weak institutions (Hall and Jones, 1999; Acemoglu et al., 2001), lower growth associated with unsustainable over-consumption (Atkinson and Hamilton, 2003; Sala-I-Martin & Subrahamanian, 2003); and civil conflict (Collier and Hoeffler, 1998). As such, Nigeria's long history of political turmoil and corruption has paralysed its institutions. In addition, the country has faced many internal conflicts driven by competition over oil resources, access to land, or motivated by religious and political motives (Forrest, 1995; Alao, 2007).

In terms of development, the country's performance since independence in 1960 has been dismal (Forrest, 1995). Nigeria's GDP has stagnated since the 1970's, and ranks amongst the 15 poorest countries in the world according to recent development indicators (Kaufmann et. al 2003). Studies carried out on Nigeria's performance in terms of poverty reduction and income distribution (Sala-I-Martin & Subrahamanian, 2003) show stunning under-performance. While the country's GDP of $ 1,084 million in 2000 is similar to its 1970 level, the poverty rate increased from 36 per cent to 70 per cent, with 70 million people living on less than $1 a day. Despite having cumulative earnings of about US $350 billion over the 35 years since oil was first produced in the country in 1957, the poverty rate increased while the income distribution deteriorated. Whereas the top 2 per cent and the bottom 17 percent earned the same income in 1970, the top 2 percent earned the same income as the bottom 55 per cent by 2000. While oil revenues per capita were about US $ 33 in 1965, and per capita

GDP was US$245, the latter remained more or less unchanged in 2000 even though oil revenues were US$325 per capita. Sala-I-Martin argues that there is evidence demonstrating that the oil revenues did not seem to add to the standard of living of the general population (ibid.).

Moreover it is argued that despite Shell's CSR investments, the corporation has failed to fulfil the expectations of communities, and that the oil producing region is continuously plunged into violence and protests, employee kidnapping and attacks on corporate infrastructure (Friends of the Earth, 2003; 2004). The structural conditions described above raise some serious questions as to whether Shell's CSR investments can succeed where the government has failed over the years, and whether the overall structural conditions will enable the company's CSR agenda to have real noticeable effects on the environment and local development (Uwem, 2006). Some studies attempt to explain this failure by scrutinising stakeholder perceptions, and relating these to overall CSR performance and to how community level perceptions in Nigeria are translated into demands put to the oil companies (Idemudia, 2007; Duruigbo, 2003, Friends of the Earth (FoE), 2002, 2003, 2004). However, there is comparatively little scrutiny on how CSR practices are negotiated through broader stakeholder engagement, and how forms of relations existing between the corporation and its different stakeholders may shape the basis for engagement and shape CSR practices. This research gap is an opportunity to examine corporate-stakeholder engagement in negotiating CSR policies and practices in a developing country context.

1.3 The Research objectives and conceptual focus

The thesis will pursue three main objectives as outlined in this section. Firstly, the thesis undertakes a critical examination of how Shell implements its CSR programme in Nigeria, both in light of strategic objectives associated with the company's business operations, and the oil company's social responsibilities and environmental liabilities. The research highlights the ways in which the company may adjust its CSR practices in pursuit of specific business goals. This research objective represents an attempt to further the understanding of the link between corporate objectives and CSR initiatives and the role stakeholders play in negotiating CSR initiatives. In addressing this objective, the following research questions are considered:

1. What are the drivers of Shell's CSR strategies manifested in policies and strategies?
2. What are the main pillars of Shell's CSR programme in Nigeria and what is the internal implementation process in terms of delivery, and how are the different elements of the programme justified?
3. How do CSR projects map on the company's business operations and what are the context and the benefits for implementing CSR investments?

Secondly, it will explore forms of stakeholder relationships with the oil company, as well as identify the different context within which the different categories of stakeholders make sense of their relationship with the oil company. Despite the acknowledged centrality of stakeholders, there has been no serious attempt to address how stakeholders' relationship with the company may influence its CSR policies and practices, and how the dynamic interaction between the company and its stakeholders affects their engagement. In addressing the second objective, the research considers the following questions:

1. What is the geography of stakeholders of Shell in Nigeria?
   A. What are the interests they represent?
   B. What is the source of their legitimacy in engaging Shell's CSR programme?

2. What is their understanding of CSR obligations and what are the assumptions/rationale underlying their claims?

3. How do they understand the role of Shell and their relationships to the company?

4. What are their distinctive expectations and claims from Shell?

5. What is the expectation of the company from stakeholders?

Thirdly, the thesis will explore the interaction of CSR programmes and the host country's development framework. This is important given the central role that institutions play in shaping organisational behaviour. In particular, the role of the state as enabler is gaining prominence in the debates about the role of multinational companies and their CSR initiatives in the development policy agenda for developing countries. This is even more important as the Nigerian Government is the major stakeholder in the local operating company, and is therefore familiar with the CSR issues. In addressing the third objective, the following questions are considered:

1. How does CSR address development in Nigeria, and how does this fit with the country's resource curse problems (Governance, accountability, corruption, over-consumption, structural problems)?

2. What are the ways in which the government is participating in CSR (Facilitating, endorsing and partnering), and what is the relationship between the government and Shell?

The thesis will finally examine the implications of the research findings for a conceptual framework for corporate social responsibility and business strategy in developing countries.

1.4 Structure of the thesis

The introduction has provided a contextual overview for this thesis by outlining the key issues and current debates concerning Shell's CSR agenda in Nigeria. Chapters 2 and 3 will provide the theoretical basis for this thesis and the field of research. Chapter 2 will set out the evolution of the CSR discourse, and outline the resource-based perspective of corporate social responsibility and stakeholder engagement to serve the basis of assessment of the theoretical and empirical analyses of Shell's CSR policies and practices both at the level of the firm's strategic objectives and at the level of its relationship with stakeholders. As noted earlier, a combination of these theoretical frameworks balances the firm's economic pursuits and the ethical principles, both of which underpin the CSR agenda. They were both tested as part of the field research to ensure the relevance for the case study considered. Chapter 3 explores corporate social responsibility implications for multinational companies operating in developing countries. It examines the debates relating to the role of CSR in the global governance of corporations and explores the conditions under which CSR is most effective in terms of enabling sustainable development objectives at the core of the CSR agenda in Africa, and Nigeria in particular. In addition, validity of the CSR agenda for developing countries is discussed. Its potential in development is discussed along with a framework for assessing the governance of MNCs in developing countries. Chapter 4 outlines the methodological framework for the research, while Chapter 5 provides a review of the case study and situates Shell within the context of the environment justice movement. It traces both the globalisation and the localisation of Shell's CSR agenda and assesses its current context in Nigeria. Chapter 6 outlines the findings of the field research. It aims to understand the nature of Shell's CSR strategies manifested in policies and strategies, and identify the main pillars of Shell's CSR programme in Nigeria. In addition, it explores the internal implementation and delivery processes, and how the different elements of the programme are justified. It also seeks to understand how CSR projects map on the company's business operations and what is the context and rationale for implementing specific CSR investments. Chapter 7 details the field research relating to Shell's CSR agenda and its stakeholder engagement dimension. It seeks to establish the geography of Shell's stakeholders in Nigeria and the interests they represent, and the source of their legitimacy in engaging Shell's CSRprogramme. In addition, it presents the findings relating to their understanding of Shell and their relationships to the company, CSR obligations, and the assumptions underlying the respective claims and expectations they may have. Chapter 8 details the findings on how Shell's CSR agenda fits within the country's governance context. It further establishes the role that the government and the civil society play in Nigeria in terms of creating the conditions enabling the success of Shell's CSR initiatives in the country. Chapter 9 will draw the conclusions on CSR policies and practices in Nigeria from the point of view of its business-strategic rationale, stakeholder engagement, and development dimensions. In addition, it outlines the contribution of the thesis both on the theoretical and empirical levels, and assesses their implications and outlines areas for future research.

Chapter Two

THE EMERGENCE OF CSR: ISSUES, BACKGROUND AND RATIONALE

2.1 Introduction

This chapter aims to provide a conceptual basis for understanding the central research issues in this thesis by focussing on debates surrounding the issues and research questions that were outlined in the introductory chapter. The chapter explores the origins of the CSR concept and its evolution throughout the last decades. It revisits the heated debates that took place as the different schools of thought attempted to establish a theoretical basis for business-society relations embodied in the CSR concept. It examines and discusses the theoretical frameworks that will guide the investigation in this thesis of how companies made commitments to CSR principles, and set out to translate them into CSR policies, strategies, and practices.

2.2 The emergence and evolution of CSR

Since Victorian times in Britain and the industrial revolution, it has become obvious that the activities of business corporations have resulted in significant ecological footprints and social costs for which they have not been held accountable despite their growing financial power (Bowen, 1953; Elbing and Elbing, 1967; Eberstadt, 1973). The emergence of CSR is linked to a number of social and ecological problems associated with the activities of the business enterprise, the principal actor in the industrial growth and unprecedented global economic expansion throughout the 19-21st centuries. CSR has become almost universally sanctioned and promoted by all constituents in society from governments and corporations to NGOs, and individual consumers. For example, most of the major international organisations, such as the UN, OECD and ILO not only endorse CSR, but have established guidelines and permanently staffed divisions to research and promote CSR. In 1977, less than half of the Fortune 500 firms even mentioned CSR in their annual reports (Boli and Hartsuiker, 2001). By the end of 1990s, close to 90% of Fortune 500 firms embraced CSR as an essential element in their organisational goal, and actively promoted their CSR activities in annual reports. The change has been so dramatic that the Chief Executive Officers of General Electric, Jeffrey Immelt, and the former CEO of HP-Compaq, Carly Farina, both declared that the world has changed and that a new reality of business has emerged (Günter, 2004).

Concern over the issues surrounding the role of business in society is longstanding. Although the concept of CSR has only recently been formalised, there is a long history in both the East and West, of a commitment to social philanthropy, in the belief that the creation of wealth is primarily geared to social good. For example, this aspect of ethical business in modern times can be traced back to 19th-century philanthropists, such as Robert Owen, and the various Quaker-owned businesses, which made money while offering honest products and treating their people honestly (Anita Roddick, KLM Herald magazine, August 1999).

The industrial revolution and the adoption of laissez-faire economics may have prompted a value shift in society whereby wealth, and wealth creation, gained prominence over social obligation (Eberstadt, 1973). Consequently, even the earliest forms of CSR through philanthropic donations were not enough to offset a string of corporate misbehaviours, the effects of which were reinforced by other socio-economic, and geo-political and strategic conditions throughout the two world wars and the colonial period. Consequently, ensuring that markets contributed fully to the nation's development goals, especially where markets altered the economic, social and environmental effects of private sector development, was left to government (Jenkins, 2005).

However, most government regulations failed, mainly due to lack of efficiency (Buchholz, 1991), leading to increasing pressure from civil society in reaction to various major industrial incidents in the last decades (Hoffman, 2000; Schumacher, 1973; Jenkins, 2005). For example, Rachel Carson's *Silent Spring* (1962) and Ralph Nader's *Unsafe at Any Speed* (1965) sounded alarms in terms of growing concern over pesticides, automobile emissions and oil spills.

Industry in general and the oil sector in particular were in denial that their activities were harming the environment, and rejected the scientific integrity of the evidence presented by civil society activists, particularly environmentalist groups (Hoffman, 2000 cited in Skjaerseth and Skodvin, 2003). However, the persistence of high profile corporate scandals involving business misuse of power, such as the ITT scandal in Chile, prompted another wave of regulations in the 1960s and 1970s.

The case for CSR was also driven by debates on the regulation of MNCs and the globalisation process that exposed MNCs to a range of new challenges (Kapelus, 2000). In particular, Beck (1992) points out that while the environmental and social hazards associated with MNCs' activities increasingly dominated the public agenda, and caught the interest of the public in industrialised societies, they simultaneously became a cause for concern in developing countries. This prompted an avalanche of negative protests against MNCs, driven by a coalition of the global environmental justice movement, the anti-globalisation activists and local community activists.

The industry generally faced pressure from the external institutional environments (Zadek, 2001; Hoffman, 2000) comprising consumers, community activists and NGOs, which gradually convinced corporations that they were facing an irreversible movement. It is argued that this pressure strengthened the case for CSR and its position within the business community (Andriof et al., 2002; Hollender, 2004), and led to a realisation that a global shift in values was taking place. It is further asserted that societal pressures prompted a re-examination by the business community of the extent to which CSR undermined or potentially strengthened the competitive advantage of the corporation. For example, the realisation by major corporations that cause marketing, development partnerships and environmental concerns make good business sense in terms of materials recycling, employee satisfaction and reputation building, prompted some enthusiasm in the business community about the commercial potential of CSR.

CSR has increasingly been seized upon as a means for successful corporations to improve their social and environmental practices continuously through innovative strategies that involve improved relations with society, and responsibility for the impacts of their business activities on communities and the environment. For example, W. K. Shireman[1] declared that:

> The companies that excel today are those that restructure themselves as adaptive, resilient, creative and sustainable as 'living companies' with the capacity to learn and change. These companies are increasing their profits by continuous innovation. They turn waste into new products, leasing and remanufacturing billions of dollars of equipment that used to be thrown away, driving pollution and waste towards zero, and systematically eliminating products and even whole industries while continuing to provide the services that are actually wanted.

2.3 Definition, formalisation and theorisation of CSR

The growing concern that business enjoyed a great deal of power with little responsibility (Bowen, 1953; Davis, 1960; Elbing and Elbing, 1967; Eberstadt, 1973) gave rise to scholarly debates that centred on some fundamental questions including: What are the nature and scope of corporate responsibilities to society? Should corporations be morally responsible for their actions? Are they capable of assuming social responsibility? The early challenge facing the study of CSR was that the concept had no agreed definition and was undeveloped conceptually and methodologically (Preston, 1975; Abbot and Monsen, 1979; Aupperle et al.; 1985). Clarkson (1995) argued that as a concept, CSR remained unbound, as it was difficult to establish a single commonly accepted definition or commonly accepted classification of its main components.

This work, which is epitomised in Bowen's seminal book *Social Responsibilities of the Businessman* (Bowen, 1953), focused on the social responsibility of business, an early attempt to define the responsibilities of business to society. This work generally advocated that the business community should accept social

[1] Keynote address at the Asian Productivity Organisation's conference in Tokyo, April 2000. http://infochangeindia.org/20021004593 4/Corporate-Responsibility/Backgrounder/Corporate-Social-Responsibility-Background-Perspective.html21/06/2008

responsibility. Bowen (1953) argued that the primary motivation of a business enterprise should be to pursue policy objectives in accordance with the objectives and values of society. He pointed out that it is not so much a matter of whether profit subsequently arises from social actions, but whether profit or altruism is the main reason for action in the first place (ibid.).

Davis (1960) and Frederick (1960) supported Bowen's (1953) views and were particularly concerned with the increasing power and the operational flexibility enjoyed by business corporations. Davis formulated two principles that express how social power should be managed. Firstly the so-called social power equation, which states that social responsibilities of businessmen arise from the amount of social power that they have (Davis, 1967, p. 48), and secondly, 'the iron law of responsibility' which refers to the negative consequences of the absence of use of power. He asserted that in the end those who do not use power in a manner that society considers responsible would tend to lose it because other groups eventually will step in to assume those responsibilities. His second assertion was that the business organisation is essentially set up to fulfil a social purpose and is permanently subject to the influence of society and to societal expectations (Ibid.). Consequently, business should use its resources to serve the social, human, and economic needs of society beyond its economic/financial pursuits.

According to Davis (1960), the social power equation has to be understood through the functional role of business and managers. The limits of functional power are associated with pressures from different constituency groups, which restrict organisational power in the same way that a governmental constitution does. According to this corporate constitutionalism view, the constituency groups define conditions for its responsible use and channel organisational power in a supportive way to protect other interests against unreasonable organisational power (Davis, 1967).

Frederick (1960) further declared that the social responsibility of businessmen was to oversee the operation of an economic system that fulfils the expectations of the public. Frederick maintains that responsibility rested with the management to make sure that the factors of production were employed in such a way that production and distribution enhance the socio-economic well-being of society. As such, he defined CSR in terms of the willingness of the corporation to deploy its resources to serve the broader needs of society beyond stockholder satisfaction. In the same vein, Austin (1965) pointed out that business defined CSR narrowly. He urged corporate managements to address the problems of social change that they partly created, and argued that the issue of the cost of CSR obligations should not be an obstacle. He shifted attention from the social responsibility of businessmen to the social responsibility of business.

Elbing (1970) further emphasised this social embeddedness of the business corporation, as a justification for its social engagement, by drawing attention to the fact that business activities acted upon a larger system of social relationships within which the business corporation is grounded. He suggested that business decisions should reflect the social realities of the corporation, and conceived the business-society relationship in terms of 'business in society' implying that business was an integral part of society. He pointed out that any separation of business economic decisions from the social impacts of corporate actions was misguided and false.

Lodge (1970) argued that business should play an active role in shaping its institutional environment, for instance by strengthening the political structure, respecting the laws and existing codes of practice, and by using its abundant resources to solve the problems faced by society. Lodge (Ibid.) had a broad vision of CSR as a framework enabling the creation of partnerships between institutions to solve social problems.

The notion of CSR is related to ethical and moral issues concerning corporate decision-making and behaviour. The controversy has been over the responsibilities firms have regarding their activities. It is imperative to establish when the corporation should undertake certain activities or refrain from doing so, because they are respectively beneficial or harmful to society. The dominant conception is that firms voluntarily integrate social and environmental concerns in their operations and interactions with stakeholders. Walton (1967) and Austin (1965) suggested that CSR should be a voluntary initiative implemented regardless of whether or not it had economic benefits, and despite the fact that it involved some costs. Jones (1980) added that as a voluntary endeavour, CSR was a form of self-control based on altruistic incentives and a moral imperative.

The assumption that firms can be trusted to address on their own any problems their operations may cause leads to the need to understand what kind of motivations companies have to engage in social responsibility activities. According to Fitch (1976) CSR is a corporate endeavour to help solve social problems the corporation may have caused or been part of. He suggested that the corporation must make a distinction between social and non-social problems. The definition of CSR in terms of problem solving focuses on social problems implicating the corporation and forces it to scope the limits of the responsibility it is faced with. While this definition narrows the scope of the CSR concept, the point of departure for Fitch's conception is the negative outcomes of corporate activities to which the corporation must respond.

However, others (Simon et al., 1972; Elbing, 1970) have argued that the scope of the corporation's social responsibilities should be widened to include not only preventive actions against possible negative impacts caused by corporate activities (such as ensuring employee safety or prevention of pollution) as suggested by Fitch (1976). He argued that corporate responsibilities should extend to positive initiatives such as development investments to improve the living conditions of host communities. Accordingly, the scope of CSR should include actions taken within the corporation, benefiting internal stakeholders, and actions benefiting external stakeholders. As such, 'stakeholders' and 'stakeholder needs' became an integral part of CSR as a definitional construct.

Moreover, CSR drew heavy criticism from and produced bitter controversy among different schools of thought. It is suggested that the protests of the 1960s dramatised the seemingly eroding relationship between Western corporations and the public (Zenisek, 1979), while the widespread public prejudice against corporations put corporate executives on the defensive (Elkins, 1977). However, Burt (1983) argues that CSR was mostly a reflection of public relations strategy adopted by corporations at the top level, and that it was rarely embraced or implemented by all levels within organisations. Ackerman (1973) asserts that most mid-level managers considered CSR to be damaging to the financial performance of their organisations, so most paid it only cursory attention.

Generally, the debates opposed those that viewed CSR as a means of business reaching out to the communities, and vice versa; and those that were reluctant to accept the idea that business should assume more functions. The most prominent objection to CSR was the classical economic argument proposed by Milton Friedman (1962, 1970). He argued that the social responsibility of a corporation is to make money for its shareholders. He considered CSR a subversive doctrine that threatened the very foundations of a free enterprise society (Friedman, 1962). While many researchers accepted Bowen's (1953) assumption of corporate obligation to society and simply moved on to address his two key questions regarding the content and process of CSR (Fitch, 1976; Murray, 1976), opponents of CSR challenged Bowen's basic assumption and its validity (Levitt, 1958). Their premise was that social responsibility and the provision of welfare was a government responsibility. They argued that although the corporation was the bearer of rights, it had no moral responsibilities (Dunn, 1991; Friedman, 1970), and that any responsibility for corporate actions should be born by its founders (Ibid.). Henderson (2001) and Jensen (2001) further supported Friedman's position by arguing that the pursuit of any other goal by management than profit making, constituted a betrayal of its social responsibilities to the shareholders.

Proponents of the stockholder view do not preclude the adoption of CSR actions, but only their being carried out for reasons of self-interest (Jensen, 2001). The validity of a positive contribution to society is not disputed if it is instrumentally regarded as a long-term investment, aimed to maximise the long-term profit of the corporation. They argue that such activities are not CSR, but merely profit maximisation under the guise of social responsibility (Friedman, 1970; Jensen, 2001).

Advocates of CSR (Buchholz, 1991; French, 1979) systematically dismissed the stockholder view, asserting that since CSR is grounded in moral principles, it is an opportunity for the corporation to clarify its moral status and purpose in society. Moore (1999a) further pointed out that although corporations have legal independence from their members, corporate agency is independent and may not be assigned to any individual action. He argued that the majority of corporate actions stemmed from the firm's internal decision-making culture, which directed corporate decisions in line with pre-determined goals. As such, the organised decision-making framework of a corporation transcends an individual's framework of responsibility whose agency is based on the beliefs and values of the corporation (Ibid.).

The two decades following Bowen's publication were characterised by acrimonious controversies over the legitimacy of CSR (Wartick and Cochran, 1985). However, the two sides in the dispute could not carry on a constructive dialogue and very little theoretical advancement was achieved beyond what Bowen had already laid down (Elkins, 1977; Preston, 1975). The primary cause of this intellectual stalemate over CSR was that the concept of CSR remained detached from the day-to-day operations of business organisations with no signs of reconciliation. Although many experts noted the outward growth of CSR, few noticed that CSR was changing internally in meaning. The concept of CSR, particularly in terms of how it relates to other organisational goals, has been steadily evolving since the concept was introduced half a century ago.

2.4 Emergence of the instrumental perspectives of CSR

In the 1950s and 1960s, CSR was generally understood as a moral obligation of corporate managers to do their share in improving society, whereas there was no link between this obligation and profit generation. These two responsibilities of a commercial organisation were conceived to be exclusive. In the 1970s and 1980s, new theoretical developments attempted to make CSR more appealing to the broader corporate and investment communities. The mechanisms linking CSR and profitability were suggested (Weick, 1977), although it was not until the late 1980s through to the 1990s that the concept of CSR became much more closely related to market outcomes through a number of empirical and theoretical studies (Kotler and Lee, 2005; Orlitzky, Schmidt and Rynes, 2003; Porter and Kramer, 2002). Therefore, a growing number of shareholders began to accept the idea that strategic adoption of CSR could, in fact, lead to financial rewards in the end. What changed shareholders' attitudes regarding CSR were the changes in their perceptions of the relationship between CSR and bottom-line performance of the organisation. In terms of theoretical orientation, Preston (1978a) argues that researchers have moved from explicitly normative and ethics-oriented arguments to implicitly normative and performance-oriented managerial studies.

The shift in conceptualisation of CSR did not occur instantly. Rather, it was a gradual and arduous process. As mentioned previously, it is well known that public intellectuals, such as Milton Friedman, vehemently opposed the idea of CSR because it imposed an unfair and costly burden on the shareholders (Friedman, 1962; Friedman, 1972; Levitt, 1958). Moreover, because most mid-level managers saw CSR as a cost with highly uncertain outcomes, until the late 70s there was significant resistance from the ranks of management within corporations to implementing CSR. They were simply not ready to jump on the CSR bandwagon (Ackerman, 1973; Klepper and Mackler, 1986).

However, during the last two decades, the concept of CSR has become more harmonised with corporate financial performance. The shift has occurred in three main evolutionary stages. Firstly, the classical view of the relationship between corporate social performance and CSR is that they are mutually exclusive. The main assumption in the classical view is that a business organisation is a unique social entity created just to engage in economic transactions, and the primary goal is to create profit through organisational efficiency or technological innovation. In that sense, it has no immediate or apparent responsibility toward public welfare. However, its activities are likely to generate unintended public good (McKie, 1974).

In the second stage, a new view emerged in which the relationship between corporate financial performance and CSR was seen as not necessarily mutually exclusive, but that there was a considerable overlap between them. In the short-run, engaging in CSR might erode a corporation's short-term profits, but in the end, it would help all social constituents including the corporation itself. The view of CSR as an investment in long-term competitive advantage is based on the assertion that in certain conditions, the satisfaction of stakeholder interests can contribute to maximising shareholder value (Mitchell et al., 1997; Ogden and Watson, 1999). Investing in philanthropic activities may improve the context of competitive advantage of a firm, creating greater social value than individual donors or government can, since the firm has the knowledge and resources for a better understanding of how to solve certain problems (Porter and Kramer, 2002). Burke et al. (1986) further pointed out that when philanthropic activities are closer to the company's mission they create greater wealth than other kinds of donations.

According to Wallich and McGowan (1970), a modern version of this view is represented by the enlightened self-interest view. The main premise is that corporations and society depend on one another for their well-being and that the cooperation between corporations and society is mutually beneficial in the long run. Thus, although CSR may not produce immediate benefits in terms of financial outcomes and there are no unambiguously proved causal linkages between CSR and profit, the interaction between the two spheres is necessary and useful for corporations (Ibid.). The 'new rationale' that Wallich and McGowan offered was that it is consistent with stockholders' long-term interests for corporations to be socially minded. Most of the research that followed in that decade conceptualises CSR as supporting the corporation's long-term interest by strengthening the environment to which corporations belong. For instance, Davis (1973, p. 313) argued that firms have an obligation to 'evaluate in its decision-making process the effects of its decision on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks'. The underlying assumption was that if the surrounding society that businesses belong to deteriorates, businesses lose their critical support structure and customer base. Therefore, it is in the corporation's long-tern interest to support the well-being of its environment.

In the third phase, the integration of CSR and the firm's financial performance took another step forward, with the assertion that there is a business case for CSR. In other words, firms can perform better financially by doing good. The main argument is that companies that do good can improve their reputation and consumer loyalty (Kanter, 1999; Kotler and Lee, 2005) and develop new markets (Porter and Kramer, 2002), while significantly reducing the risks of becoming the target of lawsuits or consumer boycotts. They will also attract socially conscious consumers and investment and boost employee morale (Lazlo, 2003; Turban and Greening, 1997), and above all forestall legislation, hence ensuring greater corporate independence from government regulation (Mintzberg, 1983, Greening and Turban, 2000). Others went further, suggesting that decisions regarding CSR should be treated by managers "precisely as they treat all investment decisions and should be considered as a form of strategic investment" (McWilliams et al., 2006, p. 4).

The alleged link between profitability and CSR prompted extensive empirical research into whether the two are positively linked. Some found evidence of a positive association (Margolis and Walsh, 2003; Orlitzky et al., 2003), while others concluded that the firm's economic performance was not directly linked, either positively or negatively, to its social responsiveness (Arlow and Gannon, 1982). Moreover, these empirical assessments were complicated in view of the imperfect nature of the studies (problems related to the measurement of both CSR and financial performance, criticisms of omission of controls, lack of causality and other methodological problems) (Margolis and Walsh, 2003). Others however suggested that there was a positive long-term relationship (Auperle et al.; Waddock and Graves, 1997).

However, Holmes (1976) pointed out that the widespread adoption of CSR by industry could have an economic rationale. For example, Branco and Rodrigues (2006) pointed out that it is difficult to believe that managers will take decisions which they know will be detrimental to the firm's financial performance. Even if managers' personal values are aligned with CSR values, it will be very difficult for them to decide to engage in social responsibility activities if they do not see the possibility of furthering financial performance. The business case, whose primary motive is wealth creation, progressively dominates the managerial conception of responsibility (Windsor, 2001, cited in Garriga and Mele, 2004; Gond and Matten, 2007).

2.4.1 The resource-based view and CSR

The proponents of the resource-based view (RBV) of the firm (Barney, 1991; Wernerfelt, 1984) further picked up the view of CSR as a strategy for achieving competitive advantages. The number of studies devoted to CSR which adopt a RBV (albeit, in many cases, combining it with other theoretical perspectives), has grown in recent years. This tendency began with a focus on environmental aspects (Russo and Fouts, 1997; Sharma and Vredenburg, 1998), but has subsequently extended to more general issues of CSR (Bansal, 2005; Hillman and Kein, 2001).

This perspective maintains that the ability of a firm to perform better than its competitors depends on the unique interplay of human, organisational and physical resources over time. The resources that are likely to lead to competitive advantage are valuable, rare and inimitable, and must be deployed effectively by the organisation. They include the assets that firms use to accomplish the activities they are engaged in to convert inputs into outputs, and can be classified as tangible (physical and financial assets) or intangible (corporate reputation, employees' knowledge, experiences and skills, and commitment and loyalty) (Mathews, 2002, p. 32). According to Russo and Fouts (1997, p. 537), resources are not productive on their own and can only be a source of competitive advantage if they are used by firms to perform their activities. Thus, the analysis also needs to consider a firm's abilities to assemble, integrate, and manage these bundles of resource' (Ibid.). Firms provide social members with the products or services that will fulfil their needs and establish relations with each other. They control the resources needed for such activities, build the processes through which resources are used, in terms of their own goals (Mathews, 2002).

Dynamic capabilities refer to the organisational and strategic routines that enable managers to acquire resources, modify, integrate and recombine them to generate new value-creating strategies. This approach is focused on the drivers of the creation, evolution and recombination of the resources into new sources of competitive advantage (Teece et al., 1997). Capabilities refer to a firm's capacity to deploy different resources in a coordinated fashion, using organisational processes, to achieve a desired objective. They are the outcome of organisational learning and are built from the learning of individual members or individual business units and the experience of individual members (Mathews, 2002; 2003). Firms use them to develop and implement their strategies.

Galbreath's analysis (2005) establishes a typology consisting of tangible and intangible resources. The former includes financial assets and physical assets, while the latter includes resources and capabilities, which in turn include intellectual property assets, organisational assets and reputational assets. Intangible resources and capabilities are defined as non-physical factors that are used to produce goods or provide services, or are otherwise expected to generate future economic benefits for the firm (Ibid.). They include intellectual property assets, organisational assets and reputational assets. Intellectual property assets such as copyrights, patents, registered designs and trademarks are afforded legal protection through property rights arrangements. Such legal protection can create barriers to competitive duplication (Ibid.). Organisational assets, such as culture, human resource management policies and organisational structure, can also resist the imitation efforts of competitors, as they represent high levels of asset specificity and time compression diseconomies. These assets are seen as contributing order, stability and quality to the firm. On the other hand, contracts, such as franchise or licensing agreements, may be important resources for some firms, as they are legally enforceable and thus competitors may be prevented from replicating the benefits derived from such agreements (Matthews, 2002)

Reputational assets, although not legally protected by property rights, are considered path dependent assets characterised by high levels of specificity and social complexity. Reputation is built, not bought, thus it is a non-tradeable asset that may be much more difficult to duplicate than a tangible asset. These assets can inform external constituents about the trustworthiness, credibility, and quality of the firm. Therefore, reputational assets can be key drivers of external constituents positive reactions toward a firm vis-à-vis its competitors, thus positively affecting firm success (ibid).

According to Barney and Muhanna (2004), tangible resources, whether physical or financial assets, are easier to imitate or substitute even if they are valuable and rare. On the other hand, intangible resources and capabilities are difficult and costly to create because they tend to be historically contextualised, path dependent, socially complex and causally ambiguous. Therefore, it is reasonable to expect that they are more likely to be a source of competitive advantage than are tangible resources (Conner and Prahalad, 1996).

However, the RBV has been criticised firstly, for its non-political view and its failure to recognise that resources and capabilities are contested (Moldaschl and Fischer, 2004). For example, critics pointed out, management does not easily control those intangible assets, such as employee knowledge, and employees' actions may have either positive or negative consequences for the firm. They suggest instead that the firm should be conceptualised as a 'strategic coalition of groups of actors, each with their own interests and with different power' (Ibid., p. 141). Secondly, with a few exceptions, there is a tendency not to question the role that the firm's exchange relationships with the environment play within the resource-based perspective. The firm's environment is merely conceived as 'a blind selection mechanism, as a source of competitive pressure' disregarding the "institutional rules and resources this environment provides, how firms themselves depend on them and how they can create common resources" (Ibid., p. 129). However, resources such as knowledge and reputation originate "from complex interaction relationships of various social groups, organisations and individuals" (Ibid., p. 130).

Thirdly, another weakness associated with the RBV is the inability to explain the influence that the relationship between a firm and its environment has on the firm's success. As Moldaschl and Fischer (Ibid., p. 6) suggest, "firms are embedded in specific political, social, cultural, legal conditions and rules. Not only do they pursue their activities in a given market system, but they also aim at exerting influence on the conduct of other actors and on the rules of the system. Additionally, their activities have numerous unintended consequences, i.e. externalities". The need to see firms as social actors embedded in society within the resource-based perspective stems from the fact that numerous authors as key determinants of a firm's success see intangible resources.

To overcome these theoretical shortcomings, the RBV has sought to extend to the notions of social capital and stakeholder management. According to Moldaschl and Fischer (Ibid., p. 137), intangible resources "are increasingly produced and provided by society, like human capital and knowledge, and many exist only in a social form". Notions such as power, trust and legitimacy are crucial for understanding how resources and capabilities such as employees' skills, corporate culture and corporate reputation are important in determining a firm's success.

Post et al. (2002) argue that there are interdependencies between the firm and its stakeholders that cannot be described in terms of simple contractual exchanges. Furthermore, it is relationships rather than transactions that are the ultimate sources of a firm's wealth, and it is the ability to establish and maintain these relationships within its entire network of stakeholders that determines its long-term survival and success. Relationships imply continuity and involve ongoing conflictual as well as collaborative elements.

Post et al. (2002, p. 8) define the firm's stakeholders as the "individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers". A firm's stakeholders are seen as those who supply critical resources, place something of value 'at risk', and have sufficient power to affect its performance. The principal means of sustaining and enhancing a firm's wealth-creating capacity are the linkages between the firm and its multiple constituencies. Due to their linkage with the firm, these constituents have a stake in its operations, in the sense that, because of the firm's operations, they have the possibility of either gaining greater or lesser benefits or experiencing greater or lesser harm (Ibid.).

For involuntary stakeholders, on the other hand, "particularly those that may be negatively affected by externalities such as pollution or congestion, the guiding principle has to be reduction or avoidance or harm and/or the creation of offsetting benefits. These stakeholders expect that they will be at least as well off as they would be if the firm did not exist" (Ibid., p. 22).

Nahapiel and Ghoshal (1998, p. 243) defined social capital as:

> The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network.

Social capital resides in the structure of relationships among people, which makes it a resource that does not lie with one individual, but rather is jointly owned, and has three dimensions: structural, cognitive and relational in terms of the organisation, norms and shared systems of meaning among parties (Ibid.). The notion of social capital thus refers to the relationships among individuals through which information, influence and resources flow.

Nahapiel and Ghoshal (1998) assert that the notion of social capital is important because high levels of social capital reduce transaction costs, facilitate communication and cooperation, enhance employee commitment, foster individual learning, strengthen relationships and involvement and ultimately enhance a firm's performance. To this end, social capital plays a fundamental role in understanding how engaging in CSR may contribute to a firm's long-term survival and success.

In effect, CSR involves recognition on the part of society of both its significance and the efforts of a firm to gain society's approval of its behaviour, and relates to society's stakeholder expectations about corporate behaviour that firms have to identify and try to conform to. Consequently, stakeholder expectations about what constitutes desirable and undesirable firm performance, define the norms for corporate behaviour and the basis for evaluating the outcomes of firms' behaviours in terms of how they have met expectations and have affected the groups and organisations in their environment (Wood and Jones, 1996, p. 23).

2.4.1.1 Internal benefits of CSR.

Investments in socially responsible activities may have internal benefits by helping a firm to develop new resources and capabilities that are related to expertise and corporate culture. These resources and capabilities acquired internally, would then lead to more efficient use of resources.

It is argued that the urge for environmental cleanliness may lead to more efficient processes, improvements in productivity, lower costs of compliance and new market opportunities (Howard-Grenville and Hoffman, 2003; Goldstein, 2002; Russo and Fouts, 1997; Porter and Van der Linde, 1995;). Hart (1995) applied the RBV of the firm to the domain of corporate environmental strategies. He identifies the sources that contribute to environmental performance and may simultaneously improve industrial performance. These include strategies for pollution prevention and for minimising the environmental impact of product systems. They further proposed that a prevention policy builds the resources of organisational commitment and learning, cross-functional integration, and increased employee skills and participation within the firm.

2.4.1.2 External benefits of CSR

The external benefits of CSR are related to its effect on corporate reputation. Firms with a good social responsibility reputation may improve relations with external actors such as customers, investors, bankers, suppliers and competitors. They may also attract better quality employees or increase current employees' motivation, morale, commitment, and loyalty to the firm. This, in turn, may improve financial outcomes. Disclosure of information about a firm's behaviours and outcomes regarding social responsibility may help build a positive image with stakeholders (Orlitzky et al., 2003).

As Roberts and Dowling (2002, p. 1078, cited in Branco and Rodriguez, 2006) pointed out, corporate reputation is a general organisational attribute that reflects the extent to which external stakeholders see the firm as good, and not bad. It has been identified as one of the most important intangible resources that provide a firm's sustainable competitive advantage. Several studies have found a positive relationship between a firm's reputation and its financial performance (Roberts and Dowling, 2002; Fombrun and Shanley, 1990).

Fombrun and Shanley (1990) view corporate reputation as resulting from a process in which firms compete for social status in a market characterised by incomplete information by signalling their key characteristics to stakeholders in order to maximise their reputation. However, a firm's reputation is determined not only by the signals received directly from the firm but also from other sources, such as the media or the stock market. Corporate reputation reflects a firm's "relative success in fulfilling the expectations of multiple stakeholders" (Ibid., p. 235). Reputational assets are determined by the congruence between firms' behaviours and the expectations and preferences of stakeholders (Fombrun and Rindova, 2000). By demonstrating that they operate in accordance with social and ethical criteria, firms can build reputation, whereas failing to do so can be a source of reputational risk. The reputational capital of the firm is thus created when a firm is able to obtain support from its stakeholders (employee commitment, customer loyalty, and attractiveness to investors, collaboration of partners, favourable regulation, endorsement from activist groups, legitimacy within the community, and favourable coverage from the media). On the other hand, it is destroyed when stakeholders withdraw their support producing threats of rogue behaviour from employees, threats of misunderstanding from customers, threats to value from investors, threats of defection from partners, threats of legal action from regulators, threats of boycott from activists, threats of illegitimacy from the community, and threats of exposure from the media (ibid). CSR enhances the firm's financial performance through accumulated rewards due to positive behaviour and through mitigation of the consequences of negative behaviour.

Others have defined CSR practices as innovative and less-imitable means of strengthening customer relationships (Bhattacharya and Sen, 2004). CSR is viewed as a form of product differentiation (ibid), and that involvement in corporate social initiatives can even increase stock value (Klassen and McLaughlin, 1996). MNCs' CSR agendas in developing countries have also recently been perceived as long-term profit maximising, since they generate external benefits to the firm as discussed in the next section.

2.4.2 Legitimacy and the licence to operate

Critics of the CSR agenda in developing countries claim that much of the corporate–stakeholder relations discourse reflects the language of the business case, such as the need to obtain legitimacy and ultimately the licence to operate. This helps reduce the costs of operations, and foster long-term beneficial relationship in terms of reputational capital and social capital (Jenkins, 2005; Newell, 2006).

Legitimacy can be described as the generalised perception that the actions of an entity are desirable and appropriate within some socially constructed system of norms, values, beliefs and expectations (Suchman, 1995). As such, corporate agency is legitimate when it is judged to be just and worthy of support (Dowling and Pfeffer, 1975), by the social community. The legitimacy concept relies on the notion of a social contract between the company and the community, and on the assumption that the company will adopt strategies to show the community that the organisation is attempting to comply with its expectations. This is all the more important for the corporation, since it requires legitimacy to maintain functional, long-term relationships with the various stakeholders on which it depends (Nasi et al., 1997). As such, CSR practices in part will ensure that there is no legitimacy gap, which arises when societal expectations of corporate behaviour differ from societal perceptions of corporate behaviour (Ibid.).

The loss of legitimacy can often be followed by a break down in corporate-stakeholder relations, and loss of the associated benefits of legitimacy (Burke, 1999), such as the licence to operate. The licence to operate concept is an instrumental concept and invokes the profit-maximising function of the CSR agenda, and relates to the internal factors that may determine or undermine corporate financial success. The company's licence to operate defines what it can and cannot do, and must be obtained in addition to the government licence to operate. There three variants of the concept of the licence to operate, and each one represents the demands of a set of stakeholders who police and enforce compliance. The first strand represents the legal licence to operate, consisting of the company's regulatory permit and statutory obligations that embody the demands of regulators and legislators. The second variant is the social licence to operate, which represents the demands of local and national as well as international social and environmental activists and communities and the public. The licence is obtained from the communities and the neighbourhood (Burke, 1999), and its terms, according to Thornton et. al. (2002) are more demanding than those of the legal licences are, and are generally enforced through threats and adverse publicity or complaints to regulators. The third form of licence to operate is the economic one, which consists of the demands of the management, lenders, and investors for profitability and cost management. As such, pursuing value maximisation through CSR agenda is negotiated with stakeholder expectations in terms of social and environmental sustainability (Thornton *et. al.* (2002). For example, as mentioned earlier, Shell's CSR agenda in Nigeria has been criticised as based on the pursuit of the licence to operate, given that the oil company's operations faced increased hostility from stakeholders locally, nationally and internationally (Frynas, 2005; Manby, 1999). Others consider Shell's CSR agenda as a purely defensive strategy and an exercise in public relations (Christian Aid, 2004; Frynas, 2005).

However, CSR scholars have increasingly called for basic research to develop conceptual tools to explain changing organisational behaviour from broader societal perspective, beyond the current excessive and narrow emphasis on the business case for CSR (Gond and Matten, 2007).

Despite its limitations, the RBV is useful in the present thesis, as a framework to consider the question of how CSR projects map onto a company's business operations and what the context and rationale for implementing specific CSR investments is, as outlined in section 1.4. It is used along with the stakeholder engagement perspective. Both provide the opportunity to examine corporate behaviour from both internal (business value perspectives) and external (societal) stakeholder perspectives. The next section reviews the stakeholder engagement perspective.

2.4.3 The role of stakeholder engagement

There is a tradition in the study of business and society, which, amidst controversial debates, has sought to define and classify the relationship between corporations and their stakeholders. The main question has been how to define who is and who is not a stakeholder and how to explain why and how managers prioritise stakeholder relationships.

Despite an early attempt by Preston and Post (1975) who described corporate response strategies to stakeholder constituencies as ranging from reactive, to proactive, to interactive, and Frederick's (1978) introduction of corporate social responsiveness as a process derived from CSR, it is Freeman's (1984) seminal contribution that accounts for the stakeholder theory of the firm in its recognisable modern form.

Freeman (1984, p.6) defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organisation's objectives". He argued that corporate activities generate externalities that economically, culturally and physically affect various groups of stakeholders and who, for that matter, have a legitimate interest in the corporation. These include, on the one hand, groups of stakeholders to whom the corporation is related by all sort of contracts, and on the other, many other stakeholders with a legitimate stake in the corporation, such as employees, contractors, suppliers, etc., who are protected by public regulations. He further pointed out that shareholders do not buy shares only because they want to own the corporation, but mostly for speculative reasons. Hence, he argues, that it would not be sensible that the speculative and mostly short-term interests of shareholders should prevail over the often long-term interests of other groups, such as employees, customers and suppliers.

However, Freeman's so-called broad view of stakeholders has been criticised by proponents of the stockholder view of stakeholders (Friedman, 1970; Jensen, 2001). This perspective defines relevant stakeholder groups in terms of their direct relevance to the firm's core economic interests. As discussed earlier in this chapter, their view of a firm's responsibilities to its stakeholders is limited to stockholders, with whom the firm has a fiduciary relationship.

Friedman (1970) and Jensen (2001) argue that corporate pursuit of total value maximisation makes society better off. They dismiss the premise of Freeman's definition as fundamentally flawed on a number of grounds: Firstly, a broader perspective of stakeholders politicises the corporation and exposes its management to the risk of pursuing multiple goals. Secondly, Friedman (1970) and Jensen (2001) argue that multiple goals give unfettered power to management to exercise its own preferences in spending the firm's resources. Third, they point out that engaging with the broader stakeholders of the firm represents a financial necessity, and the firm's actions will be purely profit or value maximisation. From this perspective, stakeholder engagement adopts an instrumental perspective and, as Clarkson (1995) points out, managers recognise different groups of stakeholders and manage their firms accordingly. To this end, they focus on the strategic aspects of identifying which stakeholders matter to the organisation and how they should be dealt with in order for the organisation to achieve its goals. During the interaction with stakeholders, the rational choice perspective suggests that the interacting players have a choice in cooperating with each other, or not, based on the pursuit of their self-interest.

Scholars have defined legitimate stakeholders based on: their role in enabling the firm's survival (Bowie, 1988; Freeman and Reed, 1983), whether they have stakes at risk in the firm (Clarkson, 1995), or whether they are participants in an exchange relationship (Freeman and Evan, 1990). Others have defined legitimate stakeholder groups on the basis of moral claims, arguing that the essence of stakeholder management should be the firm's participation in creating and maintaining moral relationships (Freeman, 1994), or fairly distributing the harms and benefits of its actions (Donaldson and Preston, 1995). Beaulieu and Pasquero (2002) argue that as a concept, legitimacy is an integral part of organisational existence, with early links to institutionalist accounts (Scott and Meyer, 1994; Pfeffer and Zalancik, 1978). They suggest that legitimacy is the result of a process in which behaviour is shaped according to prevailing beliefs and expectations.

As discussed in section 2.4.2, legitimacy relies on the expectation that the firm will behave in a desirable and appropriate fashion within some socially constructed system of norms, values and beliefs (Suchman, 1995) as are required to maintain functional, long-term relationships with the various stakeholders on which they depend (Nasi et al., 1997).

The justification for stakeholder engagement and the firm's quest for developed legitimacy rests on the realisation that the firm stands to benefit from it, or to lose without it. According to Prahalad and Hamel (1990), NGOs and other external stakeholders offer corporations access to a different set of core competencies than typically are available internally. As such, they suggest that forming partnerships that effectively use the resources of both corporations and NGOs can create opportunities to promote strong environmental management practices, while helping firms to earn profits. As such, the engagement process generates trust and legitimacy for all the parties involved.

Furthermore, Rondinelli and London (2002), examined the processes of trust and legitimacy building in stakeholder cross-sectoral environmental collaborations, and observed that whilst helping corporations abate increasing pressure from powerful environmental organisations, stakeholder engagement also had internal benefits (Kanter, 1999). Some of the benefits flowing to the NGO stakeholder include philanthropic contributions and other corporate schemes, such as employee participation in NGO activities, targeted project support and corporate-NGO marketing affiliations Rondinelli and London (2002, p.204). In return, the corporation can benefit from NGO certification of corporate business practices, environmental awareness and education collaborations, and environmental management alliances (Ibid., p. 204).

Rondinelli and London (2002) however, point out that cross-sectoral stakeholder engagement does not always succeed due to three main psychological factors, namely: mistrust, fear and loss of control, misunderstanding of the motivations and intent of each of the partners. Thus, it is argued that stakeholders must find ways of creating reciprocal value, learn from each other, establish legitimacy, and overcome distrust (Cohen and Levinthal, 1990; Rousseau et al. 1998 cited in Rondinelli and London, 2002).

What the above definitions have in common is the attempt to define stakeholder legitimacy based on fiduciary and/or moral claims, leading to lack of clarity with regard to who is a legitimate stakeholder in the firm. This problem has been tackled by distinguishing between normative stakeholders with an unequivocally legitimate relationship to a business, and derivative stakeholders who acquire legitimacy only through a capacity to adversely or favourably impact upon the attention an organisation should give to its stakeholders of the normative variety (Phillips, 2003).

Normative stakeholders as groups possess a morally legitimate claim to have a business directed towards serving their interests, as its ultimate objective (Mitchell et all. 1997). The influencer definition of stakeholders is based on the ability to aid or impede whatever strategic aims an organisation happens to have. Critics argue that there is a need to impose manageable limits on which groups are admitted as stakeholders of the organisation and not leaving it so open ended as to include anyone who might encounter the organisation. They reject combinatory definitions that view stakeholders as both claimants and influencers (Kaler, 2002a).

Derivative stakeholders correspond to a broader definition of the firm's stakeholders and are claimed to reflect the contextual reality of MNC operations, based on the argument that companies can be affected and can affect almost any one. The idea of and need to identify stakeholder types is to equip managers with the ability to recognise and respond effectively to this disparate set of organisational entities, which may or may not have legitimate claims but which may be able to affect or may be affected by the firm nevertheless (Freeman, 1984; Mitchell, et al., 1997).

Others have attempted to ground identification of stakeholders in a theory of organisational ethics, specifically the concept of justice and fairness, structured to apply to organisations rather than the entire societies of its original application Kaler (2002a). While supportive of a stakeholder approach, critics disagree on the forms that the stakeholder approach should take. They argue that a stakeholder approach is good, but suggest a restricted version in terms of the groupings that are admitted to stakeholder membership and the firm's responsibilities towards them (Kaler, 2002a; Jensen, 2002). The normative justification for stakeholder identification at the organisational level must follow a number of requirements for the purpose of business ethics. These include first, the possession of a moral claim to have their interests served by a business that could be either strong or weak in the sense of being or not being backed by a corresponding right. Second, the requirement must be role specific in the sense of depending on a particular sort of relationship with the business as against being a claim arising from the duties towards people in general (Kaler, 2002a, pp.94-95); Third, satisfying requirements must be a fulfilment of the business purpose as its ultimate objective (Kaler 2003a; Jensen, 2002). Stakeholders must be closely and actively involved in contributing to the economic functioning of a business.

This view encompasses both ethics and strategy and thereby overcomes what is commonly presumed to be a dichotomy between the ethical and the commercial (separation thesis) (Freeman, 1994).

However, critics point out that the problem with any combinatory definition is that, while a claimant definition tells us what the role of the company should do, namely serving the interests of stakeholders, the influencer definition does not. They argue that what is being recognised under the headings of influencer is simply the property of being able to positively or negatively impact upon the goals of serving the claimants. They constitute nothing more than being able to impede aid. The aid factor needs to be taken into consideration for the attainment of any sort of strategic goal whether it is dictated by the concept of stakeholder or by any other engagement. It has been argued that these are mere strategic factors like any other, under the heading of stakeholder, and point out that there is a confusing application of the same designation based on two very different relationships to a business (Kaler, 2002a, pp. 95-97).

Despite the above criticism, a combinatory approach to stakeholder engagement remains increasingly dominant. Its importance rests on the complex reality of the current business environment. Business operations are increasingly juxtaposing profit-making objectives with social responsibilities. More often than not, these responsibilities cannot solely be justified on ethical grounds. In addition, there is always a strategic intent, be it risk management or reputation building, behind most CSR endeavours.

Mitchell et al. (1997) sought to clarify the contentious debate over what constitutes a stakeholder, by proposing that the question of who or what matters to managers goes beyond the identification of stakeholders, and may better be answered via a theory of stakeholder salience. They argued that stakeholder salience "will be positively related to the cumulative number of stakeholder attributes – power, legitimacy, and urgency –perceived by managers to be present" (p. 873). These attributes have been explained elsewhere, by other theories from economics and political science.

Firstly, stakeholders possessing *power* have the ability to exercise their will despite resistance (Weber, 1947). Power is explained using resource dependence theory, agency theory, and transaction cost economics (TCE). Resource dependence theory (Pfeffer and Salancik 1978) explains how an organisation's dependence on a stakeholder for critical resources puts the organisation in a relatively more dependent position, warranting managerial attention. Agency theory (Jensen and Meckiling 1976; Ross 1973) and TCE (Coase 1937; Williamson 1975) both consider the potential for *opportunism* in a relationship - one party taking advantage of its more powerful position - increasing the cost of transacting (Jones, 1995). The potential for opportunism warrants managerial attention.

Secondly, the marketing organisation's performance will be affected by stakeholders' *legitimate* interest in its activities and outputs. Legitimacy is defined as, "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574). Legitimacy can be explained using population ecology and institutional theory. Population ecology (Carroll and Hannan, 1989) argues that organisations not complying with the demands of the environment (e.g., the interests of stakeholders) will struggle to survive. Institutional theory (DiMaggio and Powell 1983; Meyer and Rowan 1977) argues that organisational survival and effectiveness may depend upon the legitimacy acquired from conforming to the "prevailing rationalised concepts" in society (Meyer and Rowan 1977, p340). Conformance, or isomorphism, is rewarded. Legitimate stakeholders, therefore, warrant managerial attention.

The third attribute in Mitchell *et al.*'s (1997) framework is *urgency* or "the degree to which stakeholder claims call for immediate attention" (p. 867). Mitchell et al. (1997) argue that urgency is "implicit in each" of the organisational theories already discussed (p. 864), although not a primary feature of any one theory. It is more explicitly referred to in the issues in the management and crisis management literatures. Mitchell *et al.* proposed that it is comprised of two attributes: the time sensitivity and the criticality of the claims of stakeholders. Urgent claims will demand immediate managerial attention.

As such, corporate stakeholder engagement is oriented towards "stakeholders" or people who affect or are affected by corporate policies and practices. Its central goal is to achieve maximum overall cooperation among the entire system of stakeholder groups and their objectives (Sturdivant, 1979; Emshoff and Freeman, 1981). As such, the most efficient strategy for managing stakeholder relations involve efforts in simultaneously dealing with issues affecting multiple stakeholders. For example, stakeholder management tries to integrate groups with a stake in the firm into managerial decision-making, including topics such as how to determine best practice, and incorporate stakeholder relations and stakeholder salience in management (Bendheim et al., 1998; Agle et al., 1999; Mitchell et al., 1997), and how managers can successfully balance the competing demands of various stakeholder groups (Ogden and Watson, 1999).

Further theorisation of CSR and stakeholder engagement has focused on interactions and connections between business and society and how the power, the position, and inherent responsibilities of business are handled throughout its engagement with society. As discussed in the next section, this is of particular relevance in the study of oil MNCs operating in a developing country context, where the power of MNCs has historically been associated with geopolitical pursuits (Jenkins, 1987). For example, in analysing the drivers of stakeholder engagement at Shell, Lawrence (2002) observed that the oil MNC embarked on a fully-fledged stakeholder engagement process that involved corporate managers and members of NGOs that had been vehemently critical of the oil company for its power, environmental and social responsibility, and human rights record. The engagement followed a number of corporate scandals involving Shell (see Chapter 5), that had shattered the company's reputation, and contributed to a loss of trust and legitimacy. Lawrence (2002) examines the motivation to seek engagement, stakeholder goals in the engagement process, the organisational capabilities that they employed, and the dynamics of effective dialogue (p.187). She highlights that stakeholders shared a number of cultural affinities, recognised each other's legitimacy, had considerable time to build trust through collaboration, and were all willing to accept incremental progress towards their goals (Ibid. 199). In addition, all parties had sufficient organisational capacity to engage stakeholders, in terms of expertise, financial resources, time, and political willingness to engage in each respective stakeholder organisation.

However, Lawrence documented the company-stakeholder engagement process at global level, with culturally homogeneous stakeholders and within a Western context. As such, her contribution leaves a gap in determining the drivers for successful stakeholder engagement in a developing country context such as Nigeria, a multicultural environment with limited capacity in terms of expertise, financial resources, and weak political support, as discussed in Chapters 1 and 3.

2.5.2 Stakeholder engagement and corporate power

Davis (1960) introduced power in the debate over CSR. His argument is based on the view that business is a social institution and consequently, it must use power responsibly. He further noted that corporate power comes from both the firm's internal as well as the external environments. He pointed out that these are unstable, and constantly shift in terms of their preferences, from the economic to the social and the political forums and vice versa. He asserts that business has the power to influence markets and the price equilibrium. He calls for business to exercise its power responsibly, if only to avoid losing it through social intervention: "The constituency groups define conditions for its responsible use and channel organisational power in a supportive way to protect other interests against unreasonable organisational power" (Davis, 1967, p. 68).

Donaldson (1982) and Donaldson and Dunfee (1994, 1999) considered the business and society relationship from the social contract tradition. They assumed that a sort of implicit social contract between business and society exists. Social responsibilities come from consent at two levels. Firstly, at a theoretical macro level where a social contract appeals to all rational contractors, and secondly, at a real micro social level where a contract involves members of numerous localised communities. According to Donaldson (1982) and Donaldson and Dunfee (1994, 1999), this theory offers a process in which the contracts between industries, departments and economic systems can be legitimate. In this process, the participants will agree upon the ground rules defining the economic foundation that is acceptable to them. The macro social contract provides rules for any social contracting that are so fundamental and basic that they "are discernible in a convergence of religious, political and philosophical thought" (Donaldson and Dunfee, 2000, p. 441). The micro social contracts show explicit or implicit agreements that are binding within an unidentified community, whether industry, companies or economic systems. These micro social contracts generate authentic norms and are based on the attitudes and behaviours of the members of the norm-generating community.

Donaldson (1982) and Donaldson and Dunfee (1994, 1999) deal with corporate power through this social contract perspective where engagement is regulated by a web of implicit and explicit norms, which may not be of much help in an environment such as Nigeria, where there are heterogeneous groups with, at times, erratic demands. The existing explanations are based on assumptions about the socio-economic and cultural contexts of developed countries (Habermas, 1984; Hoffman and Ventresca, 2002; Lesourd, Schilizzi and Pearce, 2002; Porter, M. and van der Linde, C; 1995) which may not be relevant for explaining how corporate power is negotiated in a developing country context.

The increasing economic and social power that corporations have, more than most governments in developing countries, have led to further attempts to conceptualise the business-society relationship. The corporate citizenship concept was introduced to imply a sense of belonging to a community (Matten et al., 2003; Altman and Vidaver-Cohen, 2000; Andriof and McIntosh, 2001).The theories and approaches to corporate citizenship are focused on rights, responsibilities and possible partnerships of business in society.

The term corporate citizenship can mean different things. Matten et al. (2003) distinguish three views of corporate citizenship. The first, the 'limited view', which is used in a sense quite close to corporate philanthropy, social investment or certain responsibilities assumed towards the local community. The second view is equivalent to CSR and as such is more common. The third is the extended view of corporate citizenship (Ibid.) according to which corporations enter the arena of citizenship. This view arises from the fact that some corporations have gradually come to replace the most powerful institutions in the traditional concept of citizenship, namely government.

What is common to all approaches to 'corporate citizenship' is that most authors generally converge on some points, such as a strong sense of business responsibility towards the local community, partnerships that are the specific ways of formalising the willingness to improve the local community, and consideration for the environment. Subsequently, MNCs have seized upon the notion and language of corporate citizenship to address the issue of their business responsibilities in both the global and local context (Tichy et al., 1997). However, Wood and Logsdon observed that "business citizenship cannot be deemed equivalent to individual citizenship - instead it derives from and is secondary to individual citizenship" (2002, p. 86). In addition, Carroll (1999) pointed out that "Corporate citizenship" seems a new conceptualisation of the role of business in society and depending on which way it is defined, he observes that the notion largely overlaps with other theories on the responsibility of business in society.

Although the notion of corporate citizenship is cast as a framework for conceptualising the role of business in a developing country context, little is known about whether the local political and institutional context would readily provide an enabling environment for the MNC to responsibly use its power and influence as a citizen, in engagement with local stakeholders. Since power is pervasive in stakeholder engagement, the discussion shifts from business's responsible use of power in society, to the deployment of power in a multi-stakeholder engagement framework. Besides Mitchell et al.'s (1997) instrumental approach, other definitions of power and conceptualisations of its use have the potential to provide ways of making predictive statements about how and to what ends companies may instrumentally use their power through stakeholder engagement.

Giddens' (1994) view on power and domination is a potentially useful and complementary approach that can be closely linked to the instrumental approach to stakeholder engagement. Giddens' views of power in terms of agency distinguish between two senses in which we may usefully speak of power, one broad, the other narrow. Power in the broad sense can be seen as the transformative capacity of human agency, where such capacity refers to the capacity of the actor to intervene in a series of events to alter their course. This capacity mediates between intentions and actual realisations of outcomes sought. Power in the narrow sense is relational, a property of interaction, and may be defined as the capacity to secure outcomes where the realisation of these outcomes depends upon the agency of others (Giddens, 1984). Giddens describes social power as interactive, relational and concerted. He argues that where transformative capacity is dependent upon the agency of others, manifestations of power are so implicated with domination. He further asserts that dependency upon the agency of others promotes the pursuit of domination and compliance, not mutuality and concert:

> The use of power in interaction can be understood in terms of the resources or facilities, which participants bring to, and mobilise as elements of its production, thus directing its course. These include the skills whereby the interaction is constituted as meaningful, but also...any other resources, which a participant is capable of bringing to bear so as to influence or control the conduct of others, who are parties to that interaction, including the possession of authority and the threat or use of force (Ibid., p. 112)

Giddens' concept of social power follows from a fundamentally teleological conception of power, and is overwhelmingly strategic, preoccupied with the acquisition and utilisation of power (Layder, 1985; Clegg, 1989). This power is, according to Giddens, generated through the acquisition and use of resources or capabilities and expressed in struggles and subordination. He argues that power does not come into being only when it is exercised. It can be stored up for future use (Giddens, 1976). The conceptual scope of his concept of power can be related to the institutional processes of interaction as used to accomplish outcomes in strategic conduct, and to structural properties, which can be drawn upon and reproduced through the activities of participating stakeholders in systems of interaction. Hence, power as transformative capacity can be taken to refer to agents' capabilities of reaching such outcomes (Giddens, 1979). By extending this teleological and strategic conceptualisation of power, as resources and capabilities deployed strategically to achieve desired outcomes, Giddens' approach can be related to the concept of self-interested rationality, which is central to Mitchell *et al.*'s instrumental view of strategic stakeholder engagement perspective.

From the perspective of business ethics, this is unequivocally a consequentialist approach, and as this appears in Giddens' definition of power as deployed in the structures and processes of stakeholder engagement, the moral judgement is based on the intended outcomes, the aims and the goals of a certain action (Ibid.).

Therefore it can be argued that power as referred to by Mitchell et al.(1997), and as explored by Giddens (1979), manifests itself instrumentally throughout the processes and structures for corporate interaction with social stakeholders within the structures of the firm, or between the firm and the external stakeholders.

Drawing on Giddens's (1994) arguments, and considering stakeholder engagement as a means to an end, the end being profit maximisation, it can be assumed that power, in the form of knowledge or truth may be purposefully and instrumentally deployed to promote particular interests. As such, stakeholder engagement processes may be a means to realise the outcomes desired, and that this may involve preference shaping through discourse or other strategies of persuasion.

Harvey (1996) further defined power as persuasive capabilities based on relative financial strength, whereby those possessing this form of power are likely to influence those without it. Harvey outlines his position as follows:

> Money [financial strength] is the basic form of knowledge in our society; to speak in money terms is always to speak in a language that the holder of social power understands and appreciates. Money acquires its value as a measure of values by means of a social process, but money (financial power) has a certain asymmetry to it, namely the fact that those who have it can force those who do not have it to do their bidding (p. 150)

Biersteker (1987) links power to the issue of control, which he defines as the ability of an actor to determine outcomes in a regularised and not necessarily institutionalised manner, with a reasonable degree of certainty over matters of importance. To him, control is rarely absolute and is best described in relative terms. Having relative control of a firm, an economic sector or a national economy implies having the ability to exert a major or dominant influence over it. This means having the ability to block unwelcome developments or to act unilaterally in important instances, to determine outcomes in important matters. Biersteker points to the fact that not everyone wants to control the same thing, given significant differences in terms of tastes and cultural preferences, and that this tends to prevent conflict over many issues. However, every actor wants a discretionary space to control at least those things that most directly affect his or her material well-being. The uncertainty that comes from having only limited or tenuous control is disruptive for both the economies and other entities that rely on economic performance for survival (ibid).

Extending this argument and relating it specifically to the Nigerian context, a Least Developed Country (LDC) where the capacity to engage in competing CSR discourses will be limited, we expect that MNCs will deploy their discursive powers and discretionary space to influence the design and implementation of CSR policies, on the basis of their perceived self-interest. Under these conditions, Flyvberg (1998: 25) observed that:

> Power defines what is rational in CSR practices, and that related choices are expressive of corporate power. This power would be readily deployed instrumentally to ensure control of the process, with the penultimate goal of addressing the elements of uncertainty related to its business portfolio.

Accordingly, the choice of CSR policies and the practices of MNCs may be perceived as a rationalisation of the power relations between the firm and its global and local CSR stakeholders. Hence, the knowledge claims that support such rationalisation of distinctive CSR policy choices are also tied to stakeholder power relations, so that power defines what comprises knowledge in any situation. Foucault's approach to power, discourse and knowledge is reflected in current MNC and globalisation debates, and particularly finds expression in the debates about the nature of the structural context of globalisation of trade, which constitute the primary context within which MNCs operate. Many CSR critics are also staunch critics of the current globalisation process, which they regard as unfair, denying poor countries the opportunity of equal access to rich countries' markets, resulting in unequal outcomes in terms of well-being (Daly and Townsend, 1993; Nader, 1993). Paradoxically, the current trade regime remains intact,[2] despite decades of debate, as it is a reflection of the prevalence of developed country discourses on international trade (Jenkins, 1987; Madeley, 1995).

However, there are other forms of power that have generated heated debates among the critics of MNCs in developing countries in particular, and especially ideological power (Sklair, 2002; Korten, 1995). The starting point of this literature is the role of MNCs in the Third World, and the extent to which their investment helps or hinders development. As such, this critique is characteristic of the dependency school of thought, which has been in longstanding opposition to globalisation, and the role of MNCs in developing countries.

Its main contention, the so-called "global reach" argument (Barnet and Mueller, 1974; Korten, 1995) is based on the notion that foreign investment is part of the strategy of globalising firms and not simply a resource flow. The main focus of global reach is the market power of MNCs. Theorists root this in an analysis of the oligopolistic advantages that MNCs possess, including access to capital (internal to the firm and external), control of technology (process and product), marketing through advertising, and privileged access to raw materials. The firm, because of its size and reach, is allowed more power at its discretion than smaller local companies and other stakeholders. MNCs are seen as global institutions that

[2] See: UK Prime Minister Tony Blair Says World Should Tackle Trade Injustice, 10 Downing Street, and 21 November 2005.
http://www.britainusa.com/sections/articles_show_nt1.asp?d=0&i=10048&L1=&L2=&a=40391

actively and intentionally produce imperfect markets in order to extract the most profit from operations throughout the world. Therefore, there is no such thing as free competition. Instead of MNCs increasing efficiency throughout the world, they reduce it by making markets less perfect because of their own need to control, reduce or eliminate competition and maximise surplus acquisition.

Thus, there is increased concentration, i.e. smaller and smaller numbers of wealthier and more powerful corporations, in sectors where they are active. For example, since the 1950s there has been a concentration of power within the oil MNCs sector that controlled technology (expertise), access to capital and markets (Fee, 1988). Critics of this so-called concentration of power assert that the way in which MNCs amass wealth contributes to class polarisation, and produces development effects that mostly benefit the corporation and those connected with it (Sklair, 2001). However, given the current competition over access to resources such as oil, and the fact that technology and venture funds are available on the world market, this view gives a dated and distorted view of the current situation. Moreover, developing countries have gained more power and influence than was the case decades ago. As such, these views are unsubstantiated (Rwabizambuga, 2008).

A key notion is the discursive power that MNCs possess over locals and the contention that reality is the product of contests over meaning between actors (Berger and Luckmann, 1967). This perspective is historical in its approach and explains why certain phenomena are identified or ignored as social problems, in different periods. For Foucault (1980), discourse entails a power/knowledge dynamic, within which there are literally some things that cannot be thought, said or done. Such an approach to discourse is not limited to the poststructuralists. It is informed by the Marxist analysis of a dominant ideology, where the ruling classes maintain their power through ideological means. For example, building on Gramsci's concept, Sklair (2001, 2002) declared that:

> The historical bloc that TNC reformists have created is to ensure that development (almost entirely defined in terms of economic growth) and sustainability (heavily conditioned by the technical capacities of capitalist globalisation) are inextricably linked. All that is possible is done to distance global capitalism from the sources of environmental problems (Sklair, 2002; p. 276).

In addition, some radical authors have suggested that MNCs benefit from protection from their home countries, which might be compelled to go to war should their assets be threatened by the host country. They argue that the more powerful the home country of a MNC, the less likely the MNC is to be affected, since the home country may threaten to attack the foreign country for threatening its national interest. This can be accomplished, as in the case of Britain and its colonies in the interwar years, by military threats and promises of arms; or it may be accomplished, as in the case of the United States and Germany in the late 1960s, by strong trade ties and a perceived mutuality of interest in preventing systemic collapse. In the hegemonic periods of Pax Britannia and Pax Americana, such coercive power and systemic control was important if not essential to the strength of their international currency (Strange, 1997); Bergsten, 1975, Epstein, 1985). However, these attempts to frame the power of MNCs in terms of coercive power are not grounded in any empirical evidence. The only empirical evidence that exists refers to past colonial experiences.

Other critics of MNCs point out situations where MNCs have been involved in violent conflicts and severe human rights violation. For example, Shell was widely blamed for not intervening to prevent the murder of Saro Wiwa. The perception is that Shell wields a lot of power in Nigeria, and could have tempered the murderous drive of the then authorities.

However, other researchers have rejected the idea that MNCs are powerful and can shape preferences in developing countries. For example, Blanchard's (2004) study, which focuses on pharmaceutical companies vs. developing countries engagement over HIV-Aids medication, refutes the globalist argument by showing that the developed countries triumphed even though tangible factors pointed to a different outcome. He argues that if there is coercion in a MNC, it is less coercive power tactics - ranging from torture to death - than a subtle negotiation between a subsidiary and a parent company.

It is also argued that CSR practices of MNC subsidiaries at the local level have adopted similar practices as local firms in an attempt to compete more effectively in the local markets (normative isomorphism) or to "fit in" by imitating local practices (mimetic isomorphism) (DiMaggio and Powell, 1983). Instances of "coercive isomorphism" for legally stipulated behaviours are evident in local practices of the subsidiaries for example with regard to working hours' regulation or training budgets for employees across global operations.

2.6 Conclusion

This chapter has reviewed the controversial and multiple interpretations of CSR. The evolution of these debates has also been propitious for the active involvement of business in shaping the CSR discourse, particularly in formulating specific interpretations determining individual CSR policies and practices at firm level. In particular, business has actively promoted the business case approach to CSR, as this relates to the operational aspects of the corporations. Consequently, the chapter reviewed how CSR is explained from the RBV of the firm, and extended this perspective by linking it to notions of the licence to operate and corporate legitimacy. The combination strengthens the explanatory power of the RBV. Furthermore, the chapter discussed the stakeholder engagement perspective. Within this perspective, the notion of power and its different conceptualisations were discussed and related to corporate stakeholder engagement in the developing country context.

The RBV is useful in the present thesis, as a framework to consider how the CSR agenda (policies and practices) maps on to the company's business operations and what the context and rationale for implementing specific CSR investments is, as outlined in section 1.4. It is used along with the stakeholder engagement perspective, which allows for the exploration of the motivations of the oil MNCs' contributions in terms of addressing the potential social and environmental impacts of their activities, playing an affirmative role in terms of their development responsibilities through stakeholder engagement. Both perspectives provide the opportunity to examine corporate behaviour from both the internal (business value perspective) and the external (societal) perspective. The next chapter examines the literature on MNCs, CSR and development, with a focus on the oil sector in developing countries in general, and in Africa in particular.

Chapter Three

CORPORATE SOCIAL RESPONSIBILITY AND MNCs IN DEVELOPING COUNTRIES

3.1 Introduction

This chapter explores the discourse of CSR theory and practice, focussing on how the CSR agenda is translated into practical operational practices in the local context. Firstly, it critically explores the evolution of the discourse on CSR and the governance of MNCs. Secondly, it critically engages with the CSR and development discourse, where CSR practices in Africa are set against local development expectations. Thirdly, it reviews the current CSR and business strategy discourse at Shell with particular emphasis on understanding the influence of stakeholders - such as the government, and civil society - on the ways that CSR policies and practices are respectively formulated and implemented. The literature reviewed provides an analytical framework to guide the data analysis in subsequent chapters of the thesis.

3.2 CSR and the governance of MNCs

The governance of MNCs' global activities is a major issue within the CSR movement that has been the subject of heated and polarising policy and academic debate. In particular, the pressing demands to regulate MNCs has gained momentum and mainstream credibility in the light of huge environmental disasters such as Union Carbide's gas leak and explosion, which killed more than 3,000 people in Bhopal in 1984, the Exxon Valdez oil spill off the Alaskan coast in 1989, and the Ogoni crisis in Nigeria in 1996.

This has forced MNCs to centre stage in the CSR movement and has led to increased interactions with civil society, state and international organisations. The increasingly high profile of MNCs has essentially been based on the increasing recognition that environmental risks are not predominantly produced by MNCs, whereas the state has lost most of its regulatory power vis-à-vis the powerful MNCs, particularly in the developing world (Strange 1996, 1997). The standard argument holds that a globalising economy integrated only by the market and transnational capital is eroding the power of nation states to address problems of public concern adequately (Beck, 1995). In this view, the concept of sovereignty and the resulting national economic policies are being undermined while nation states have become unnatural and even dysfunctional as actors in a global economy (Ohmae, 1985).

It has been further suggested that the state-based system of global governance is struggling to adjust to the expanding reach and growing influence of transnational corporations (Ruggie 2007). States, in the organisational form of government, are less and less capable of regulating the activities of business actors within their territories due to processes of de-nationalisation and de-territorialisation (Korten, 1995; Hertz, 2001).

However, others have partially dismissed the above as sheer alarmism, while arguing that although the balance between states and transnational economic actors has shifted considerably, states still hold the fundamental powers to restrain business activities (Rugman, 2000; Weiss, 1998) and do possess the capacity to adapt to changing economic circumstances. Gilpin (2001) and Doremus et al. (1998) argued that the 'global corporation' is in fact a myth. The authors point out that just as the Pax Britannica provided a favourable international environment for the overseas expansion of British firms and investors in the late 19th century, so American leadership following World War II provided a similar favourable international environment for the overseas expansion of American and other capitalist firms. While MNCs depended on their home countries then, Doremus (Ibid.) argues that they still heavily depend on their respective home economies.

Other authors assert that what has changed is the advantage that corporations hold vis-à-vis states, created by the free-market environment, de-regulatory state policies, welfare state dysfunctional ties and the power structure within the inter-state system (Bernauer and Achini, 2000; Scott 1997). Fuchs (2004) pointed out that there is a risk that undifferentiated claims of a global political rule of corporations may not capture the complexities of current developments in the political role of business. His study of the different dimensions of power that business actors possess in the global economy suggests that claims of a lack of business influence on politics or severe limits to such influence should be met with scepticism. As outlined in the next section, the above issues are also reflected in the heated debates over the governance of MNCs in developing country contexts.

3.3 MNCs in developing countries

The long standing debates about the role of MNC operations and their governance has re-emerged in the CSR debate, fuelled by the expansion of MNCs in developing countries. The contested role of MNCs' CSR initiatives in developing countries is unfathomable unless we revisit the discourse on the role of MNCs in developing countries. Although a growing number of developing countries have embraced FDI as a route to economic development, there is a strong critical tradition that rejects the argument that the growth of FDI and the involvement of MNCs are beneficial for the socio-economic development of developing countries.

Whilst MNCs have played a critical role as vehicles of FDI flows to developing countries, this relationship has been clouded by decades of malpractice, such as the misuse of power and neglect of the social and environmental impacts of their operations in developing countries (Jenkins, 1987). Hence, critics of the dependency school and the anti-globalisation movement, consider the involvement of MNCs in the development process of developing countries as detrimental. They assert that it will possibly lead to increased social and environmental deterioration and conflicts between local forces and cultures, and the new forces of global capitalist production (Barnet and Müller, 1974; Pack and Saggi, 1997; Lall, 2000; Madeley, 1999; Jenkins, 1987; Sklair, 1995).

Advocates of the economic development perspective, however, dismiss the criticisms of the dependency school and argue that the involvement of MNCs in developing countries through FDI will boost local economic development leading to increased employment opportunities, infrastructure development and technology transfer (TT) (Dunning, 2002; French, 1997; Rodríguez-Clare, 1996; Reuber 1973, Rugman, 1996). They view CSR as an opportunity for businesses to respond to their social and environmental responsibilities, and believe that significant changes in business practices are underway as a result of widespread adoption of CSR agendas by an increasing number of MNCs (Dryzek, 1997; Holiday et al., 2002).

The underlying concern and ultimate objective of the regulation of MNCs in the CSR discourse focuses on how best to promote corporate responsible behaviour with regard to the social and environmental impacts of corporate business activities. As outlined in the next section, this has led to heated debates about how to ensure corporate compliance with required standards of behaviour, with the mechanisms for ensuring corporate accountability, transparency, participation and fair and equal access to opportunity for all stakeholders.

3.4.1 Evolution of MNC regulation and the emergence of a voluntary approach

The institutional forms of business regulation have shifted considerably in the last three decades. This shift is often analysed as a transition from state-led mandatory regulation in the 1960s and 1970s, both at national and international levels, to corporate self-regulation in the 1980s and early 1990s, to cooperative rule-making between NGOs and business actors, in the last ten years (Utting 2004).

It is argued that new forms of private governance through self-imposed codes of conduct emerged at the intersection of two recent developments. First, the growing number of industry self-regulation and standards setting schemes (Gibson, 1999). Second, the predominantly confrontational relations between companies and civil society that led to the emergence of partnerships as a possible mode of interaction. Business (transactions) and NGOs (values) (Wadell, 1999) engage in the development and subsequent implementation of voluntary regulation on a global scale.

The earliest intergovernmental attempts after the Second World War to exercise some influence on the behaviour of corporations can be found in the 1948 Havana Charter of the International Trade Organisation (ITO). This document includes provisions on the policies of governments towards MNCs, as well as the conduct of MNCs themselves. But the United States' withdrawal from the process in 1950 and its support for an alternative General Agreement on Tariffs and Trade (GATT) halted this early regulatory initiative (Bendell, 2004).

The debate on the international regulation of MNCs re-emerged in the 1960s (Koenig-Archibugi, 2005) partly triggered by the new won independence of many developing countries and their resulting interest in maintaining control over foreign investment and the actual behaviour of foreign companies, while at the same time exploiting the economic benefits of foreign capital and innovations. The related debate on a New International Economic Order (NIEO) and the resulting declaration that was adopted in 1974 by the UN General Assembly paved the way for a renewed discussion on regulating MNCs.

From the 1970s, a few international institutions emerged from these debates. In 1974, the United Nations Economic and Social Council (ECOSOC) established a Commission on Transnational Corporations and the UN Centre on Transnational Corporations (UNCTC) as its permanent research bodies. In 1976, the OECD established a set of voluntary Guidelines for Multinational Enterprises. In the same year, the International Labour Organisation (ILO) produced the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. In late 1980, the UN General Assembly adopted a Code on Restrictive Business Practices drafted by the United Nations Conference on Trade and Development

(UNCTAD) (Abrahams, 2004). It is argued that these regulatory initiatives mark the peak of international approaches to establish binding behavioural norms for transnational business actors.

By the early 1980s, these modest regulatory initiatives were already in retreat. One possible explanation for this development is the substantial shift in international economic policy-making that accompanied the election to Prime Minister of Margaret Thatcher in the UK and to President of Ronald Reagan in the USA. Classical economic liberalism highlights the unrestricted market as a mechanism to govern international trade and investment more efficiently. During the 1980s, only a few of the international codes envisaged in the previous decade could be implemented (Richter, 2001) and by 1992, the UNCTC failed to incorporate its draft on environmental regulations for MNCs in Agenda 21.

However, voluntarism may have seen its first appearance with the emergence of The OECD Guidelines, which according to Rowe (2005), were used to forestall the compulsory control being sought through the UN. 1976 thus marks the entry of the voluntary code of conduct into the business strategic repertoire. For example, companies and business associations began to devise and implement a range of self-regulatory systems to reassure the public of their social responsibility, triggered by several social and environmental catastrophes, such as the Bhopal accident and the Exxon Valdez oil spill, and supported by the economic orthodoxy of neo-liberalism. One example of such a self-regulatory system is Responsible Care (RC), the chemical industry's international programme on environmental, health and safety standards. Since its inception in Canada in 1985, RC has developed into a global initiative, covering more than

85% of the world's chemical production in 47 countries (European Chemical Industry Council, 2002).

Civil society has followed this trend through so-called civil regulation, which emphasises the strong role of external demands by civil society organisations in policing business behaviour by generating independent standards for corporate responsibility to affected communities (Newell 2001; Bendell and Murphy, 2002; Zadek, 2001), and by pressuring MNCs into compliance. Civil regulation involves collective processes often characterised by loose forms of social organisation. According to Zadek (2002) and Beck (1992), these are manifestations of political acts capable of affecting business performance through their influence on market conditions and are capable of governing corporate affairs as non-statutory regulatory frameworks. Despite their controversial enforcement tactics, such as the use of direct action protests following corporate breaches of human rights or environmental standards in their home countries or abroad, civil society organisations have adopted cooperative modes of interaction with industry, through multi-stakeholder dialogue and public-private partnership forums, such as the World Economic Forum (WEF) and the World Summit on Sustainable Development (WSSD) to engage in and debate on CSR related issues.

Currently, in many contexts, many forms of CSR are based on self-regulation with the understanding that firms comply with self-imposed practices. However, critics of self-regulation reject the idea that MNCs can be trusted to self-regulate, which is seen as pure "green-wash" (Rowell, 1996). Critics point to the fact that much of the business activity has been around corporate opposition to regulation, including moves overseas, while their anti-regulatory dogma has grown into corporate moves to pre-empt international accountability. They point to the substantial gap between discourse and practice, with regard to virtually every code and standard, due to shortcomings in monitoring and enforcement and limited demand for responsibly produced products (Ibid.).

Critics argue that relatively little progress has been made in addressing most of the social and environmental problems that voluntary codes and corporate commitments have sought to ameliorate, and point to the fact that in sectors such as the extractive industries, investments continue to be associated with significant human rights and environmental abuses (Friends of the Earth (FoE), 2003). They argue that corporations should not be trusted and left to regulate themselves (Rowell, 1996; Hawken, 1994; Vogel, 2005).

In addition, there has been some scepticism regarding the effectiveness of civil regulation in developing countries (Bendell, 2004). The effectiveness and success of civil regulation in governing corporate behaviour is regarded as problematic in LDC settings, where local civil society, which is often weak, is generally lacking information, knowledge, know-how and mobilisation.

These shortcomings have prompted many to believe that society may still be far from entering a new era of responsible corporate management and has yet to approach a tipping point for CSR (Vogel, 2005). Moreover, it is further argued that although CSR may be in its early stages, the greater emphasis and efforts deployed in defining and implementing its new norms and standards might provide a solid foundation for better CSR performances in the future, if there is a growing public interest in this (Vogel, 2005). Despite the prevalence of voluntarism, there have been calls to impose a stricter regulatory framework for MNC activities, as outlined in the next section.

3.4.2 Arguments for a strict regulatory approach to MNCs' activities

The starting point for the corporate accountability approach is based on a number of considerations. First, those calling for the global regulation of MNCs' activities have argued that the globalisation process has obfuscated state power. Within the current economic order - which is largely organised around transnational capital in terms of ownership, management and relevant stakeholders such as shareholders, suppliers and consumers (Ruggie 1982), MNCs have emerged as the new powerful actors in the era of globalisation, while they remain largely unrestrained by domestic regulation. There is sufficient empirical evidence supporting the assumption of the increasing power of MNCs.

Firstly, statistics on FDI show an increase in economic activities taken by large MNCs. Between 1981 and 1985, annual FDI flows equalled $50 billion on average and by 1990, and they had reached over $240 billion, and continued to rise steadily to a new peak of $612 billion in 2004. As a consequence, the stock of FDI in relation to world GDP doubled from 4.9% to 9.7% between 1980 and 1994. The actual importance of transnational corporations in the world economy is even greater than these figures indicate, because FDI accounts for approximately 25% of total investment in international production. Foreign affiliates often finance their expansion through retained profits and borrowing on the domestic or international capital markets (Held et al. 1999: 246). Secondly, the substantial increase in MNCs is unprecedented. Their number has risen from 7,000 in 1970 to over 40,000 in 1995 (Karliner 1997: 5). Already in 2001, the number of transnationals had peaked at 63,312, controlling 821,818 affiliates abroad (UNCTAD, 2001: 242). Thirdly, the sheer size of MNCs' operations is testimony to their powerful financial power. For example, the annual sales of

General Motors (GM) exceeds the GDP of industrialised states such as Norway, Finland and Israel (Love, Hensman, and Rodrigues, 2000: 255). In addition, the $5 trillion sales annually generated by the MNCs' foreign affiliates exceed the total volume of international trade. Consequently, only 49 of the largest 100 economies are states (Love and Love, 2003). Moreover, the top 300 global firms account for one-quarter of the world's productive assets. Fourthly, the realisation of the role of MNCs' influence on world politics, which manifests itself on a very practical level. For example, critics point to the considerable ecological footprints of MNCs which consume huge quantities of resources such as water, energy and raw materials and produce enormous quantities of waste, and transform the environment through resource extraction (Rowlands, 2001; Wackernagel, 1997). Fifthly, the legitimacy of MNCs' local activities is often called into question. The depiction of the operational context of MNCs in developing countries is framed on claims that they faced difficulties in sustaining the legitimacy of their activities in contexts where there are legal and institutional gaps. It is generally argued that weak states may be unable to bring MNCs to internalise the costs of environmental externalities related to their activities (Lesourd, Schilizzi and Pearce, 2002). It is further claimed that given the rising power of corporations against the increasingly weak states, especially in developing countries (Korten, 1995; Hertz, 2001) the latter will be unable to bring corporations to account (Gray et. al, 1997; Zadek et al. 1997; Korten, 1995).

The so-called regulatory gap left by failing traditional political institutions in developing countries has fuelled growing popular concern, and calls for stronger government regulation of MNCs operating in developing countries. Consequently, it is argued that the regulatory gap could be filled by civil society organisations as a promising new political arena of sub-politics, where civil society actors could promote efficient political regulation for critical issues such as social and environmental threats from the economic activities of corporations (Beck, 1992; Jenkins, 2001). For example, in 1992, the Office of the High Commission on Human Rights (OHCHR) recognised that the international trading system has social, environmental, cultural and legal dimensions that affect human rights (OHCHR, 1999, art. 2). While a company is not legally obliged under international law to comply with these standards, those companies that have violated them have found, to their cost, that society at large condemns them (Frankental and House, 2000:23). Zadek (2001) suggests that the emergence of a normative code of conduct that is championed by CSOs is a step in this direction.

Advocates of a stricter regulatory framework for CSR draw on instances of corporate failure and abuse of power to suggest that CSR (which is based on voluntarism) is a weak alternative (Jenkins, 2005). As such, they dismiss the idea that corporations could voluntarily adopt socially and environmentally responsible behaviour, drawing on the history of grassroots protests against pollution and environmental harm associated with the activities of big corporations (Grossman, 1994; Rowell, 1996). From this perspective, CSR is seen as a defensive tool against public criticism or simply as a Trojan horse used by business to colonise the environmental debate and pre-empt international accountability for purely economic reasons (Dowie, 1995; Rowell, 1996; Jenkins, 2005; Lerner, 2005).

Proponents of the accountability school strongly advocate for increased regulation, and argue that the impact of voluntarism will be modest until the codes of conduct are binding (Zerk 2007; Zadek, 2001; Vogel, 2005). For example, Zerk (2007) argued that while international law has its limitations, it is also capable of supporting new regulatory opportunities that have the potential to improve the welfare of people and communities affected by multinationals' activities, particularly in LDC. She further makes a strong argument for a traditionalist, state-centred approach to CSR.

The NGO community generally supports public policies that promote mandatory disclosure requirements and often accuses corporations of using CSR as a way of avoiding regulations. For example, Friends of the Earth's criticism of British American Tobacco is an illustration of the above.[3] Public regulation is increasingly viewed as the only way of ensuring compliance with environmental standards (Vogel, 2005; Zadek, 2002). This is based on the argument that MNCs are likely to comply with minimum standards, for fear of breaching statutory guidelines and incurring penalties. Proponents of the accountability perspective argue that government regulation is more effective than a voluntary approach to CSR, because it does not require that there be a business case for corporate expenditures to improve CSR performance. Compliance is easier to monitor, and misreporting and violations can be legally penalised which would result in far more rapid improvements than CSR.

However, the criticism that has been levelled at state-based regulation is the lax attitude of regulatory institutions, the risk of cooption and the suggestion that regulation prevents or inhibits MNCs' propensities to adopt beyond compliance practices. In addition, this literature seems to ignore the fact that developing countries will be faced with challenges associated with regulatory enforcement. For example, previous research has highlighted the weakness of the Nigerian

[3] See Friends of the Earth's comments about British American Tobacco's CSR policies as "British American Tobacco report shows the truth behind Greenwash. Companies that have something to hide use CSR to deflect attention and discourage regulation. But such CSR should clearly be treated with a pinch of salt". http://www.foe.co.uk/resource/press_releases/british_american_tobacco_r_27042005.html

regulatory framework in the country's oil industry, and has highlighted its lack of enforcement capabilities. This casts some serious doubts on the effectiveness of stricter regulation for MNCs in the country. Moreover, increased regulation has often proved counter-productive and been associated with high transaction costs coupled with regulatory failure in the 1970s (Gouldson and Murphy, 1998).

Besides governance issues, the discourse on CSR in developing countries has highlighted a number of important issues that are specific to local contexts and that must be addressed by the CSR agenda of MNCs. These include community development, environmental protection and stakeholder relations -including government, communities and the civil society.

3.5 CSR and development

The emergence of CSR practices in developing countries is a relatively new phenomenon (Utting, 2002). However, Blowfield and Frynas (2005) assert that there is a longstanding tradition that businesses are expected to, and do in fact get involved with activities that satisfy social obligations. It has also been argued that CSR practices vary according to location and context because moral, ethical and cultural traditions vary from place to place. Consequently, Hamann (2006) argued that this leads to recurrent tensions between universal expectations and local challenges and opportunities.

According to Fox (2004), the northern-centred nature of the CSR agenda risks being insensitive to southern priorities, while it may potentially harm or distort the prospects for sustainable livelihood in the south. As such, tensions may have emerged from the fact that CSR and the underpinning values and principles are largely driven by northern actors and stakeholders, while southern perspectives are not being adequately represented (Fox et al., 2002). Fox *et al* argued that southern perspectives are needed in order to better inform corporate policies and practices, leading to a better appreciation of how CSR can contribute to development in the south.

The criticism levelled against the mainstream CSR agenda is that it has been selective with regard to what it has chosen to address, leaving out important issues that should be an integral part of the CSR agenda. For example, it has been pointed out that issues of unsustainable development, structural issues of under-development, and poverty reduction have not been addressed (Utting, 2003; Murphy, 2004). The omission of such priorities and realities in developing countries has made mainstream CSR irrelevant to local contexts and actors (Blowfield and Frynas, 2005; Fox, 2004; Utting, 2003).

Fox (2004) and Newell (2006) further indicate that the necessary conditions underlying mainstream CSR in the north do not exist in a developing country context. For example, the business case approach is deemed problematic and misleading in terms of explaining the determinants of the CSR agenda in developing countries. Whereas the dominant view is that what drives the business case for CSR are the factors relating to efficiently functioning market institutions, pressures from highly informed and mobilised consumer groups, regulatory pressures, globalisation and local community pressures (Hoffman and Ventresca, 2002; Lesourd, Schilizzi and Pearce, 2002; Porter and van der Linde, 1995), these conditions presume a developed country context where these conditions prevail. There is not always a business case for CSR in developing countries, because some drivers widely publicised in mainstream CSR are often irrelevant in developing countries, or non existent (Utting, 2003; UNRISD, 2003; Newell, 2006). Furthermore, critics of the mainstream CSR agenda, and developing countries point out that northern NGOs and northern MNCs, which seek to impose their own perspectives of what CSR is and does (Amalric et al., 2000) mainly drive CSR. Others assert that the CSR pressure from the north is borne out of a disguised self-interest (Utting, 2002; 2003).

CSR has also been criticised for resisting the demand for a broader scope in order to accommodate the concerns of local stakeholders. For example, issues that may threaten the business interests of MNCs but which are driving the CSR agenda are often ignored and instead countered with lofty goals driven by the concerns of western actors (Margolis and Walsh, 2003).

These criticisms highlight the importance of context and the need to adopt a pluralistic approach to CSR. For example, western and developing countries' priorities may differ significantly in terms of the shape, nature and obligations MNCs can be expected to address in developing countries, and may affect the outcome of their initiatives to meet social obligations. As such, these debates have highlighted the significance of different institutional environments and their implications for CSR practices (Frynas, 2005). There have been recent calls for a south-centred (Utting, 2003), more critical (Jenkins, 2005), and more development oriented (Fox, 2004) CSR agenda.

As such, the emerging CSR agenda for developing countries has been shaped by the interaction between CSR practices and local contexts, as well as development issues. Some literature focuses on exploring the relationship between CSR and contextual issues (Moser, 2001), by attempting to determine the potential and limitation of CSR policies and practices in developing countries (Newell, 2006). This literature has emphasised the failure of the CSR agendas of MNCs originating from the north, which are underpinned with certain moral values that do not correspond to those of developing countries communities.

Others have attempted to reflect on southern priorities by focussing explicitly on the ways in which CSR may be linked to development and poverty reduction (Ward, 2004). They emphasise the role of government in providing the "enabling environment" as a necessary condition for CSR in the South. The state is not only an important role player in enforcing or motivating CSR, state institutions themselves have much to learn from the principles and practices associated with CSR, although they fall short of providing an enabling environment for CSR (Utting, 2002; Fox, 2004). In most developing countries, such an environment is mainly lacking or ineffective. As a consequence, some have argued that the developing country environment is hostile to CSR, while others highlight the need to develop a better understanding of the drivers of responsible business practices in the south, while seeking for ways to sustain and respond to them, and reorient CSR tools to address southern stakeholders' concerns (Fox et al., 2002; Fox, 2004).

Despite these calls for a contextual analysis of CSR that encourages southern approaches and takes into consideration local needs, realities and cultural differences, there is a realisation that priorities vary from country to country and that it may therefore be difficult to establish a unique southern CSR agenda. Furthermore, there is also the realisation that the current mainstream CSR agenda that is centred on the business case for CSR does not allow for the appreciation if not space for other approaches informed by the wider institutional environments. As such, some have called for a pluralist approach to CSR (Gond and Matten, 2007).

However, whether the indigenous CSR conceptions are not integrated in CSR agendas at the level of practice is an assertion, for which there is no empirical evidence. In particular, there is a need to address this shortcoming by exploring the ways in which local development may inform the priorities of stakeholders in negotiating the CSR practices of western-based MNCs.

3.5 CSR practices in developing countries

The current state of CSR practices in developing countries is, according to Utting (2002) difficult to assess due to a number of shortcomings inherent in existing analyses of the relationship between CSR and development. The basis for measurements varies and remains contested, and depends on whom and for whom the evaluation is being made (Waddock and Smith, 2000; Greenfield, 2004). In addition, although there are some common features in developing countries, the CSR practice landscape differs from place to place.

Differences in the state of CSR practices were highlighted and attributed to the role that governments play in either hindering or enabling CSR practices (UNRISD, 2003). Utting (2002) argued that CSR practices were influenced by historical factors and cultural relationships. For example, factors such as the emergence of a strong civil society such as in South Africa following Apartheid (Visser, 2006), and the strong role of the church in some countries such as Brazil plays a big role in promoting CSR practices. The political changes towards democracy and redressing the injustices of the past have been a significant driver of CSR, through the practice of improved corporate governance (Visser, 2005a).

It has also been argued that the socio-economic environment in which firms operate and the development priorities this creates influence CSR practices of MNCs. Amaeshi *et al.* (2006), for example, argues that CSR in Nigeria is specifically aimed at addressing the socio-economic development challenges of the country, including poverty alleviation, health-care provision, infrastructure development and education.

CSR is also seen as a response to governance challenges, a way to plug the 'governance gaps' left by weak, corrupt, or under-resourced governments that fail to provide adequate social services (housing, roads, electricity, health care, education, etc.). Matten and Crane (2005) also suggest that companies enter the arena of citizenship where government has not as yet administered citizenship rights, for example, improving working conditions in sweatshops, ensuring employees receive a living wage, and financing the schooling of child labourers in the absence of legislation requiring this. However, Acutt *et al.* (2001) argue that CSR is an inadequate response to these governance gaps and that more proactive involvement in moving local governance towards accountability and inclusiveness is necessary. There are also serious questions about the dependencies this governance gap approach to CSR creates (Blowfield and Frynas, 2005).

There is in addition the issue of perceived complicity between governments and companies (Ite, 2004). Blowfield and Frynas (2005) see it as 'an alternative to government' (p. 502) which is 'frequently advocated as a means of filling gaps in governance that have arisen with the acceleration of liberal economic globalisation'. Moon (2002*a*) argues that this is part of a broader political shift towards 'new governance' approaches, whereby governments are increasingly seeking to share responsibilities and to develop new modes of operation, whether as a result of overload or of the view that they do not have a monopoly of solutions for society. This is often in the form of social partnerships with non-profit and for-profit organisations.

Furthermore, CSR is seen as driven by the need to access the market. This is based on the notion that CSR is driven by the urge to turn the 4 billion poor people in the world into consumers (Prahalad and Hammond, 2002; London and Rangan *et al.*, 2007). CSR is also seen as an opportunity for companies in developing countries to access markets in the developed world. For example, Baskin (2006) identifies competitive advantage in international markets as one of the key drivers of CSR. Visser (2005a) points out that there is ample evidence that industry codes and standards are a key driver for CSR in developing countries (Baskin 2006; Schrage and Ewing, 2005; Kolk and van Tulder, 2000). The involvement of these actors has contributed to changes in corporate reporting and corporate international association with international codes of conduct. However, critics pointed out that it remains questionable whether this has led to an increase in responsible practices at the operational level (Hamman, 2006; Welford, 2004).

Other drivers of CSR in developing countries include the pursuit of investment incentives (Baskin, 2006); requirements that are being imposed by multinationals on their supply chains, which began with various ethical trading initiatives (Blowfield, 2003, 2004); and the outcome of micro-level struggles between companies and communities over the distribution of social and environmental hazards which are created when global political and economic forces interact with local contexts around the world (Lund-Thomsen, 2004). As in the case of Nigeria, CSR has been driven by local community violence and international pressure (Rwabizambuga, 2007b). It has been suggested that civil society and its institutions are often too weak to drive CSR without external support in Africa. Consequently, as will be discussed in the empirical chapters (Chapter 7 and 8), international civil society organisations have been heavily involved in African countries, and have played a strong role alongside weak local NGOs in driving CSR practices (Utting, 2002). The twin effect of stakeholder salience and international reputation effect has largely driven CSR practices in some developing countries, whereas in other places such as South Africa (Visser, 2007), local and domestic actors have been the main drivers of CSR.

Heavy criticism has been levelled against MNCs' CSR agendas in developing countries. The main criticism of CSR practices in developing countries includes the allegation of greenwashing and the claim that there are gaps between corporate rhetoric and practice (Christian Aid, 2004; Frynas, 2005). In addition, critics have pointed out that corporate contributions to social issues have been dismal especially when corporate charitable donations are pitched against corporate profits (Fig, 2005). Utting (2002, 2003) asserted that CSR practices in developing countries have generally been uneven, contradictory, and restricted to only some sectors.

3.6 CSR, development and the enabling environment

Many researchers in CSR and development have highlighted that the business case may not exist in some contexts, and hence the perspective lacks explanatory power for studying and understanding CSR policies and practices in developing countries (Holliday et al., 2002).

Businesses have a series of internal and external drivers, which together may generate a business case for particular actions that can include the pursuit of new business opportunities through social and environmental innovation (Ibid.). The attempt to demonstrate a general business case for CSR as an undifferentiated whole has been misleading and counterproductive for three reasons. First, acting as a responsible company involves countless individual decisions, each of which may have a positive or negative impact. Even if a company gains business benefits from responsible actions in one area of its activities, there is no reason that this will be the case across the board. The business case for CSR as a whole is therefore spurious. Secondly, the business case for particular actions differs according to various factors including the company's visibility, location, size and ownership structure, and the sector and market segments in which it operates. Thirdly, the business case literature often underemphasises certain drivers. For example, adherence to legislation is often taken as a given, as many of the case studies relate to businesses operating within a strong regulatory environment, i.e. the Western context. However, where enforcement is weak, which is the case in many developing countries, compliance may be problematic. Thus, regulation and its enforcement should be treated as a potential driver. Some drivers based on cultural norms, for example in relation to philanthropic or paternalistic activities, also tend to be ignored (Visser, 2006).

Other researchers have pointed out that a business case-centred approach to CSR is based on certain assumptions based on the West that are irrelevant to a southern context (Jenkins, 2005, Newell, 2006; Frynas, 2005). Consequently, Fox et al.(

2002) point out that these factors have contributed to an almost exclusive focus on the business case for large, high profile companies operating (or with stakeholders) in the North, much of which is irrelevant to the majority of companies in the South. There is therefore an urgent need to develop a better understanding of the drivers of business in the South, but also ways to build, broaden and sustain them where they currently do not exist. This inevitably implies a strong role of the state, not simply in its conventional mandating capacity, but also as facilitator, partner, and endorser (Fox et al., 2002).

The enabling environment perspective has emerged as an attempt to establish the conditions under which CSR policies and practices may succeed in addressing local issues. It is based on the attempt to emphasise the central role of government and government policy in creating favourable conditions for CSR initiatives in developing countries. Fox and Prescott (2004) emphasise the vital role of human and institutional capacity in generating localised support for CSR. They point out that in many countries in the South, where the drivers for responsible business are weak; the capacity of public sector and civil society organisations to intervene to reinforce these drivers is also weak. They further point out that this needs to be addressed at a number of levels; they suggest a more active role of government agencies and public governance frameworks to strengthen the implementation of existing regulation and to understand and engage with the wider CSR agenda. In addition, they call for businesses and business associations such as chambers of commerce, progressive business leadership groups, and trade associations to engage business organisations that can support good practice in SMEs and domestic businesses within developing countries. They view the role of civil society, workers' organisations and specialist local intermediary organisations as essential for providing advice and support on CSR not only to companies but also to governments and other actors. This increases the relevance and sensitivity of the CSR agenda to the local context.

According to Ward (2004), the necessary conditions for developing the above capacities lie in capacity building efforts, and the establishment of supportive tools, that include legislation and regulation, labels and certificates, codes of conduct, partnerships, guidelines, management systems and awards. The priority here is to ensure that the tools are in line with the development needs of affected stakeholders in the South. In sum, this view calls for government playing an active role to facilitate the CSR agenda and generate maximum development benefits. Ite (2004) observed that while the role of government is vital, it requires that government plays an active role; instead of being passive and leaving development responsibilities on the shoulders of MNCs as has been the case in the Nigerian oil sector.

3.8 The role of government in CSR

Guarini and Nidasio (2003) explored how governments should shape policymaking, performance measurement and reporting in order to facilitate interaction with responsible business practices. He concludes that the voluntary CSR practices of private firms are not and cannot be an effective substitute for good governance. Government also play a mandating role by defining minimum standards for business performance. Ward et al. (2007) pointed out that government could encourage the CSR agenda by supporting the debate over transnational legal risk management, compliance and enforcement issues. For example, the South African government recently intervened as a third party in favour of the claimants against a company, reinforcing the message that grossly exploitative investors are not welcome in the new South Africa.

Ward et al. (2007) further points out that in addition, government can drive mandatory requirements through voluntary CSR practices, for instance by requiring corporations to comply with child labour standards within their procurement contracts with suppliers. For example, the Thai Ministry of Labour and Social Welfare set up an Office on Labour Standards Development to address lack of enforcement on labour issues and to promote compliance with voluntary labour standards, because of the pressures that their producers were increasingly facing through supply chain demands.

Government can also play a facilitating, partnering or endorsing role, by helping to raise expectations about business behaviour in stakeholder groups including employees, consumers, investors and NGOs (Fox et al., 2002; Ward et al., 2007). This can help tilt the market so that socially and environmentally responsible products are more attractive to consumers. For example, The Philippines government has decreed by presidential decree that the first week in July should be "CSR week"; while Taiwan established the annual Green Business Award scheme in 1992 as a way of rewarding best, environmentally performing companies (Fox et al., 2002). Whereas it is a business initiative to achieve 'win-win' goals for all stakeholders, it is argued that government should help to ensure the compatibility of CSR policies with other public policies. This distinction is important because it underlines that it is the role of government to design and deliver public policy, to which business may contribute through CSR initiatives (Ibid.).

Rowe (2005) further observed that the business case approach to CSR tends to view the public sector as independent, and not subject to other external factors, such as structural conditions that may affect government's ability to assist in the emergence and sustenance of an enabling environment for CSR. Rowe argues that business and government have to get past the idea that the business-case is all that it is necessary to worry about, i.e. that if one can persuade business that it is in their commercial interest to be more responsible then this will be a sufficient incentive for better business practices. As pointed out in Chapter 1, the discussion of CSR in developing countries has been selective, in the sense that several main issues that are specific to developing countries were not included in the definition and conceptualisation of CSR (Jenkins, 2005; Newell, 2006). For example, structural issues are not taken into consideration despite their potential to hinder public policy. In addition, there are other factors not taken into consideration, such as the resource curse that has faced Nigeria in the last decades, and the prevailing necessity in most developing countries to attract FDI, forcing them to lower their regulatory standards.

Despite the limitations of the literature in terms of providing a conceptual framework for considering CSR and the role of government in developing countries, the above attempts to identify and classify government's role may guide an investigation into the role of the government in Shell's CSR agenda in Nigeria.

3.9 CSR practices and stakeholder engagement in Nigeria

National CSR agendas are generally the product of historical and cultural factors, and they often continue to mature according to the prevailing economic and political priorities of countries. In Nigeria, there has been proactive promotion of CSR initiatives, particularly in the oil sector. However, Ite (2004) points out that the implementation of CSR as a business strategy is new, whereas Frynas (2000) and Akpan (2006) claim that deception may be the most probable outcome of these CSR initiatives.

It is argued that CSR policies and practices are continually evolving, as most MNCs seek to tailor their corporate strategy for meeting CSR obligations, to meet the demands of their social environment (Obadare, 2006). For example, Shell's CSR programme evolved from small-scale community assistance programmes in the 1960s, to community development in the 1990s, and sustainable community development in 2004 (SPDC, 2004). Manby (1999) and Frynas (2000) point out that while Shell's community development budget was only a modest US $ 30,000) in 1989, it rose more than 1,000% in 1998 after the Ogoni crisis, which led to communal clashes, hostage taking and kidnapping (SPDC, 2004). This dramatic rise in CSR investment was an attempt to respond to increasing community pressure to do more while improving the impacts of the community development assistance. However, critics argue that Shell's CSR policies are in effect an exercise in public relations and will only have marginal impacts on community development (Christian Aid, 2004; Frynas, 2005).

What makes CSR practices in Nigeria somewhat different from other places is that the country's business environment presents numerous challenges to oil MNCs' business operations. There are issues of ethnicity, poor social, political and economic governance, and widespread corruption, all of which pose significant challenges for business and CSR practices in the country (Frynas, 2005). CSR is stronger in the oil sector, since companies here are often under public scrutiny, and make the headlines in the national newspapers. However, Ite (2004, 2006) suggests that conflict in Nigeria and in the oil production regions of the Niger Delta makes CSR practices very difficult, and limits the positive impacts of CSR initiatives.

CSR is a useful framework for exploring corporate stakeholder relationships and a means by which businesses frame their attitudes, strategies and relationships with their stakeholders (Wheeler et al., 2002; Jenkins, 2004). In Nigeria, a number of local stakeholder groups are taken very seriously by the oil companies, which collaborate through different forms of relationships. The rise of these groups as salient stakeholders in the oil industry is owed to a number of factors. Firstly, oil exploitation has left significant negative social and environmental impacts on the local community and the local environment. Secondly, the fact that these multi-billion dollar operations take place in a region that has been subject to abject and pervasive poverty has put the companies in the limelight of international and local scrutiny (Frynas, 2000). This has prompted mounting criticisms against the oil industry for their part in the social and environmental deterioration of the oil producing regions of Nigeria.

Humphreys (2002) noted that the oil companies' alliance with local stakeholders gives a competitive edge in a sector where there are limited opportunities to gain competitive advantage from product and price differentiation. Consequently, stakeholder engagement has been elevated to centre stage in the strategic business thinking of oil MNCs in Nigeria. However, Jenkins (2004) argues that the significance of stakeholder engagement rests on the need for companies to obtain licences for continued exploration (on community lands) and the imperative to sustain legitimacy, reduce the costs of operation, and sustain a long-term beneficial relationship.

3.9.1 Stakeholder engagement in Nigeria

The presence of MNCs has been a persistent feature of the economic landscape in Nigeria. Today, there are five major oil companies including the Shell group, ExxonMobil, Chevron Texaco, Agip and TotalFinaElf. Critics of their CSR agendas, Shell's CSR policies and practices in particular, point to the fact that these are essentially driven by the pursuit of the licences to operate in the face of ever-increasing community conflicts that cause delays in crude oil exploration, and associated costs (Christian Aid, 2004; Frynas, 2005). The notion of the licence to operate originates from earlier debates on CSR and the role of corporations as social institutions (Davis, 1960). It is based on the thesis that the company's licence to operate defines what it can and cannot do. It draws on the so called "iron law of responsibility", the capacity of stakeholders to undermine corporate activities in case the latter does not use its power responsibly. It also draws on Carroll's (1991) pyramids of CSR combined with the notion of internal and external stakeholders in the firm. While companies obtain the licence to operate from governments, they also need to obtain the social licence to operate from local stakeholders, such as the local communities (Burke, 1999). According to Jenkins, the challenge facing the CSR strategy of MNCs is how to define relationships with stakeholders and respond to stakeholders' rapidly changing demands (Jenkins, 2004). The idea that is emerging is that CSR should be built for the long term and emphasise mutual respect, benefit and trust, sustained commitment (Waddock and Boyle, 1995; Humphreys, 2000).

In Nigeria, it is argued that, although CSR has led to some investment in the social infrastructure, the effectiveness of CSR as a vehicle for development (Frynas, 2005). For example, Shell Petroleum Development Company (SPDC) (2004) asserts that the social investment it makes towards community development has paid off, given the decrease in community conflict, whereas over 70% of projects funded by Shell are not functional, are unsustainable or do not address core community needs (Ibid.). As such, these debates suggest that there is a need for systematic research that looks at the role of stakeholders in negotiating CSR practices, and how stakeholder engagement can maximise MNCs' contribution to development through their CSR policies and practices.

3.9. Concluding remarks

The chapter has explored CSR implications for MNCs' operations in developing countries. It has examined the debates relating to the role of CSR in the global governance of corporations in developing countries, and the conditions under which CSR is most effective in terms of enabling sustainable development objectives, with reference to Africa, and most particularly the Nigerian context. The validity of the CSR agenda for developing countries and its potential for development was discussed, and the gaps in mainstream CSR literature were highlighted with regard to its inability to address specific conditions under which the CSR agenda is implemented in developing countries. In particular, the chapter considered legal and regulatory debates associated with MNCs' international activities. In addition, it explored existing debates on the role of MNCs in developing countries through CSR policies and practices. The Chapter critically examined CSR and development, and how this link is hindered or facilitated by government. A framework for assessing the CSR practices of MNCs with regard to development and the role of government in CSR was explored, and will be instrumental in the data analysis later in the thesis. The next chapter outlines the methodological framework for the thesis.

Chapter Four

METHODOLOGICAL FRAMEWORK

4.1 Introduction

This chapter discusses the methodological considerations and debates that guided the present research. It highlights and justifies why a case study approach was chosen and further outlines the research tools used. It explains how data collection and analysis were conducted guided by the research objectives and the research questions introduced in Chapter 1 and underpinned by the theoretical discussion in Chapter 2 and 3. The Chapter concludes with a summary of retrospective remarks based on the researcher's field experience.

4.2 Methodological issues and research implications

The debates on research methodology have led to long-standing disagreements between advocates of qualitative and quantitative methods (Sayer, 2000). The debates initially portrayed both approaches as irreconcilable, and in terms of the superiority of one method over the other (Sayer, 2000; Bryman, 1984). Conceptual differences at the level of data, method and theory were highlighted and strongly emphasised by those who advocated a clear distinction and separation between the two (Zelditch, 1962). These differences were considered so fundamental to research that any choice of a particular research method was seen as a reflection of epistemological and ontological orientations of the researcher towards research (Bryman, 2004).

While acknowledging the different epistemological and ontological paradigms underpinning the two approaches, some researchers have downplayed their alleged differences (Bryman, 1988). They argued that existing differences were subtle, rather than major distinctions (Hammersley, 1992), and that suggested linkages between research methods and philosophy are not deterministic, but based on associations (Ibid.). Shared properties between quantitative and qualitative methods (Bryman, 1984) were highlighted, indicating their possible combination in research. It was further argued that the distinction between quantitative and qualitative research limits the armouries at the researchers' disposal, and as such, the idea of incommensurability (Kuhn, 1970) of research methods was questioned along with the supposedly inherent relationship between research methods and philosophical orientation.

Hammersley (1992) pointed out that since the connection between method and epistemology has not been demonstrated in social sciences, there is no reason to believe that there was a necessary connection between research methods and epistemological position. Sayer (2000) further suggested a shift towards a research strategy that combines both approaches, arguing that the emergence of critical realism as a philosophy of social sciences and a methodology that draws on epistemological and ontological orientation of positivism and interpretivism strongly supports arguments for combining the different research perspectives in research. However, others have warned that although quantitative and qualitative methods can be integrated technically, this does not presuppose that the epistemological issues pertaining to the two approaches are readily reconciled (Bryman, 1984).

This thesis has applied qualitative research. Creswell (1998) further defined qualitative methods as an inquiry process of understanding that explores a social or human problem, and in which the researcher builds a complex, holistic picture, analyses words, reports detailed views of informants and conducts the study in a natural setting (p.15). According to Marshall and Rossman (1999), it enables the researcher to delve into complexities and processes in depth, by exploring where and why policy and local knowledge are at odds. This fits the interpretative tradition of qualitative research (Sayer, 2000), which seeks to understand a situation from the point of view of participants. The methods normally used are interviews, observation, and analysis of documentary materials. As such, qualitative research was applied as the most appropriate strategy, based on the research questions posed (Section 1.3). As explained later in the chapter (section 4.3), the research questions in this study focus on the perceptions and meaning and understanding of individuals and groups (Shell executives and representatives of stakeholder organisations) in relation to their beliefs and preferences, and individual as well as group action.

4.3 Research tradition and case study approach

While adopting a qualitative research strategy, the research is based on a single case study of Shell's CSR policies and practices in Nigeria. The choice of a case study approach was essentially motivated by its inherent qualities that make it the most suited methodological approach for this thesis.

According to Hamel et al. (1993), the case study methodology emerged from the early 1900s until 1935. However, throughout the 1930s the use of case study research was shrouded in controversial disputes between various epistemological schools of thought. Whereas the Chicago University department of sociology championed a case study research method, it was rejected by other schools of thought, and criticised for lacking scientific rigour as compared to quantitative methods. This led to a consequent decline in the use of case study as a research methodology. However, in the 1960s, researchers were becoming concerned about the limitations of quantitative methods. Hence, there was a renewed interest in case study, particularly used in conjunction with the emergence of the concept of grounded theory (Glaser and Strauss, 1967), which mostly relied on the use of the case study methodology.

Yin defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not evident, and in which multiple sources of evidence are used (Yin, 1984, p. 23). According to Zonabend (1992), the key characteristic of the case study methodology is that case study research is conducted by giving special attention to completeness in observation, reconstruction, and analysis of the cases under study. The essence of a case study is that it tries to illuminate a decision or set of decisions in terms of why they were taken, how they were implemented, and with what results (Schramm, 1971).

Yin (1994) further asserts that although the body of literature in case study research is limited in comparison to that of other research methods such as experimental or quasi-experimental research, case studies remain the only viable alternative in some instances. It enables the researcher to work with the situation that presents itself in each case, and is conducted in a way that incorporates the views of the actors in the case under study.

Feagin et. al. (1991) suggest that the main characteristic of case studies is that they strive towards a holistic understanding of cultural systems of action, referring to sets of interrelated activities engaged in by the actors in a social situation. They further assert that multiple perspective analyses are preferred while conducting case study analyses, since the researcher would typically consider not just the voice and perspective of the actors, but also of the relevant groups of actors and the interaction between them. Since the problem in case studies is to establish meaning rather than location, the unit of analysis in case studies is typically a system of action rather than an individual or group of individuals.

Stake (1995) further argued that case study research is not sampling research whereby the researcher is held down to any minimum number of cases or to randomly select cases. Case studies have boundaries and tend to be selective, focusing on one or two issues that are fundamental to understanding the system being examined. However, Stake (1995) pointed out that selecting cases must be done to maximize what can be learned, in the period available for the study.

A frequent criticism of case study approach is that its dependence on a single case makes it incapable of providing a generalizing conclusion. Giddens (1994) critically pointed out that case methodology was"microscopic" because it 'lacked a sufficient number' of cases. However, Hamel (Hamel et al., 1993) and Yin (1984, and 1994) forcefully defended the case study, arguing that the relative size of the sample does not transform a multiple case into a macroscopic study. They argued that the goal of the study should establish the parameters, and then should be applied to all research. In this way, even a single case could be considered acceptable, provided it met the established objective. They maintained the argument that case studies can be single or multiple-case designs based on replication rather than sampling logic.

Furthermore, Snow and Anderson (1991) suggested that case study research is a triangulated research strategy that occurs with data, investigators, theories, and even methodologies. However, critics argued that the assumption underlying methodological triangulation, that combining methods ensures validity of data, is naïve (Bryman, 1988; Brannen, 1992).

They pointed out that, on occasions, there are uncertainties when for example, qualitative evidence does not confirm quantitative results or vice versa, to which the researcher does know how to respond. However, Brannen (1992) minimised this concern by suggesting that data are considered in close relation to the questions and theories that generated them. Whereas the need for triangulation arises from the ethical need to confirm the validity of the processes, Yin (1984) asserts that in case studies, this is done by using multiple sources of data. He further maintained that the generalization of results, from either single or multiple designs, is made to theory and not to populations (Yin, 1994).

4.4 Case study selection and implications for this research

According to Yin (1984), the main justifications for selecting a case study approach include firstly, when the single case represents a critical test of a significant theory; secondly, when the single case represents a revelatory case study where a researcher obtains access to a situation previously inaccessible to scientific observation; and thirdly, when the case being investigated is unique. Topics mentioned in connection with case study research are decisions, individuals, organisations, processes, programmes, neighbourhoods, institutions and events. According to Yin,

> "We can identify some situations in which a specific strategy has a specific advantage. For the case study, this is when: A "how" or "why " question is being asked about a contemporary set of events, over which the investigator has little or no control" (Yin, 1984 p 20).

In this research, an in-depth case study approach was applied based on its methodological suitability with the thesis's main research questions. As mentioned above and in earlier sections of this Chapter, the properties of a case study approach make it the most appropriate methodology for this thesis. First, the study of CSR practices of Shell in Nigeria is considered a revelatory case. The company's social and environmental performance is as contentious as its interaction with local stakeholders. A sensitive issue needed further exploration. Shell's CSR practices have not been directly investigated, and from such close proximity, since the company implemented its ambitious CSR programme in Nigeria. Second, the researcher was granted access to the organisation, which was not common. This access was a unique opportunity to research a single case study in seeking to understand organisational and managerial processes involving the company's CSR agenda in Nigeria. Thus, a single case study strategy is justified given that its aim is to illuminate a decision or set of decisions, why they were taken, how they were implemented. Furthermore, Shell's operations in Nigeria have taken place within a unique context for the last 10 years, and the company's CSR policies and practices in this context reflect that uniqueness. Thus, a single case study approach is compatible with the need to build theory in an area where little data and theory exist, and where controlled opportunism could be directed to responding flexibly to new discoveries made in the collection of new data (Eisenhardt, 1989). Third, the research questions posed led to an intensive investigation into the practices of MNC activities over which the researcher had no influence, and was conducted in the company's real operational context in Nigeria. Lastly, the nature and content of the thesis's research questions have steered the research towards the MNC's organisational and managerial processes, context of changing neighbourhood/ institutional relations, global and local corporate-stakeholder engagement, and the nature of the oil industry's CSR agenda in developing countries.

Consequently, a mixed methods strategy was adopted. For example, an online survey and elite interviews were both used in data collection. While the first was more appropriate for addressing the question of 'what', the second was useful in addressing the questions of 'how' and 'why'. Combination of both was good for exploring the different aspects of the research problem (Brannen, 1992). This multi-strategy was beneficial to the present research process in different ways. On one hand, the survey was used to respond to questions regarding what the interest, expectations, role, and occupation of the various stakeholders are. On the other hand, understanding how the various stakeholders' objectives and negotiating strategies come into play during the stakeholder engagement process was well suited with interviews. As such, data analysis benefited from the insights generated from the different methods. For example, while the questionnaire survey allowed for the identification of the commonalities amongst stakeholders in terms of location, roles, and expectations, the data generated from interviews were helpful during the explanation of these observations. The thesis central research questions include:

1. What are the drivers of Shell's CSR strategies manifested in policies and strategies?

2. What are the main pillars of Shell's CSR programme in Nigeria and what is the internal implementation process in terms of delivery, and how are the different elements of the programme justified?

3. How do CSR projects map on the company's business operations and what are the context and the benefits for implementing CSR investments?

4. What is the geography of stakeholders of Shell in Nigeria?
   1a. what are the interests they represent?
   1b. what is the source of their legitimacy in engaging Shell's CSR programme?

5. What is their understanding of CSR obligations and what are the assumptions/rationale underlying their claims?

6. How do they understand the role of Shell and their relationships to the company?

7. What are their distinctive expectations and claims from Shell?

8. What is the expectation of the company from stakeholders?

9. How does CSR address development in Nigeria, and how does this fit with the country's resource curse problems (Governance, accountability, corruption, over-consumption, structural problems)?

10. What are the ways in which the government is participating in CSR (Facilitating, endorsing and partnering), and what is the relationship between the government and Shell?

These research questions led the thesis's investigations towards three main objectives. Firstly, to establish what determines MNCs' CSR policies and practices in a developing country context. Secondly, to provide understanding of the role of stakeholders in negotiating MNCs' CSR policies and practices in a developing country context. Lastly, the role of government in facilitating CSR initiatives and in creating an enabling environment for CSR, in order to achieve optimal development outcomes.

I would agree with Punch (1994) in his description of the politics of fieldwork that the nature of the research topic, the researcher's competence, status, institutional background, and personality, the sympathy of the gatekeepers and the organisational expectations in terms of feedback from results, all played a role in negotiating access. In selecting the company and negotiating access, a number of factors created enabling conditions for the researcher: Firstly, the business sector selected was one with which I was familiar through previous training and operational experience in energy management. As such, the experience with oil exploration and production business generated interest amongst some gatekeepers in the organisation who were interested in the outcomes of the research.

Secondly, my experience as a business consultant and a UN employee in West Africa was a valuable preparation in negotiating access and establishing a positive rapport with Shell Nigeria's gatekeepers, while forging trusting relationships with them. Thirdly, the thesis supervisors facilitated access to some part of the Shell Nigeria personnel and those in other stakeholder organisations whose members were interviewed during field research. Finally, the researcher benefited from the assistance of some LSE Alumni who held senior positions in Shell Nigeria.

4.5 Case study design, analysis and validity issues

After selecting the case study company, the case study protocol was developed. Firstly, the thesis's research questions and propositions were re-stated to direct attention to the phenomena to be examined, while appropriate units of analysis resulting from the primary research questions were selected to establish the logic linking the data to the propositions, and to relate several pieces of information from the same case to some theoretical proposition (Campbell, 1975). Secondly, the criteria for interpreting the findings were established. As Yin (1984) suggests, it is expected that in the case study protocol, statements will be made to clarify what is to be explored, the purpose of the exploration, and the criteria by which the exploration will be judged successful. As such, the theoretical framework is the level at which the analytical generalisation of the case occurred. In studying the organisation, embedded units might be process units - such as meetings, roles or locations. The following sub-units were considered in the light of the objectives, research questions and propositions outlined in Table 4.1. These include:

- Stakeholder engagement processes (identification, stakeholder consultation, stakeholder relations).
- Corporate CSR management (policy planning, internal content and process management, operational guidelines, reporting and assurance).
- Government policies, and the regulatory framework for the oil sector in Nigeria,
- Existing social and environment pressures
- CSR and business strategy at Shell in Nigeria, business strategic factors and operational constraints vs. stakeholder demands.

In a case study, the analysis focuses on the perceptions of the participants, and how they experience and give meaning to a particular phenomenon or the lived world (Creswell 1998). This interpretative approach is further reflected in Kvale (1996) as follows:

> "The conception of knowledge as a mirror of reality is replaced by a conception of the social construction of reality, where the focus is on the interpretation and negotiation of the meaning of the social world (...) the multiplicity of meanings in local contexts; knowledge is perspectival, dependent on the viewpoint and values of the investigator"(p.41).

The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and causal complexity (Ragin, 1987) where the direction of influence between two variables depends on the third variable and may be difficult to determine. In this case, Yin (1994) suggests that the propositions can be evaluated in terms of explanation building, which is based on narratives, in which the final explanation may not have been fully stipulated at the outset of the study. The result relies on multiple sources of evidence with data needing to converge in a triangulated fashion, and on a prior development of theoretical propositions to guide data collection and analysis (Yin, 1984).

In order to maintain the quality of the research, the research followed Yin's (1984) recommendations about ensuring that the research observes the criteria of construct validity, internal and external validity, and reliability. Table 4.3 presents these criteria, the caveats provided by Yin (1984), and the way in which these quality assurance issues were dealt with in this research.

Table 4.1 Dealing with Validity Issues in this Study

Issue	Definition	Suggestion		Case study
Construct validity	Establish correct operational measures for concepts studied	Use multiple sources of inquiry (Test convergence of multiple lines of inquiry).		• Use of reports from Shell and other stakeholders including NGOs, Academia, the media, government documents, and market research. • Elite interviews and audio recordings of stakeholder engagement proceedings. • On-line survey of Shell's stakeholders in Nigeria.
Internal validity	Differentiate from spurious relationships	TRIANGULAT-ION	Data triangulation	See above
			Theoretical triangulation	Use of three main perspectives
			Methodological triangulation	• Use of document analysis; • Elite interviews • Online survey
External validity or theoretical validation	Establish domain to which study findings can be generalised to in-depth study to validate theory.	Pattern matching Explanation building Time series analysis		They are applied through coding and analysis of text around themes from interviews, documentary analysis, and online survey.
Reliability	Operations of the study can be repeated with same results	Analytical generalisation Define object of study		Elite interview transcripts and questionnaire were prepared. They are stored on audio and video cassettes, as Ill as PCs.

4.6 Data collection methods, process and tool

Data collection was based on multiple sources. I followed Yin's (1984) advice regarding the strategies of data collection that are mostly used in case study research. As presented in Table 4.3, Yin (Ibid.) makes some recommendations about the sources of evidence and their strengths and weaknesses. I primarily collected data through semi-structured elite interviews, and drew on documentary sources including corporate annual reports and position papers, UN and an on-line survey of Shell's stakeholders. To maximise the benefits of the various sources of evidence, Yin's (1984) principles for data collection were applied by using of multiple sources of evidence, creating a case study database, and maintaining a chain of evidence. The rationale for using multiple sources of evidence in a case study is that it allows the investigator to address a broader range of historical, attitudinal, and behavioural issues. It enables the researcher to develop converging lines of inquiry, so that findings or conclusions are likely to be more convincing and accurate.

Data triangulation allows the potential problem of construct validity to be addressed, because the multiple sources of evidence essentially provide multiple measures of the same phenomenon (Yin, Bateman, & Moore, 1983).

Table 4.2 Research objectives, questions and propositions

Research objective	Research questions	Research propositions
1. Examine of how Shell implements its CSR programmein Nigeria, both in light of strategic objectives associated with the company's business operations, and the oil company's social responsibilities and environmental liabilities. Understanding of the link between corporate objectives and CSR initiatives and the role stakeholders play in negotiating CSR initiatives.	1. What is the nature of Shell's CSR strategies manifested in policies and strategies? 2. What are the main pillars of Shell's CSR programme in Nigeria and what is the internal implementation process in terms of delivery, and how are the different elements of the programme justified? 3. How do CSR projects map on the company's business operations and what is the context and rationale for implementing specific CSR investments?	The CSR agenda of MNCs in developing countries and in Nigeria are aimed as: 1. As a defensive strategy, a form of assurance against any potential, business-related negative impact. 2. A long-term value maximisation through the pursuit of: o The legal licence to operate, in a context where there is intense competition for access to oil resources, and where bad publicity may have business and political implications. o As a social licence to operate, given that social communities have increasingly demonstrated that they can defy the government as well as the MNC oil companies, to disrupt business operations. o The pursuit of legitimacy as important for mending damaged reputation in Nigeria and abroad. o The economic licence to operate, as dictated by the economics of petroleum exploration and production. As such, in a capital-intensive business, time and local politics are crucial variables that affect the performance of such business.
2. Explore forms of stakeholder relationships with the oil company, as well as identify the different contexts within which the different categories of stakeholders make sense of their relationship with the oil company. Addressing how stakeholders' relationship with the company may influence its CSR policies and practices, and how the dynamic interaction between the company and its stakeholders affects their engagement.	1. What is the geography of stakeholders of Shell in Nigeria and what are the interests they represent, and the source of their legitimacy in engaging Shell's CSR programme? 2. What is their understanding of CSR obligations and what are the assumptions/rationale underlying their claims? 3. How do they understand the role of Shell and their own relationships to the company? 4. What are their distinctive expectations, and claims from Shell? 5. What is the expectation of the company from stakeholders?	1. Strategic stakeholder engagement at Shell Nigeria is mostly aimed to pacify stakeholders that potentially represent a business threat. 2. CSR policies are implemented in ways that vary in scope and substance according to the strength of the local society in terms of access to information, resources, capacities, and capabilities to engage with and possibly mobilise against the oil company's operations. 3. CSR policies are implemented in ways that vary in scope and substance according to the strength of the local society in terms of access to information, resources, capacities, and capabilities to engage with and possibly mobilise against the oil company's operations. 4. A weak institutional context in Nigeria has enabled Shell to pursue its value maximisation agenda through its CSR policies.
3. Exploring forms the interaction of CSR programmes and the host country's development framework. In particular, the role of the state as enabler, vs. that of multinational companies and their CSR initiatives in the development policy agenda for developing countries.	1. How does CSR address development in Nigeria, and how does this fit with the country's context resource curse problems (Governance, accountability, corruption, over-consumption, structural problems)? 2. What are the ways in which the government is participating in CSR (Facilitating, endorsing and partnering), and what is the relationship between the government and Shell?	1. The government has weak regulatory institution and unable to regulate the sector adequately 2. Shell is much stronger than the government, has more resources, and is better organised. By benevolently engaging in the supply of social services. 3. Shell's position is an opportunity for the company to actively engage the government. Shell may avoid being perceived as being close to the government, especially as the latter is struggling to mend its long damaged reputation because of its dictatorial regimes, corruption, and weak governance, and lack of transparency in the matters of national oil revenues.

A case study database was created, as data was systematically stored on computer disks, audio and video cassettes. The fieldwork notes, tabular material and other narratives relevant to the case study were stored as separate interview notes and all material is available on request. Finally, research reliability was ensured through the case study protocol outlining the methodological procedures that were followed. More specifically, the evidence collected was consistently linked back to the research questions and citations to the relevant portions of the case study database, and referencing specific documents, interviews and observations that were made.

Table 4.3 Sources of Evidence

Sources of Evidence	Strengths	Weaknesses
Archival records and documentation	• Stable-can be reviewed repeatedly • Unobtrusive-not created as a result of the case study • Exact-contains exact names, references, and details of an event • Broad coverage-Long span of time, many events, and many settings	• Retrievable-Can be low • Biased selectivity, if collection is incomplete • Reporting bias-reflects(unknown)bias of author • Access-may be deliberately blocked
Interviews	• They are targeted and focussed directly on the case study topic. • They provide insights about perceived causal inferences	• There is a risk of bias associated with poorly constructed questions • Inaccurate response due to poor recall. • Risk of reflexivity, for example when the respondent says what the interviewer wants to hear.
Participant observation	Reality-Covers events in real time Contextual-Covers context of events Insightful into interpersonal behaviour and motives	• Time consuming • Selectivity-unless broad coverage • Reflexivity- event may proceed differently because it is being observed • High costs • Bias due to investigator's manipulation of events.

In addition, different portions of the case study were cross-referenced to the methodological procedures and to the resulting evidence, in such a way as to draw out the chain of evidence collected as described in the following sections.

4.6.1 Using semi-structured elite interviews

As mentioned above, semi-structured interviews were the main source of primary data. What characterises semi-structured interviews is that although the main interview questions are specified, the interviewer can seek both clarification and elaboration on the answers given, and record qualitative information about the topic. This allows the interviewer latitude to probe beyond the answers and thus enter into a dialogue with the interviewee (May, 1997). It is believed that semi-structured interviews allow people to answer on their own terms, and are useful in situations where the researcher has a specific focus for the interview. The context of the interview is an important aspect of the process, compared with the structured method. Semi-structured interviews were conducted as the main data collection methodology because of the need to understand the different perceptions and perspectives of the actors involved in CSR policy planning and implementation within the organisation. The respondents were 'elite' members of the organisation. The elites are usually well informed and they played a key role in the policy subsystem (Marshall and Rossman, 1999). According to Richards and Smith (1999), elites are by definition: "less visible and are more conscious of their own importance. The interviewee has the power (in Sabot, 1999, pp330). A preliminary list of respondents from various stakeholder groups (See Table 4.4) was drawn up through the snowballing method. As Herod (1999, p. 316) points out:

> "[The researcher] often found that being able to use someone's name or having a letter of introduction and /or business card has given [him] access to high level officials in other organisations that might otherwise have ignored my request for help".

Table 4.4 Stakeholder groups, role and location of respondents

Stakeholder group	Respondents (role and location)
Shell	• CSR executives at the headquarters and in Nigeria • CSR middle managers and employees at the headquarters and in Nigeria • Members of the SPDC joint-venture in Nigeria
Civil society	• Representatives of environmental and human rights NGOs • Representatives of community groups • Representatives of development agencies in Nigeria and the UK
Public/government	• Representatives of the local governments in oil producing regions • Regulatory agencies
Other	• Members of academic institutions • Competitors

On some occasions, respondents wanted to see which other members of the same organisation the researcher had interviewed, and eventually agreed to attend the interview. The respondents from Shell included current and former gatekeepers in the organisation. They responded positively and expressed high expectations about the outcome of the research. They generally claimed that academic researchers were an important stakeholder group for the organisation. The information provided was very useful in documenting changes in the organisation's CSR agenda over time. Issues related to CSR and stakeholder engagement have received special attention by Shell management since the mid 1990s. Moreover, as Rhodes and Marsh (1992) stated, "it takes 5 to 10 years for effects of a policy to emerge. Any comparison must take place over time" (cited in Ward and Jones 1999, p. 5).

There are a number of risks associated with the interview process. First, the researcher was aware of reaction to various constraints (such as time, content, reluctance of corporate executives and advisors) to discuss what might be perceived as contentious questions, and the scepticism among respondents based on previous experience with researchers. These risks were minimised through negotiated access, and careful interaction and communication with the stakeholders to be interviewed. I was granted access to the organisation in order to conduct interviews. Third, there is often a risk that the cases might go against the conceptual categories that the researcher has constructed, calling for a re-assessment of their validity. In addition, the information provided might be non-existent or misleading. In this case, it suggested that it is worthwhile to assess the information in terms of the meaning of the negative case. According to Thomas Kuhn (1970): "if counter-evidence is found to falsify a theory, then it will be the competence of the researcher which is called into question" (cited in May, 1997), p. 35). However, evidence that does not support theories can be regarded only as a temporary problem to which future research is directed (ibid.).

4.6.2 Document analysis

In addition to semi-structured interviews, document analysis was conducted in two complementary ways. First, a review was made of the primary documentation produced by the different stakeholders. In addition, press material from the relevant periods was analysed as a complementary source of information for events or views presented in the interviews. The analysis of news items and the language used by different stakeholders allowed categorisation by textual themes and sub-themes (Forrest,1995). This analysis was based on analysis of the actual discourses - that is the examination of argumentative structure in documents and other written or spoken statements - and provided insights into the interplay between Shell and its stakeholders (Hajer, 1995). This analysis was important because the media reflect ongoing debate during the period studied (1996-2004). Thus, an important aspect of the study was to compare clusters of meaning against the research questions posed. During the elite interviews, historical facts were confirmed or rebutted though analysis of supplementary sources of data such as newspaper reports, debates and press material. I also drew on archival documentary data including company archives, media accounts, published material, consultancy reports and corporate annual reports from regulatory agencies, and corporate operating agreements on sustainable development issues. Archival data were reviewed to provide confirming or refuting data and provided the official corporate view of CSR. The researcher was aware of the caution necessary in using these documents and sources, especially those documents generated by the organisations to be researched:

> "They should never be taken at face-value. In other words, they must be regarded as information, which is context-specific, and as data which must contextualised with other forms of research. They should, therefore, be used with caution" (Forrest, 1995, p149).

I took the necessary steps to ensure the authenticity, credibility, and representativeness of documents (Cullen and Calvert, 1995). With regard to media sources, Erickson et al. (1991, p.5) point out that: "New representations are symbolic in the sense that they embody, stand for or to persons, events, processes, or states of affairs being reported. New representations involve authorisation of who can be representative or spokesperson of a source organisation, of what sources are authorised to the knower."

Table 4.5 Research Interviews' List of Respondents

Interview Nbr.	Name	Organisation	Organisation and date and location for interview
[I1]	J.R. Udofia	Ex- Deputy MD	Shell Nigeria
[I2]	Precious Omuku	Director of external relations	Shell Nigeria
[I3]	Basil Omiyi	Director of operations	Shell Nigeria
[I4]	Derry O'Regan	Manager of Health, Safety and Environment Department	Shell Nigeria
[I5]	Emmanuel Ogbu	Manager of community development and sustainable development	Shell Nigeria
[I6]	Erika Renolds	Corporate Environmental Advisor SAPREF	Shell Nigeria
[I7]	Noble Pepple	Liaison officer for sustainable development	Shell Nigeria
[I8]	Anonymous	Consultant, Global Pollution Response Ltd	Shell Nigeria
[I9]	Yada Nyenke	Change advisor	Shell Nigeria
[I10]	Bola Afolabi	Head of contracts/major contracts	Shell Nigeria
[I11]	E Roger Elmore	EP Advisor	Shell International
[I12]	Richard Sykes	Group Sustainability Advisor	Shell International
[I13]	Mark wade	Group ex-sustainability Advisor	Shell International
[I14]	Helen Sullivan	Group NGO advisor	Shell International
[I15]	Chukwu (COPE)	Issues manager	Shell International
[I16]	Yaabari Uebari	Nigeria Liaison Officer	Shell International
[I17]	Murray Jones	Social performance manager	Shell International
[I18]	Odd Godal	CSR Statoil	Statoil
[I19]	Christine Nesset	CSR Statoil	Statoil
[I20]	Anthony Abolarin	Country Analysis and CSR	TotalFinaElf
[I21]	Dr. Domenico D'ippoli	Social Manager	Nigerian Agip Oil Co. Limited
[I22]	Dr Jamari	Ex- planning officer	NNPC
[I23]	Emmanuel Gbangton	Local advisor	Friends of the Earth
[I24]	Alice Ukoko	Managing Director	Niger Delta Women
[I25]	Dawn M. Liberi	Managing Director	USAID
[I26]	Prof. Abafemi Ajibola	Managing Director	New Nigeria Foundation
[I27]	Prof. Bernard A. Onueg	Agricultural Commissioner	Rivers State Government
[I28]	Andrew Levin	Regional Advisor	USAID
[I29]	Anonymous	Corporate advisor	Friends of the earth
[I30]	Anonymous	Development	Amnesty International
[I31]	Sonya Maldar	Researcher/Nigeria	Human Rights Watch
[I32]	Jonas Moberg	Director, Business Leaders Forum	The Prince of Wales
[I33]	Alex Wines	Analyst	Human Rights Watch
[I34]	Bronwen Manby	Deputy head of African Section	Human Rights Watch
[I35]	Hammond	Managing Director	Live Earth
[I36]	Alice Ukoko	Managing Director	Women of Nigeria
[I37]	Matt Loose	Consultant	Sustainability
[I38]	Rory Sullivan	Director of social investment	Insight Investment
[I39]	Andrea Bohnstedt	Economics analyst	Global Insight
[I40]	Struan Simpson	Nigeria Expert	Independent Consultant
[I41]	Anonymous	Commissioner of Agriculture	Bayelsa state
[I42]	Henrietta Unegbe	Representative	Naija Community
[I43]	Michel Peel	Associate Fellow	Royal Institute of International Affairs
[I44]	Anonymous	Chief	Delta state
[I45]	Anonymous	Advisor	Environmental Rights Action
[I46]	Uwem Ite	Academic Consultant	Lancaster University
[I47]	Ciril Ogbu	Director	Enterprise for Development International
[I48]	Prince Lekan Fadina	Chairman	Cisme Consulting

4.6.3 Online survey

According to Yin (1984), surveys can be used in an embedded case study, whenever there is a secondary analysis of certain topics (such as participation in services) and may be based on many case studies, that are not the result of a single study, but represent a literature of numerous studies (Yin, Heald & Vogel, 1977). This may occur when there is a need to collect numerous data points, used in conjunction with other data collection techniques. I conducted an online survey of 120 stakeholder organisations that had engaged with Shell's CSR agenda at various levels since 1996. These were selected from a database of stakeholder organisations that have consistently engaged with the company over CSR issues in Nigeria. A website was established on which the questionnaire was posted. It remained on the web for six weeks and during this period, emails were sent every two weeks reminding respondents to fill out the online questionnaire. Altogether 17 organisations responded, giving an overall response rate of 14.1%. The collective data generated were tallied and analysed. The results were mainly quantitative. The survey was used as a supplementary tool. I was aware of its limitations namely; that neither statistical nor theoretical generalisations were possible because the case survey was a secondary and not a primary technique. The selection of the individual cases was beyond the control of the researcher and was not based on any sampling logic (Yin, 1984). In this study, the survey was primarily conducted to synthesise the existing case studies on some topics, and to collect supplementary information on stakeholder engagement and CSR in Nigeria.

4.7 Negotiating access, building trust, and ethical dilemmas

Fieldwork is a unique experience to every researcher. However, I had a number of experiences while conducting this field research in Nigeria and the UK that had been documented in the research methods textbooks. The first key lesson is that what is important to successful field research is the ability to establish, maintain and sustain good relationships with people who in everyday life one would be unlikely to encounter.

According to Wax (1971), the researcher is continually exercising the most fundamental technique of all - alleviating suspicion. As such, it was important that the emotions should not influence the data collection. Morgan (1992) further suggested that alleviating suspicion involved learning how to inveigle one's way into the life of a group, build up contacts with key actors and retain one's emotional balance to achieve acceptance and allow continuous collection of research material. The researcher was aware that to a certain extent contention could arise in areas where politically sensitive issues are exposed by research.

Secondly, there are extant factors that could influence outcomes, such as the personality of the researcher, which can help to determine the selection of topics, intellectual approach and ability in the field (Clarke, 1975). In addition, one feels that much is left unsaid and that there are restraints on being completely open. According to Clarke (Ibid.),

> "there are difficulties of writing frankly and honestly about what actually happens before, during, and after research. On the other hand perhaps one should even be wary of the status of accounts of research, for they are themselves none other than one particular version of events" (Ibid.: 19).

According to Gans (1962), "If the researcher is completely honest with the people about his activities, they will try to hide actions and attitudes they consider undesirable, and so they would be dishonest" (p. 46).

The main reasons for selecting this case study were geographic proximity and prior experience and training. The nature of the research project helped me gain unusually open access to the organisation. The company had recently adopted a transparency policy aimed at communicating the achievements of its CSR policies since 1994. However, I was constantly aware that the organisation was sensitive about the research activities being conducted. I was conscious of the fact that the conduct of the research and success in the field would be influenced by many factors such as my age, sex, status, ethnic background, over-identification, rejection, factionalism, bureaucratic obstacles, accidents, and serendipity. None of the above obstacles hindered my field research activities.

As Argyris (1969) suggests, the gatekeepers were crucial in helping gain access. The company invited me to a four-day annual stakeholder consultation workshop held in 2003. I was cleared to approach anyone for interview during the workshop. This was pivotal to the research as it provided an opportunity to establish relationships of trust, which significantly contributed to the successful completion of my fieldwork.

The research. As Klein (1976) indicates:

> "Social science is not engaged by industry or organisations, but by individuals in gate keeping or sponsorship or client roles. The outcome of fieldwork is mediated through the needs, resources, and roles of such individuals" (p. 225).

In terms of the moral dilemmas associated with the degree of openness required with regard to the purposes and objectives of the research. Both views were considered, which, as Gans (1962) suggests, led to the realisation that:

> "Some measure of deception is acceptable in some areas where the benefits of knowledge outweigh the harms and where the harms have been minimised by following convention on confidentiality and identity. One need not be always brutally honest, direct, and explicit about one's research purpose...one should not break promises made to people (p. 47).

It was argued that there is no answer to the moral dilemmas in research On the one hand, the so-called conflict methodology that includes covert research has been criticised for fostering suspicion and undermining trust in the integrity of the researcher, and hence doing bad service to the research profession. On the other hand, there is methodological predilection and preoccupation in the social sciences whenever the researcher is systematically denied information to crucial facets of the research process. Hence, I adopted a middle way and communicated enough to win the trust of the respondents and the constituencies I interacted with during the fieldwork, while systematically shielding the research project from the risks outlined above, by carefully presenting the project in a way that did not reveal the underlying research propositions being tested. Although there is no consensus on the key ethical questions raised by research, the present research activities were confined within the ethical limits of standard research. The next Chapter introduces the case study considered.

Chapter Five

ENVIRONMENTAL CONFLICTS, THE NIGERIAN OIL SECTOR, AND CSR AT SHELL

5.1 Introduction

The purpose of this Chapter is to locate the Nigerian case study with respect to a wider series of environmental and social controversies that Shell faced during the last few decades. It discusses the emergence of a CSR agenda at Shell that it situates within the context of environmental regulation debates and the rise of environmentalism and the environmental justice movement over the last 3 decades. The chapter reviews in brief some of the high profile incidents and resource conflicts that implicated Shell and prompted widespread anti-Shell protests which have attracted so much adverse publicity against the company both in the West and in developing countries, particularly Nigeria. It argues that, as a direct consequence of recurrent corporate-society incidents, Shell responded with an ambitious CSR agenda that aimed to restore its credibility and legitimacy amongst global and local stakeholders.

5.2 The context for the rise of corporate environmentalism and CSR

The discussion in the previous chapters (section 2.1 and 3.3) has traced the origins of the CSR concept back to the turn of the 20th century. Several drivers have played a role in the emergence of CSR, as corporate and societal relationships have evolved to encompass a wide range of social responsibilities over and above the legal and economic responsibilities of a business enterprise. Such drivers include the increasing power of corporations, the negative impacts of corporate activities, the globalisation process and regulatory pressures. However, by mobilising and focusing public pressure upon industry and individual corporations, different major currents of thought have played determining roles in forcing industry to accept the CSR agenda,. The next sections outline two such key movements, and highlights how they are linked with the emergence of CSR in its modern form.

5. 2.1 the rise of environmental movement

The ecological crisis in modern society is a well-established topic in academic and policy debates (Yearley, 1992). The rise of environmental politics in the 1960s was largely driven by environmental movements and a resurgent global civil society.

According to Jamison (1996), the movement focussed on creating awareness throughout the 1960s. For example, the publication of Rachel Carlson's *Silent Spring* (1962), Paul Ehrlich's *The Population Bomb* (1968) and Garrett Hardin's *Tragedy of the Commons* (1968) called public attention to the issue, and popularised the idea of ecological limits. This period also saw the establishment of environmental NGOs focusing on the protection of the environment such the Worldwide Fund for Nature (WWF) and the International Union for the Conservation of Nature (IUCN). In the 1970s, the environmental movement became established as a political issue and entered the phase of organisation and institutionalisation (Jamison, 1996). For example, one of the outcomes is the implementation of the United Nations Environmental Programme (UNEP) after the Stockholm conference, and the creation of the transnational environmental group Greenpeace. There was also a proliferation of alternative holistic visions of the nature-society relationship, such as Goldsmith's *Blueprint for Survival* (1972). This was underpinned by the growing recognition of the *Limits to Growth* (Meadows et al., 1972). In the early 1970s, the oil crisis became a turning point in the history of environmental movement (Murphy and Bendell, 1997). The ecological limits turned into a permanent topic of public debate, which was shrouded in political disputes over possible remedies, especially as the oil crisis hit Western economies. Throughout the 1980s and 1990s, the environmental movement entered a phase of professionalisation. For example, Greenpeace and other environmental NGOs focused on lobbying and grew in capacity and reach. They also gained more momentum through the publication of the Brundtland Report (WCED, 1987), which established the concept of sustainable development and thereby sought to reconcile the antagonism between growth and environmental protection.

However, critics of environmentalism (Martinez-Alier, 2002; Rowell, 1994; Szasz, 1994; Bowen, William, 2002) point out that it exclusively privileged a conservation and preservation ethic - where nature was seen as a beautiful wilderness to be protected from man - while neglecting the human dimension. Critical voices were later channelled through the environmental justice movement discussed in the next section.

5.2.2 The rise of the environmental justice movement

Leaders of the environmental justice movement have argued that mainstream environmental organisations, and in turn environmental policy, have demonstrated a greater concern for preserving the wilderness and animal habitats than addressing health hazards to humans. These arguments represent a backlash against embracing the so-called save the earth perspective at the expense of saving peoples' lives and protecting their homes and backyards.

The environmental justice movement emerged in the 1980s because of the confluence of events and reports that brought the terms 'environmental racism' and 'environmental justice' into the public sphere and into policy discourses. Proponents of environmental racism described the disproportionate balance between the high levels of pollution exposure for people of colour and the low level of environmental benefits they enjoy, and argued that there is unequal distribution of environmental benefits and pollution burdens based on race. Subsequent reports, for example, *Toxic Wastes and Race* (1987) by The United Church of Christ's Commission for Racial Justice, documented the 'unequal protection' from environmental pollution by local, state and national regulatory agencies.

Other events that gave impetus to the environmental justice movement include, for example, a series of environmental pollution scandals in corporate America, which brought corporations into dispute with highly mobilised grass-root communities. Such disasters included toxic waste dumping into Love Canal in New York, the Bean v. South-Western Waste Management Corp lawsuit in 1979 against the location of a waste facility, and the Warren County (North Carolina) protest resisting a polychlorinated biphenyl dump in their community.

These events and the protests that followed led to research into the connection between race and pollution (Bullard, 1994a)

The repression of these initially limited protests exploded the popularity of the movement, which went from strength to strength. The environmental justice movement went beyond NYMBISM (Not in My Back Yard) to become a fully-fledged movement, that often blurs the distinction environmentalism and social justice causes. What was a local issue in the 1970s became a new very social movement in the 1980s. While in the 1970s before Love Canal, local organisation was sporadic and isolated with a total lack of contact among local groups, in the 1980s, networking began and a dynamic social movement was born. For instance, the citizens Clearinghouse for Hazardous Wastes grew out of the Love Canal experience. In 1984, there were 600 local groups and this had increased to more than 4,687 by 1988. The national Toxics Campaign and Greenpeace stated that they worked with about 2000 of these local groups.

When in 1991, a multiracial group of more than six hundred met in Washington DC for the first National People of Colour Environmental Leadership Summit, it issued the following statement of Principles of Environmental Justice:

> "To begin to build a national and international movement of all peoples of colour to fight the destruction and taking of our lands and communities…", and among other goals to "secure our political, economic and cultural liberation that has been denied…resulting in poisoning of our communities and land and the genocide of our people" (Grossman, 1994, p 272.).

Environmental racism became an issue as some in the movement sought to connect class and race, while others saw racism as the main culprit.

> " Our movement started as Not In My Backyard(NYMB), but quickly turned into Not In Anyone's Backyard(NIABY) which includes Mexico and other less developed countries"(p 45).

As such, local communities have resisted the siting of hazardous wastes facilities in their midst because they are being asked to shoulder the hazardous waste burdens of others. This radicalised and internationalised the antitoxic agenda (DiChiro, 1996). What emerged was, according to Szasz, a radical environmental populism that connected to the larger tradition of American Radicalism, rather than an outgrowth of the modern environmental movement (Szasz, 1994). Protests spread across the United Nations through Environmental and health groups and other informally organised bodies as the most effective, if not the only viable avenue available to community and environmental groups. As such, local, issue-oriented, citizen-based groups proliferated in the 1980s (Gottlieb, 1993).

The environmental justice perspective differs from traditional environmental philosophies in that it seeks to combine a concern for the natural world with a consciousness of ethnicity, class and gender discrimination (Di Chiro, 1996). In effect, the environmental justice movement has shifted environmental priorities away from what is perceived as a traditional emphasis on eco-centric themes (global warming, ozone depletion, nature protection), towards human centred concerns for individual health (pesticide control, community protection, etc.). This has been framed around a concept of rights constructed in part by the actions of and rhetoric of previous social justice movements, most notably the civil rights movements (Capek, 1993).

The emergence of the environmental justice movement was based on direct action protests linked to pollution, waste and habitat destruction issues. The arguments that underpin the environmental justice movement include, firstly, the claims that there are marked and increasing disparities between those who have access to clean and safe resources and those who do not (Szasz &

Meusser, 2000). Secondly, the argument that often poor and minority communities bear a disproportionately large burden of toxic contamination and suffer the health problems that result from it, while the elite and powerful tend to control the valuable resources (Clapp, 2001). As such, some authors have argued that disparities of this nature may be the result of historical circumstances, contemporary economic and trade relations, and inadequate or inappropriate governmental regulation (Di Chiro, G. 1996; Markowitz & Rosner, 2002). Others argued that they might also be the result of deliberate targeting of disenfranchised communities or weak nations to bear the burden of unsustainable consumption patterns of powerful communities and nations (Rowell, 1996). Critics have further suggested that minority and low-income communities or nations are targets as sites for dumping of toxic waste and environmentally hazardous substances because they are perceived as "paths of least resistance (Adeola, 2000; Clapp, 2001; Anderson, et al., 1994).

The environmental justice movement has stimulated heated debate over the extent to which race and class should become central concerns of modern environmentalism (Markowitz & Rosner, 2002; Di Chiro, 1996; Pulido, 2000; Klinenberg, 1999). In the 1970s and into the 1980s, a growing interest in questions of environmental equity gained attention in academic circles, especially among social scientists and philosophers. A small body of literature appeared on the equity of municipal service provision (Bullard, 1993; Dobson, 1998).

The underclass hypothesis postulated that the quality and quantity of service delivery was directly related to the socio-economic status of the area receiving the service (Bullard, 1993). Hence, poor neighbourhoods received services that were inferior because they were not politically strong enough to resist or to voice their demands. The major issue was the impact of the distribution of risk through various forms of pollution (race, class, income). The discourse and research on equity and distributional conflicts helped to take environmentalism beyond the more class-neutral rhetoric that solely focuses on saving the planet. According to Schnaiberg et al. (2003), the discussion of the redistributive element (such as a windfall-profit fund to provide cost offsets for the poor) had been mostly absent from the most of the history of environmental movements, which had not tended to be welfare oriented.

The environmental justice movement has shifted environmental priorities away from what is perceived as a traditional emphasis on eco-centric themes (global warming, ozone depletion, nature protection), towards human centred concerns for individual health, pesticide control, community protection, etc.) (Capek, 1993). In early 1990s the environmental justice advocates made a bid to internationalise the movement. There were statements linking American grassroots experiences with toxic wastes, and those of other grassroots communities facing similar issues around the world. For example, Heeten Kalan, Director of Global Environmental Health and Justice Fund of the New World Foundation in New York City declared:

> "Environmental and human rights have no boundaries, because pollution has no boundaries... Environmental justice organisations are starting to understand that that they are working in a global context...Communities all over the world are finding commonalities in their experiences and goals in seeking environmental justice[4]"(Environews, 2007, p. 501).

[4] http://goliath.ecnext.com/coms2/gi_0199-7151665/Standing-on-principle-the-global.html. Visited on 09.05.08

In particular, this resonated with the Nigerian Niger Delta, where grassroots movement led by Ken Saro Wiwa led an uprising against the government and the oil companies, Shell in particular. The anti-pollution protests marshalled grassroots environmental protests on a large scale in Nigeria, as will be explored later in this chapter.

Besides environmentalism and the environmental justice movement, another influential context for the emergence of the corporate environmentalism and corporate social responsibility of MNCs, and Shell in particular, is the sustainable development discourse.

According to Redclift (1987), the sustainable development agenda has to appeal to both environmental and economic interests and thereby tread a potentially contradictory terrain while trying to establish a positive agenda. This discourse addresses the problem of how environmental protection might be combined with a reasonable development option for the less advanced countries in the developing world. The offer of the Brundtland Report was to reconcile the objectives of environmental protection and social development by amalgamating them into the two-pronged strategy of sustainable development. Development, i.e. economic growth, would remain possible and necessary, but it would be constrained by the imperatives of environmental protection. As such, environmental protection has to be compatible with the overall objectives of development, while development must include criteria to make it sustainable.

Whilst the sustainable development paradigm has led to heated debates and controversies over whether economic development and sustainability are compatible or not, with different schools of thought advancing opposing arguments, business figures have seized on this opportunity to draw out an agenda for business and sustainability (WSSD, 2002).

5.3 Corporate environmentalism and corporate social responsibility

In 1960s, industry in general, and the oil industry in particular (Skjaerseth & Skodvin, 2003) can be seen as being in denial that its activities harmed the environment, rejecting the scientific integrity of the evidence presented by civil society activists, particularly environmentalist groups (Hoffman, 2000).

According to Bendell (2000), industry groups generally elaborated their own definitions of what were believed to be relevant environmental problems and possible technical solutions to deal with them (Ibid)[5]. However, as this opposition between industry and civil society raged during the 1970s, a wide range of agencies devoted to standard setting and clean production sprang up. As a result, industries in developed world contexts faced strong regulatory action. In response, corporations established environmental, health, and safety departments to deal with these issues, although environmental issues often remained marginalised and separate from their core businesses (Ibid.).

The corporate approach to compliance was often based on end-of-pipe technologies (Bendell, 2000). For example, in the United States (US) and Europe, the debate remained highly contentious and regulation failed to achieve its objectives due to a lack of sufficient funding regulatory agencies and bureaucratic inefficiencies in handling increasing litigation (Bendell, 2000; Skjaerseth & Skodvin, 2003).

[5] Competing science is part of this discourse, and is often witnessed in current debates on global warming, where certain scientific views close to industry positions challenge the science of anti- global warming campaigns that target industrial activity.

In the 1980s, corporate attitudes gradually changed as public opinion turned against perceived industry responsibility, partly as a result of a series of high profile incidents such as the Bhopal gas plant explosion and the Exxon Valdez oil spill. These were instrumental in exposing the environmental and social malpractices of large MNCs to a wider constituency both in home and host countries (Hoffman, 2000; Visser, 2005a).

Moreover, because this was accompanied by growing pressure from consumers, NGOs and regulatory agencies, corporate leadership was alerted to the fact that the environmental and social performance of their subsidiaries in developing countries could affect their reputation and, hence their competitiveness (ibid.). Corporations began to take a more proactive approach to business-related environmental problems, by establishing self-regulatory codes of conduct and standards and by embracing collaboration instead of confrontation with regulatory agencies, communities and other civil society stakeholders. The business community gradually began to adopt a precautionary stance (Visser, 2005; Murphy and Bendell, 1997). It had become apparent that environmental and social factors should be acknowledged as a strategic challenge to the bottom-line, and as a reputation risk in the form of brand image. Industry representatives actively participated in the elaboration of business sustainability principles in collaboration with leading environmental organisations and set out to devise comprehensive socio-environmental strategies of their own, aimed at dealing with the perverse impacts of business activities (Ibid).

5.3.1 The emergence of corporate social responsibility at Shell

The recent history of Shell offers the opportunity to study the conflict between environmental and social development groups and a multinational corporation. Royal Dutch Shell is one of the largest multinational corporations in the world, generating revenues in 2007 of US$ 318,845 million (Fortune Magazine, 2007). The companies in this group operate in 135 countries and employ over 108,000 people as well as hundreds of contractors (Shell, 2007). The company has existed for more than 90 years, generally founded as an alliance between a Dutch and a British company, the Royal Dutch Petroleum Company and the "Shell" Transport and Trading plc. In 1907, they merged their interests on a 60/40 basis, and operated as two holding companies until 2005 when they merged to form one group holding company, 'The Royal Dutch Shell' plc. The parent company thus owns the shares of the individual operating countries around the world.

Shell, alongside other oil companies, initially enjoyed a good reputation at the turn of the last century, as they were seem as providing the fuel for progress. During the 1982-92 period, Shell International played an important role, first in the development of the ICC's Business Charter on Sustainable Development, which was launched in 1991, and then in the ICC's participation in the Rio Conference. Agenda 21 contains no fewer than 32 provisions pertaining specifically to MNCs or of direct relevance to MNC operations, although very few require specific MNC commitments on environmental matters (See UNCTAD, 1996, p2). UNCTAD nevertheless considers Agenda 21 to be an appropriate benchmark against which to evaluate progress in achieving goals set for environmental improvements. Governments, through a democratic and participatory process, which included major group representation from both business and NGO communities, adopted agenda 21.

However, a succession of crises in the 1980s through to the 1990s forced Shell to consider its communication policy and business objectives. For example, the Exxon Valdez disaster of 1989 led to the formation in the USA later that year of the Coalition for Environmentally Responsible Economies (CERES), and the so-called Valdez Principles. CERES is a member organisation that includes representatives of national environmental organisations, social investment leaders, public interest groups and unions. They created an environmental ethic with criteria by which investors and others could assess the environmental performance of companies.

The petroleum industry responded with a number of self-regulating alternatives. In 1990, the American Petroleum Institute (API) launched its Environmental Mission and Guiding Principles, and the UK's Institute of Petroleum followed suit in 1992 with its Model of Safe Practice in the Petroleum Industry. Also in 1992, the API introduced Strategies for Today's Environmental Partnership, an umbrella programme encompassing industry-sponsored environmental initiatives and individual company programmes.

However, a succession of scandals put Shell in the limelight and the company came head to head with the environmental justice movement. Although Shell has often faced major public relations controversies, such as the company's controversial role in Vietnam (during the Vietnam war) and its decision to keep operating in Apartheid South Africa, the defining moments were the Love Canal incident, the Brent Spar rig, and the uprising in the Niger Delta of Nigeria also known as the Ogoni disaster. Shell came to represent the global and the local *bête noir* of environmental protests. The following section reviews the three incidents and explores their links with the emergence of Shell's CSR agenda.

5.4 Shell scandals and the rise of environmentalism at Shell

As mentioned earlier, there have been successions of major incidents involving Shell that gradually undermined the company's reputation and led to widespread civil society protests around the world, and those new forms of collaboration between the civil societies in developed and developing countries that further threatened the company's reputation and legitimacy.

In the 1970s Shell faced public criticism for the company's role in Vietnam. Between 1972 and 1975, the last three years of the Vietnam War, Shell Vietnam (the local 'operating company' of the Shell Group) controlled half of Vietnam's oil supply. A book by Louis Wesseling, the President of Shell Vietnam during that period, revealed that Shell failed properly to control the oil shipments which flowed through indirect channels to the Vietcong (Wesseling, 2000).

In the 1980s, anti-apartheid activists accused Shell[6] of supporting and sustaining the apartheid regime while pursuing business opportunities in the Republic of South Africa. Annual General Meetings of the two Group holding companies were disrupted by protesters and Shell was also accused of breaking sanctions. Shell always argued that unlike other multinationals who withdrew (e.g. Mobil); it could be more of a force for good by staying in the country than by leaving. As the largest global company remaining active in South Africa, Shell became the figurehead scion of big business tied to the Verwoerd and De

[6] Royal Dutch Shell - Environmental and reputational issues: Encyclopaedia II - Royal Dutch Shell - Environmental and reputational issues. http://www.experiencefestival.com/a/Royal_Dutch_Shell Environmental_and_reputational_issues/id/5459688.Visited 08.05.08

Klerk administrations. Anti-Shell activists went as far as a moonlighting terrorist group RaRa (Revolutionary Anti-Racist Action, but also Dutch for 'Guess Who') raiding gasoline pump stations and cutting through filler tubes and setting them on fire.

Shell also has a refinery located in Diamond, a small town located in Louisiana, situated along the shores of the Mississippi River. The community faced highly risky exposure to poisonous gas from pollution, and was a regular victim of recurrent explosions that killed a lot of people and inflicted extensive damages to property belonging to fence line communities. The first explosion happened in 1973 and took the lives of two Diamond residents. Another major explosion occurred on May 5th 1988 and killed six people, and injured 42 people (Lerner, 2005). The blast shattered windows up to 30 miles away and damage was sustained on both sides of the mile-wide Mississippi river. Following the incident about 159 million pounds of toxic chemicals were spewed into the air, requiring the evacuation of 4,500 people. Diamond residents faced recurrent emergencies that forced them to evacuate their homes eight times in 12 years. Shell was later forced to pay out $172 million in damages to some 17,000 claimants (Ibid.).

In the 1990s Shell faced a full-scale environmental protest concerning the disposal of its Brent Spa, an oil storage and tanker loading buoy in the Brent oilfield, operated by Shell UK in the North Sea. Although the rig was located in the UK, and the issue was a domestic problem from a UK point of view, it was internationalised, with the involvement of environmental campaign organisations such as Greenpeace, and quickly became a symbol of cross-border importance despite the fact that it was located in UK waters and subject to clearly defined national regulation (Anderson, 1997). Greenpeace activists seized the platform to prevent deep sea disposal. The Brent Spar conflict was blown out of proportion and its implications extended far beyond its immediate context, involving a variety of societal actors. Although Greenpeace never called for a boycott of Shell service stations, thousands of people stopped buying their petrol at Shell. Greenpeace activists occupied the Brent Spar for more than three weeks. Shell's disposal plans were legally sanctioned by the UK government (Nutt, 2000). However Shell abandoned its plans to dispose of Brent Spar at sea, in the face of public and political opposition in northern Europe (including some physical attacks and an arson attack on a service station in Germany). Shell companies were faced with increasingly intense public criticism, mostly in Continental northern Europe. Many politicians and ministers were openly hostile and several called for consumer boycotts. There was violence against Shell service stations, accompanied by threats to Shell staff. The power of public pressure was experienced at first hand, whereas Shell's defeat marked a significant shift in corporate attitudes towards societal pressure, the increasing power of global stakeholders and their capacity to undermine corporate operations. It represented a shift of symbolic importance in corporate-society relations. It was argued that the Brent Spar demonstrated that corporate power was relative, while highlighting the vulnerability of MNCs due to the exposure to multiple jurisdictions (Yearley and Forrester, 2000).

In the early 1990s, Ken Saro-Wiwa, president of the Movement for the Survival of the Ogoni People (MOSOP), led a non-violent campaign against environmental damage associated with the operations of multinational oil companies, including Shell and British Petroleum, in the Ogoni homelands of the Niger delta. In January 1993, MOSOP organized peaceful marches of around 300,000 Ogoni people – more than half of the Ogoni population – through four Ogonicentres, drawing international attention to his people's plight. That same year, Shell ceased operations in the Ogoni region. Shell's involvement in Nigeria came to the fore again in October 1990 when a peaceful protest in Umeuchem escalated. Eighty people were killed by the police and 495 homes were destroyed. Shell states that it merely asked for police protection. In 1995 Ken Saro-Wiwa and eight others were executed. Ken Saro-Wiwa had implicated Shell during his "treason" trial and the company was accused of providing money and supplies to the Nigerian military. When Saro-Wiwa was executed, some of the world-wide condemnation of the act was aimed at Shell. In February 2002, a United States District Judge ruled that a case brought against Royal Dutch Shell by close relatives of Ken Saro-Wiwa could proceed in the United States District Court for the Southern District of New York under the Alien Tort Claims Act, the Torture Victim Protection Act and RICO (Racketeer Influenced and Corrupt Organisations) Act.

Shell has continued to be condemned by bodies such as Christian Aid, who reported that despite Shell claims of 'honesty, integrity and respect for people' it had 'failed to use its considerable interest in Nigeria to bring about change in the Niger delta'. The report also found evidence of failures to clean up oil spills, pollution of rivers and water courses, and non-completion of promised projects for community improvement. In 2001 a study into the community projects was leaked to *The Economist*. It reported that of 81 projects visited by the reviewers of the scheme, 20 did not exist, 36 were partially successful and 25 were working in Nigeria.

When in 1991 a multiracial group of more than six hundred met in Washington DC for the first National People of Colour Environmental Leadership Summit, its statement of Principles of Environmental Justice were:

> "to begin to build a national and international movement [...] to fight the destruction and taking of our lands and communities..., secure our political, economic and cultural liberation that has been denied...resulting in poisoning of our communities and land and the genocide of our people"(Grossman, 1994, pp 272.).

Protests spread across the nation through environmental and health groups and other informally organised bodies as the most effective if not only viable avenue available to community and environmental groups. As such, local, issue-oriented, citizen-based groups proliferated in the 1980s (Gottlieb, 1993). For those articulating the goals of environmental justice, grassroots resistance to environmental threats is simply the reaction to more fundamental injustices brought by long-term economic and social trends. This resonated with the crisis enfolding in the Nigerian Delta, and the Ogoni uprising, whose manifesto is an extension of the environmental justice movement in search of redress from rich multinational companies.

The environmental justice movement has shifted environmental priorities away from what is perceived as a traditional emphasis on eco-centric themes (global warming, ozone depletion, nature protection), towards human-centred concerns for individual health, pesticide control, community protection, etc.). It was framed around a concept of rights constructed in part by the actions of and rhetoric of previous social justice movements, most notably, the civil rights movements (Capek, 1993). The environmental justice movement nevertheless raised the issue high on the political agenda in the US, which led to the creation of the Office of Environmental Justice within EPA's Office of Enforcement and Compliance Assurance, in 1992.

Box 6.1 First National People of Colour Environmental Leadership Summit: Principles of Environmental Justice.

PREAMBLE

WE, THE PEOPLE OF COLOR, gathered together at this multinational People of Color Environmental Leadership Summit, to begin to build a national and international movement of all peoples of color to fight the destruction and taking of our lands and communities, do hereby re-establish our spiritual interdependence to the sacredness of our Mother Earth; to respect and celebrate each of our cultures, languages and beliefs about the natural world and our roles in healing ourselves; to insure environmental justice; to promote economic alternatives which would contribute to the development of environmentally safe livelihoods; and, to secure our political, economic and cultural liberation that has been denied for over 500 years of colonization and oppression, resulting in the poisoning of our communities and land and the genocide of our peoples, do affirm and adopt these Principles of Environmental Justice:

1) Environmental Justice affirms the sacredness of Mother Earth, ecological unity and the interdependence of all species, and the right to be free from ecological destruction.

2) Environmental Justice demands that public policy be based on mutual respect and justice for all peoples, free from any form of discrimination or bias.

3) Environmental Justice mandates the right to ethical, balanced and responsible uses of land and renewable resources in the interest of a sustainable planet for humans and other living things.

4) Environmental Justice calls for universal protection from nuclear testing, extraction, production and disposal of toxic/hazardous wastes and poisons and nuclear testing that threaten the fundamental right to clean air, land, water, and food.

5) Environmental Justice affirms the fundamental right to political, economic, cultural and environmental self-determination of all peoples.

6) Environmental Justice demands the cessation of the production of all toxins, hazardous wastes, and radioactive materials, and that all past and current producers be held strictly accountable to the people for detoxification and the containment at the point of production.

7) Environmental Justice demands the right to participate as equal partners at every level of decision-making, including needs assessment, planning, implementation, enforcement and evaluation.

8) Environmental Justice affirms the right of all workers to a safe and healthy work environment without being forced to choose between an unsafe livelihood and unemployment. It also affirms the right of those who work at home to be free from environmental hazards.

9) Environmental Justice protects the right of victims of environmental injustice to receive full compensation and reparations for damages as well as quality health care.

10) Environmental Justice considers governmental acts of environmental injustice a violation of international law, the Universal Declaration On Human Rights, and the United Nations Convention on Genocide.

11) Environmental Justice must recognize a special legal and natural relationship of Native Peoples to the U.S. government through treaties, agreements, compacts, and covenants affirming sovereignty and self-determination.

12) Environmental Justice affirms the need for urban and rural ecological policies to clean up and rebuild our cities and rural areas in balance with nature, honouring the cultural integrity of all our communities, and provided fair access for all to the full range of resources.

13) Environmental Justice calls for the strict enforcement of principles of informed consent, and a halt to the testing of experimental reproductive and medical procedures and vaccinations on people of color.

14) Environmental Justice opposes the destructive operations of multi-national corporations.

15) Environmental Justice opposes military occupation, repression and exploitation of lands, peoples and cultures, and other life forms.

16) Environmental Justice calls for the education of present and future generations which emphasizes social and environmental issues, based on our experience and an appreciation of our diverse cultural perspectives.

17) Environmental Justice requires that we, as individuals, make personal and consumer choices to consume as little of Mother Earth's resources and to produce as little waste as possible; and make the conscious decision to challenge and reprioritize our lifestyles to insure the health of the natural world for present and future generations.

Washington DC October 24-27, 1991

5.5 Environmental justice and Globalisation in the Nigerian oil industry

This global-local dimension of environmental justice linked the expansion of MNC activities to local conflicts, inequities, repression, and escalating conflict (Nabiro, 1997). Critics of the oil companies and Shell in particular, led by some NGOs such as Friends of the Earth(FoE), Christian Aid, and academics such as Cyril Obi (1999), Kayode Soremekun (1995), Bierstekker (1987), and many others, linked MNCs and oil production to rights violations, environmental degradation and abuse of power. As such, local protests have contributed to a global awareness of the Niger Delta confrontations between Shell in collaboration with the Nigerian government against the local community's activism. The local activists reach out to the global (Environmental justice movement, international civil society organisation) in order to empower local claims to certain rights, resources and entitlements (Obi, 2006). For example, the struggles of the Ogoni against Shell, the Ijaw against Shell, Chevron and Agip, and the Ilale against Chevron are all local, as the site of conflict, and global, as the platform of expressing grievance and gaining support. The environmental justice movement in the US had strong resonance in Nigeria. Links were established, particularly driven by the fact that the US movement was eager to internationalise their campaign, whereas the Nigerian activists were eager to bring their local protests against Shell in Nigeria to a global platform. For example, there are striking commonalities between the *Ogoni Bill of Rights* in Box 6.1, and the Principles of Environmental Justice as enacted by the *First National People of Colour Environmental Leadership Summit*, in Box 6.2. There is a strong commonality between the environmental justice movement and the local protests in terms of arguments, language, and style.

The previous sections in this chapter provided the background of Shell's CSR agenda, by briefly outlining the company's encounter with the global environmental movement and the environmental justice movement. The next section gives a background to the Nigerian case study, by briefly outlining the context of the relationship between oil MNCs and oil producing countries, since the thesis partially links the CSR agenda of oil MNCs to the business rationale underpinning their presence in the oil producing state.

5.6 Nigerian oil industry and state-company relationship

The origins of the oil industry are often traced back to its rapid international expansion in the late 19th and early 20th centuries. As exploration and production activities expanded to Latin America, Russia and Central Europe, the Dutch East Indies became a producer in its own right. Production from there laid the foundation for the emergence of Royal Dutch Shell as a major force in the oil industry (Fee, 1988). The early relations between the state and the companies were based on the colonial experience of the previous century (Fee, 1988; Khan, 1994; Biersteker, 1987; Frynas, 2000). It is under the above conditions that Shell acquired its exploration and production licence in Nigeria. In 1938, a joint venture between BP and Shell took over from the Nigerian Bitumen Corporation, a Nigerian subsidiary of a German company, and was granted the licence to explore for oil across the entire territory of Nigeria. The joint venture commenced commercial oil production activities in Nigeria in December 1957 (Frynas, 2000).

5.6.1 The Nigerian oil sector and its importance to national development

Generally, oil exploration and production is intimately associated with the industrial revolutions of the last two centuries, as a vital factor of production that fuels modern industrial development. Therefore, its costs and supply have been given due weight in the plans of economic managers and national policy makers at all levels. At the core of the search for, production and supply of petroleum lies the multinational oil company (oil MNC) as one of the most important factors in the establishment of the hydrocarbon potential of a country. This is due to its access to and ownership of technology and finance. Hence, an oil producing state needs to develop a relationship with an oil MNC, establishing a series of policies relating to licensing, taxation, royalties and general legal instruments, in order to ensure the orderly development of oil exploration and production (Fee 1988; Khan 1994). A distinctive driving force behind national oil strategies is to develop indigenous petroleum resources and make this part of an overall industrial development plan. Accordingly, each country faces a unique combination of circumstances that govern its choices of strategy for oil exploitation and selects a coherent oil exploitation strategy that is consistent with its own circumstances, in order to ensure that the balance of goals set by the state is achieved. Strategic success in oil exploitation is assumed to enable the state to maximise its financial, as well as the attendant socio-economic development goals (Fee, 1988).

Three phases of Nigeria's oil policy development are often identified. The first phase is marked by the colonial period up until the end of the 1960s. During this period, there was little state participation in the oil industry. The role of the state was reduced to the collection of tax, rent or royalties from the oil companies. The old concession system established a 50-50% share of net revenues, after the companies removed their operating costs, because of which the state's real revenues were less than the 50% (Soremekun, 1995). After independence, in 1962, Nigerian intervention in the oil industry was minimal. The then Tafawa Balewa Government[7] maintained the status quo, until it amended the Petroleum Profit Tax Bill in 1967, this time under General Yakubu Gowon's Government[8]. The Bill gave Nigeria the legal basis to modify the existing fiscal regime to increase its rent taking, and establish a relationship with, and later joined OPEC as soon as the organisation was established. The interim phase enabled a learning process and joining OPEC in 1971 helped the newly independent country gain in terms of capacity building, political assertiveness and leverage vis-à-vis the oil companies.

The second phase began in 1970, as the Gowan government policy gradually changed, mainly in response to the civil war. The state came to rely on oil revenues for economic development and acquired an understanding of the strategic importance of oil for Western countries. Oil became the main source of revenue and main export, while the export of other commodities fell to insignificant levels (Sala-I-Martin and Sabrahamanian, 2003). The civil war required stricter control of the oil industry, as Government revenues relied on oil revenues more and more and as oil production expanded dramatically from 20,000 b/d in 1962 to 540,000 b/d in 1969 (Pearson, 1970). According to (Soremekum (1995), the state started to be involved in the oil industry in the 1970s, moving from the collection of oil rents to direct intervention in the running of the oil industry. While joining OPEC marked Nigeria's own indigenisation policy, which was encouraged by OPEC.

[7] Nigeria gained its independence from Great Britain on October 1st, 1960. However, there was a 3-year transition, and it was not until 1963 that an independent government for the newly independent Nigeria was established under Tafawa Balewa.

[8] General Yakubu Gowon's Government lasted from July 1966 – July 1975.

Box 5.2. Important Dates in Shell Nigeria

- November 1938 - Shell D'Arcy granted Exploration licence to prospect for oil throughout Nigeria
- January 1956 - First successful well drilled at Oloibiri by Shell D'Arcy
- April 1956 - Changed name to Shell-BP Petroleum Development Company of Nigeria Limited
- February 17, 1958 - First shipment of oil from Nigeria
- April 7, 1961 - Shell's Bonny Terminal was commissioned
- September 1971 - Shell's Forcados Terminal was commissioned
- April 1, 1973 - First participation agreement; Fed. Govt. acquires 35% shares in the Oil Companies
- April 1, 1974 - Second Participation Agreement; Federal Government increases equity to 55%
- July 1, 1979 - Third Participation Agreement (through NNPC) increases equity to 60%
- August 1, 1979 - Fourth Participation Agreement; BP's share holding nationalised; NNPC = 80%, Shell = 20%
- December1979 - Changed name to Shell Petroleum Development Company of Nigeria (SPDC)
- August 1984 - Agreement consolidating NNPC / Shell Joint Venture
- January 1986 - Signing of Memorandum of Understanding (MOU)
- June 30, 1989 - Fifth Participation Agreement; (NNPC = 60%, Shell = 30%, Elf = 5%, Agip = 5%)
- July 11, 1991 - Signing of Memorandum of Understanding & Joint Venture Operating Agreement
- April 19, 1993 - Production Sharing Contracts signed - SNEPCO
- July 1993 - Sixth Participation Agreement; (NNPC = 55%, Shell = 30%, Elf = 10%, Agip = 5%)
  - SNEPCO starts drilling first Exploration well
- November 1995 - NLNG Final Investment Decision taken
- March 30, 1998 - Shell Nigeria Gas Company established; Shell Nigeria Oil Products established
- Dec. 2002 - Commencement of production from EA field.
- October 5, 2003 - Achievement of 1 million + barrels of oil per day production from SPDC operations.
- 2004 -A restructuring exercise; Nigerians placed in top positions of Management.
- January 1, 2005 - New SPDC launched, Basil Omiyi appointed first Nigerian MD.
- September 1, 2005 - Basil Omiyi became Country Chair, Nigeria; oversees all Shell Companies in Nigeria as well as Shell interests in NLNG

This phase is also characterised by acceleration in the increase of government profit tax and profit intake. In the post-colonial period, the Petroleum Profit Tax increased from 50% to 55% in 1973, to 67.75% in 1974, and to 84% in 1975. Royalties increased from 12.5% to 16.6% in 1974, to 20% in 1975 (Khan 1994). This policy of indigenisation of the oil industry was accelerated in the 1970s (Turner, 1980), and by 1979; the state had acquired a 60% ownership in all major foreign oil companies. During this period, Nigeria embarked on developing the state's institutional capacity and indigenisation policies were accompanied by a restructuring of the state oil administration through the creation of the Nigerian National Oil Company (NNOC) in 1971, which joined foreign companies in the exploration, prospecting and production of oil directly, or through its subcontractors or subsidiaries. The NNOC merged with the Ministry of Petroleum Resources[9] in 1977 to become the Nigerian National Petroleum Corporation (NNPC). The NNPC also combined the functions of an oil company with the extended regulatory powers of a ministry. This peculiar role enabled NNPC to issue licences to its so-called competitors. Its ambitious goal was to eventually control the entire oil industry in Nigeria, including oil exploration and production (NNPC, 1986b).

From the policy point of view, the creation of NNPC strengthened the government's negotiating power, in its engagement with the oil MNCs. However, this changed little in the oil production itself as Shell continued to run the joint venture on behalf of the government and retained control over venture operations (Biersteker, 1987, 241). Despite the government's apparent political advantage, the balance of power had not considerably shifted, as the country depended hugely on oil revenues by 98%. The most prominent cause of this increased dependency is the fall in production of other export commodities that Nigeria used to produce, as depicted in Fig. 5.2. According to Frynas (2000), both the government and the oil companies neglected social and environmental impacts.

The third phase of the Nigerian oil policy involves the 1980s and 1990s and beyond. The energy conservation policies of the 1980s coupled with low energy prices saw a considerable decrease in exploration by foreign companies. This forced the government into a more accommodating tone toward the oil companies, to the extent that, between 1983 and 1997, the fiscal incentives for

9 The Ministry of Petroleum Resources was re-established in 1986.

foreign oil companies were improved 4 times (Alli 1997). Faced with the immediate problems of falling oil revenue and political crises during the 1980s, the government further improved the fiscal terms of oil company operators in order to woo investors. For example, a Memorandum of Understanding (MOU) was introduced in 1986 (Soremekun, 1995) and subsequently reviewed in 1991, that offered increased financial incentives to oil MNCs (Adepetun and Segun, 1996). Two years later in 1993, new incentives were introduced for exploration in offshore deep-water areas, including low royalty rates, and higher cost recovery allowances (Barrows 1995). In 1999, the deep offshore and inland Basin Production Sharing Contracts Decree was passed for the development of offshore areas, which included fiscal terms that are favourable to the industry. The government continued its policy of diversification and indigenisation by granting a large number of licences to indigenous oil companies. While 12 companies had oil prospecting licences and oil mining leases in 1986, their number had risen to 50 by 1998[10]. In 1999, at least 11 oil-prospecting licences were allocated to indigenous companies (Guardian Lagos, May 18th, 1999). The total concession area rose from 118,156 sq. km in 1966 to 225,444 sq. km in 1998 and it has expanded further since 1998.

10 A large proportion of licenses were held by NNPC and its subsidiaries, and its joint ventures.

Fig. 5.1 Growth of Nigeria's oil Export, 1963-1966

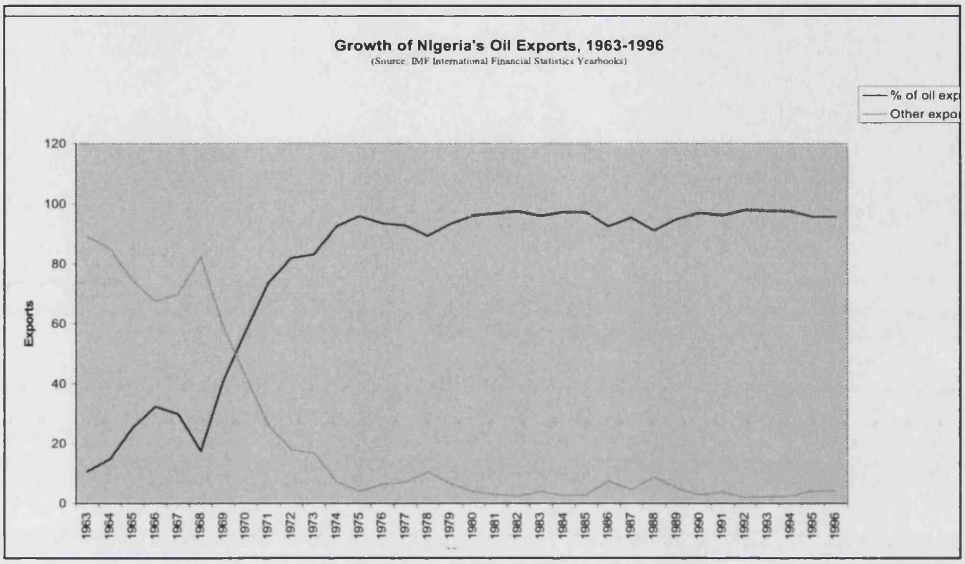
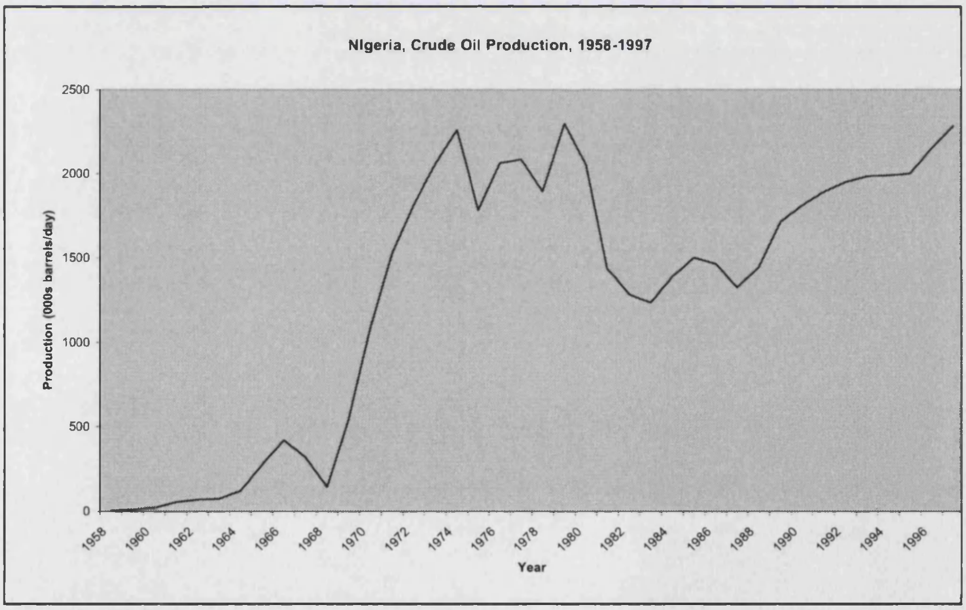


Fig. 5.2 Nigeria's Crude Oil Production, 1958-1997

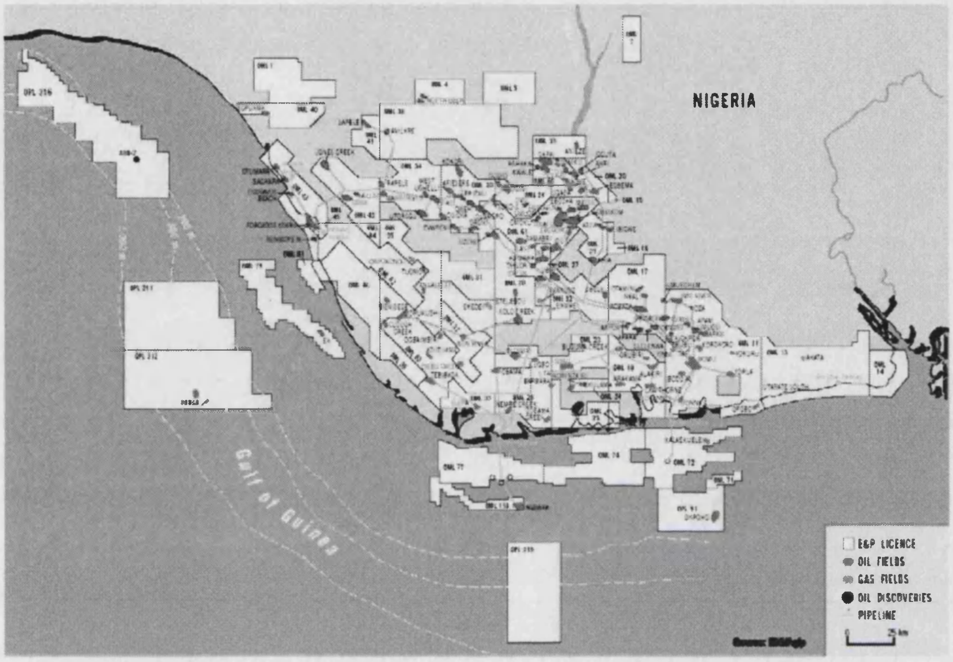


The next two sections embark on an examination of the oil exploitation business in an attempt to locate social and environmental issues of oil production within the business movement vs. Oil MNC engagement. This will help contextualise the research findings on Shell's CSR policies and practices in Nigeria, within the local operational business framework.

5.6.2 Goals, objectives and interests of an oil producing state

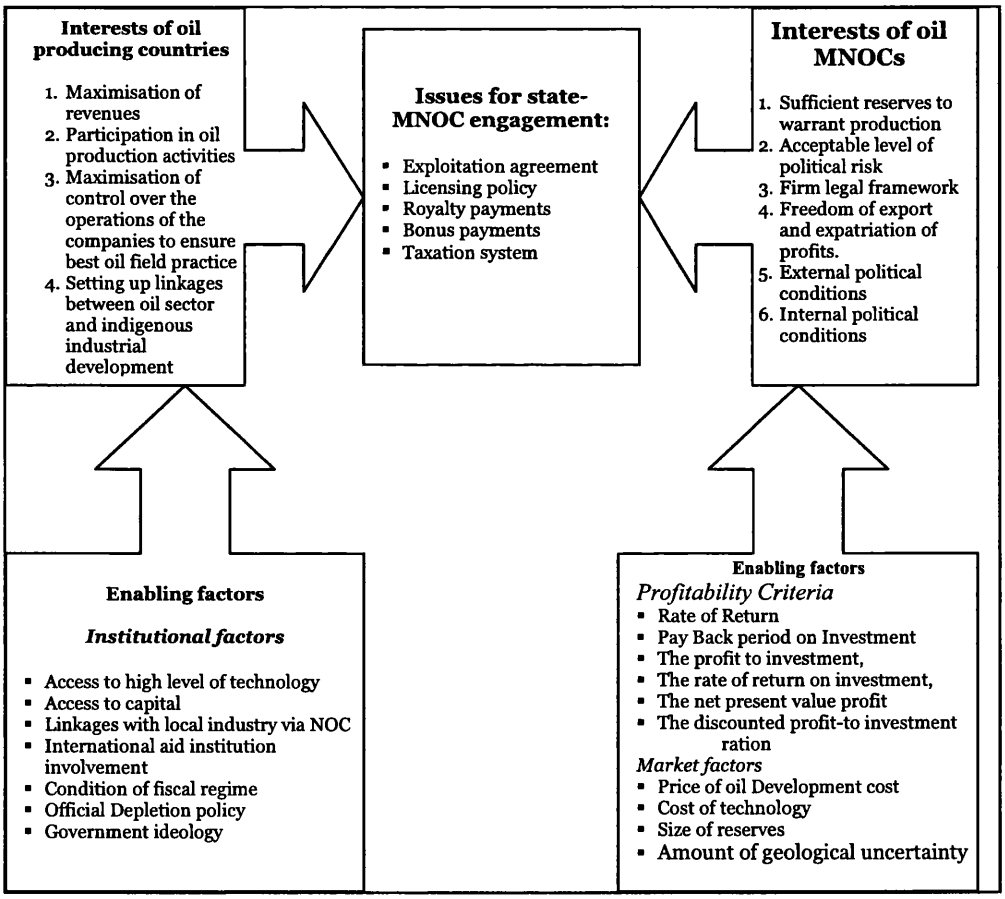
According to Fee (1988), the petroleum exploitation strategy and development process is a systematic process, planned and executed by successive governments in order to ensure that a number of pre-selected socio-economic benefits accrue to the state from the exploitation of its petroleum resources. Whilst, under the influence of ruling political parties or government ideology, a host country may adopt various strategies and means of maximising the benefits of the state, the overarching goal of the state is the maximisation of benefits and control of oil production operations to ensure an orderly development of the industry. The state ensures that its goals are complementary and consistent, enabling the maximisation of state revenue as well as state participation. It is also important to ensure that oil MNCs' interests are protected in order to ensure continued investment (Fee, 1988). This is however predicated on the assumption that the state has stable and effective state institutions. Although all oil-producing states pursue similar objectives, they differ in terms of implementation, as they do not possess similar institutional, technological and financial capabilities.

Map 5.1: Shell's oil production installations in Nigeria: Overview of licensed blocks, oil fields and pipeline networks. Source: **EMS Gip.**



According to Fee, developing countries are more dependent on the oil MNCs that developed ones (Soremekum, 1995). The petroleum development process consists of many steps, which include the establishment of goals and objectives, industry diagnosis and an understanding of the context of worldwide exploitation and production of oil and related challenges and methodologies applied by the industry at large. To maximise the above interests and stated objectives, the state must also understand and establish the fiscal and legal arrangements that define the relationship with the oil companies involved in the oil exploitation process. These mechanisms are the type of exploitation agreement, type of licensing policy and negotiated levels of loyalty and taxation policy (Fee, 1988). Another important feature of state-company relations is the need to maximise their control over the operations of the oil companies, particularly ensuring that the exploration and development programmes entered into by these companies are carried out according to the best oil field practice. The level of participation in oil operational activities is essentially determined by the reality of the exploration and producing situation existing in each country. According to Fee (1988), the key strategic factors that govern the state's petroleum exploitation strategy selection and ensuing decisions are the levels of oil reserves, access to capital and the level of technological advancement.

Fig.5.3 Basis for State and Oil Companies' Engagement (Adapted from Fee, 1988; Frynas, 2002)



On this basis, Nigeria offers low operating costs and high profit potential. According to Frynas (2000), Nigeria was considered attractive to oil managers thanks to the size and number of unapprised discoveries, most of which are suspected to be in the Niger Delta and in the adjacent offshore areas, which covers 240,000 sq. km, of which 31% is onshore (Ashton-Jones et al., 1998) in Frynas, 2000, p.22). The Niger Delta (both onshore and offshore areas) is particularly geologically conducive to the formation and accumulation of oil and gas. Accordingly, the key advantage of Nigeria for oil companies is the high rate of success in drilling operations, judging from the number of successful oil and gas well discoveries in relation to the total number of drillings[11]. On this basis, Nigeria appears to be attractive for investment in oil exploration and production, as the risk of loss is limited compared to the majority of alternatives. We will later come back to this after we examine what drives oil MNCs' investment decisions, in the next section.

5.6.3 Goals, objectives and interests of oil MNCs

The oil industry has its own set of strategic goals. From a strategic management vantage point, all patterns of decisions and actions related to oil exploitation are aimed at improving or maintaining the firm's survival, profitability, and growth. Therefore, since the resources are limited, each company ranks exploitation ventures according to their profitability potential, and possesses various methods for assessing the present value of all exploration ventures, which include subjective and objective costs. While exploration and production costs can be estimated accurately, estimates of potential reserves made from seismic

11 According to Frynas (2002), the total number of dry wells, which was 5.007% in Nigeria, compared with 22.01% in the US, 7.81 in Indonesia, 17.86% in Vietnam and 15.24% in Peru?

data are highly subjective. In general, factors influencing corporate investment decisions of oil MNCs include a relatively good probability of locating sufficient reserves to warrant production, and an acceptable level of political risk; and the legal framework by which the search for oil is regulated should be firmly based to ensure stability and predictability (Fee, 1988; Lax, 1984). This is depicted in Table 5.1. Factors that influence the maximisation of oil company profits are petroleum prospectivity of the area, securing sources of crude in order to ensure the future existence of the company, technical and political risk. While the fears of expropriation or fiscal risk are expected to be high in developing countries, this is offset by the dependency of these countries on resource extraction projects, so that they cannot afford to make MNCs uncomfortable (Fee 1988, p 30).

Table 5.2 Drivers of investment in oil exploitation.

I. Economic elements	**II. Political elements**
Profitability Criteria	D. Institutional conditions
Rate of Return	Access to high level of technology
Pay Back period on Investment	Access to capital
The profit to investment	Linkages with local industry via NOC
The rate of return on investment	International aid institution involvement
The net present value profit	Condition of fiscal regime
The discounted profit-to-investment ratio	Official Depletion policy
	Government ideology
Fiscal system	**III. Physical/ environnemental elements**
Exploitation agreement	Geological prospectivity
Licensing policy	Size of reserves
Royalty payments	Amount of geological uncertainty
Bonus payments	
Taxation system	
Market factors	
Price of oil	
Development cost	
Cost of technology	

While technology, oil price and development costs are determined by international markets and hence are beyond the influence of the host

Government or Oil MNC, the latter remain aware of the effect on profitability of changes in the fiscal system, including other issues in the operating country context that may potentially raise the costs of operations such as CSR related matters. Where political risk is high, companies either stop investing or raise the capital required for investing in a politically risky country, requiring a higher return on investment (Lax, 1983).[12].

5.7. Summary

The purpose of this Chapter was to locate the Nigerian case study with respect to a wider series of environmental and social controversies that Shell faced, the context from which the CSR agenda at Shell emerged. To this end, the chapter discussed the emergence of a CSR agenda at Shell that it has situated within the context of the rise of environmentalism and environmental justice movement in the last three decades, largely driven by a resurgent global civil society. The environmental justice movement emerged in the 1980s as a result of the confluence of events and reports that brought the terms 'environmental racism' and 'environmental justice' into the public sphere and into policy discourses. The events that gave impetus to the environmental justice movement include the series of environmental pollution scandals in corporate America, which brought corporations into dispute with highly mobilised grassroots communities. This resonated in Nigerian Niger Delta, where the grassroots movement led by Ken

12 The assignment of risk premium is arbitrary. The company demanding high RoR may exclude itself from profitable investment opportunities. Risks, whether geological, political, and technical are an inherent feature of the international oil industry. Improvements in technology can lead to a reduction in geological and technical risks associated with oil and gas developments. Similarly, improvements in the techniques employed in assessing political risks may lead to the utilization of mechanisms, such as home country or international financial institution involvement in resource development projects, which can allay the fears of the company without penalizing the host country. In the international oil industry environment, MNC avoid any risk associated with ownership of resources; risks to oil company personnel and installations.

Saro Wiwa led an uprising against the government and the oil companies, Shell in particular. The recent history of Shell offers the opportunity to study the conflict between environmental and social development groups and a multinational corporation. A succession of scandals put Shell in the limelight of both the media, but most importantly, the company came head to head with the environmental justice movement in Nigeria as well as in the United States. Shell represented the global and the local bête noir of environmental protests. The chapter also outlined the nature of state vs. oil MNC relationship in an attempt to locate subsequent analysis in the context of the oil exploitation business. As such, all the issues discussed in the previous chapters (2 & 3) concerning MNCs, such as power, environmental impacts, social impacts, regulations, run across this chapter, and provide the setting for the empirical part of the thesis in the subsequent chapters.

Chapter six

EMERGENCE OF SHELL'S CSR AGENDA IN NIGERIA

6.1 Introduction

This Chapter aims to understand the nature of Shell's CSR agenda as manifested in its policies and strategies in Nigeria. It also presents the findings of my field research. The information presented is based on elite interviews conducted between February 2004 and March 2005. Respondents were executives from Shell International, based in London, Shell Petroleum Development Company of Nigeria (SPDC), development and environmental NGOs based and operating in Nigeria, and those based and operating from the United Kingdom. The chapter also draws from extensive use of archival sources that were systematically collected and analysed. Drawing from these findings, the chapter first outlines the main drivers of Shell's CSR agenda in Nigeria. Second, it describes the main pillars of Shell's CSR programme and outlines how the different elements of the programme are justified and the internal delivery processes and implementation strategies. Lastly, the chapter outlines how CSR projects map on the company's business operations and what is the context and rationale for implementing specific CSR investments.

6.3 The drivers of Shell's CSR policies in Nigeria

6.3.1 Social protests, environmental disasters and reputation crisis

In Nigeria, community protests against oil MNCs, and Shell in particular have been long-standing. Societal activists and campaigning groups have often deemed the company's policies on some high profile issues ethically problematic, which has increasingly provoked controversial reactions. According to a Shell official:

> The external world's influence on the corporate way of thinking about the merit of stakeholder engagement has been increasing since the 1960-70s, for instance with Vietnam, which put tremendous public pressure on Shell. In the 1980s, South Africa was a big issue. There was a big campaign, pressing for regime change. Shell management decided to maintain its operations in South Africa against the anti-apartheid movement of the 1970-80s on the basis that Shell could offer a useful influence by staying. Shell thoroughly engaged with the pressures, successfully making its case. [I17]

Throughout the 1990s, problems reached a critical level, with major incidents and protests threatening to undermine Shell's reputation. Rights-based groups, environmentalists, and campaigning civil society organisations gradually resented Shell. Protests grew more and more in intensity, while support for the oil MNC plummeted. According to a Shell executive:

> What happened is that, with Brent Spar as with Nigeria, we did not engage. The senior management made a decision that this was not a risk. As it turned out, this was an error of judgement. We looked around for support, but we did not have anybody to help in order to address the critics. The academics were not there, friendly NGOs were not there. It was a mistake. Engagement is as much about bringing the supporters on board, as it is trying to address the critics. [I7]

It was in the mid-1990s that the Shell management openly and officially recognised that the company was being affected by negative social perceptions and may have lost touch with social expectations. This followed a series of social and environmental disasters associated with the oil MNC's operations, as indicated by the following comments by a Shell external relations executive:

> At Shell, we often think that the watershed was the mid-1990s when we had the Brent Spar and the Ken Saro Wiwa incidents. These are key watersheds particularly, I think, for senior management to realise that our social responsibilities were much bigger than they had imagined. [117]

Hence, the Ogoni crisis can be seen as a major driving force for Shell's CSR agenda in Nigeria. The incident awakened the management to the need to actively manage its social and environmental impacts in Nigeria. By this time, it was obvious that corporate reputation had reached its lowest level, and that social protests had become a serious threat to the corporation's long-term commercial interests. The loss of reputation undermined the company's licence to operate and long-term access to the country's oil resources. There were fears that Shell could lose business to its competitors when bidding for new projects, on the ground that it had little capacity to manage its projects responsibly. According to a Shell executive, the realisation that this could be a major business risk mobilised Shell's management for change.

> The important need to change was captured at the Committee of Management Directors' level. That is why it took effect. These people suddenly woke up, and recognised almost in a catastrophic manner that the incidents were business threatening. It was not just being good, nice and careful. This was now becoming a key business risk. If you do not manage these kinds of issues properly, you are simply not going to win future projects. [I13]

6.3.2 The impact of local community pressure

As mentioned earlier, the Brent Spar and Ogoni incidents exposed many social, environmental and other human rights problems associated with the oil MNC. There were negative reactions from all directions in Nigeria as well as internationally, affecting both the external and the internal context of Shell's operations. These conflicts represent the tipping point of what was locally acceptable in terms of social and environmental deterioration in Nigerian oil producing regions, and remain a landmark for popular opposition to multinational oil companies and to Shell in particular.

As a direct consequence, Shell's operations were systematically and increasingly being threatened at site level due to community protests, sabotage of pipelines, kidnapping of Shell personnel, and other actions. Shell executives reported that these practices were becoming more widespread and the CSR programmes were introduced in part to deal with them. According to a Shell executive:

> The impact of this context on business is not negligible. Community protests and blockade of oil facilities financially undermine company operations, where on-time project delivery is an important constraint with serious financial implications. Companies make decisions about how to carry out their day-to-day operations that have impacts on local communities. [I17]

The losses related to community sabotage and the company as depicted in Figures 6.3, 6.4 and 6.5, quantifies oil thefts. According to a Shell executive, these losses had far-reaching implications in terms of insurance costs and revenue projections:

> Field development is capital intensive and as such, any project delays have considerable financial implications. The sooner you get the oil out of the ground and off to the market the better. If you add the risk to personnel and the losses due to theft and sabotage, you are talking of a major business risk to us and to the Nigerian states. [I1]

It was suggested that communities considered that attacking Shell was their best means of negotiation and the best way to provoke a government response to community grievances. As Shell produces 49% of Nigeria's total oil production and oil revenues represent 98% of national export revenues, an attack on Shell inevitably received government attention. Under the existing operating agreement between the government and the MNOCs, security in the operating regions is the responsibility of the state.

The state has often responded to community protests through violence rather than seeking dialogue and peaceful resolution. The succession of dictatorial military regimes did little to appease these conflicts, but consolidated its reputation for violence. Human Rights Watch concludes that the police are ineffective in controlling the high crime rate and that the inadequate size of the force, low morale, poor working conditions and insufficient training all encourage corruption and brutality within the force and reinforce its lack of respect among the population (HRW, 2002). The failure of government security forces to curb crime has been attended by the formation of vigilante groups and gangs across Nigeria (Amnesty International, 2002c). These gangs represent ethnic groups. For example, the O'odua Peoples Congress (OPC) was established to promote Yoruba interests in the Southwest; the Movement for the Actualisation of the Sovereign State of Biaffra (MASSOB) to represent the Igbos; and the Egbesu Boys represent the Ijaws of the Delta (Ibid.). Despite regional differences, communities share the common elements of poverty, identity, corruption, crime, and frustration. These frustrations take ethnic and religious dimensions. Conflicts arose between communities themselves or between communities and the federal government, but they were all centred on the allocation and redistribution of national resources and oil revenues and ownership in particular. According to Charles Alao:

> Each individual conflict mutates into different types of conflicts and sub-conflicts at different levels of society. There are at least 13 different types of conflicts in Nigeria, most of which are intertwined to the extent that attempts to solve one erupts into the other, the different parties to the conflict engage in shifting alliances. They could be deadly enemies today

> and allies against a common enemy tomorrow; they constantly defy any effort to pacify the Nigerian society. [52]

Ethnic, religious, and geographical boundaries dissect the Nigerian political scene. These boundaries have overlaid immense oil wealth and entrenched patronage networks. Because of Nigeria's political geography and years of ethnicity-based patronage, ethnic identity has become deeply entrenched and politicised. This overcomplicates Shell's relationship with local communities, which is vital to maintain a stable operational context. At the heart of these fears and the associated ethnic conflicts is the highly political issue of access to scarce resources. It is widely speculated that although conflicts break out between local ethnic groups, this is often instigated by wider regional resentments between the commercial hub of the south-west and the politically dominant north, and the plundered oil fields of the southeast (BBC, 2002). The geography of conflict in Nigeria as depicted in Fig. 6.4 shows regional conflicts over oil exploration, conflicts over territorial boundaries and ownership of resources, and political-military conflicts, most of which are located in the oil producing regions of Nigeria. These conflicts started as clashes between local communities and the federal government, over the fact that oil revenues were not flowing back from the federal government via the regional government through to the local government.

Fig 6.1 Trend of community incidents (Source: SPDC Data, 2005)

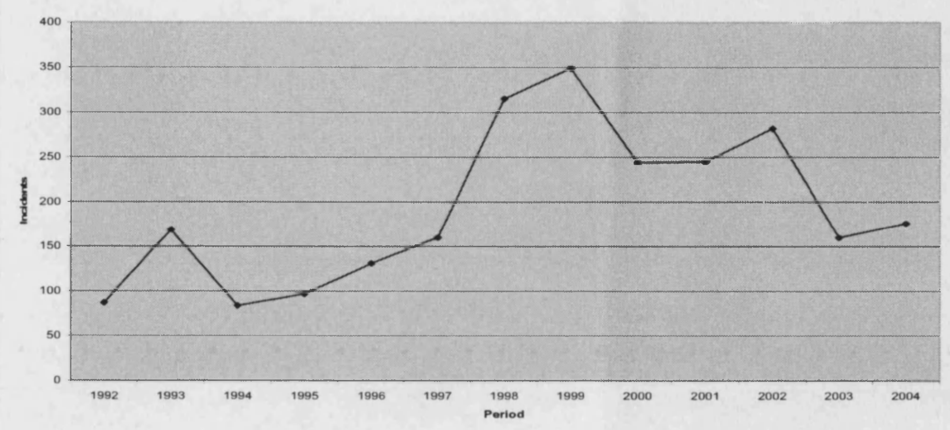


Fig. 6.2 Project days lost (Source: SPDC Data, 2005)

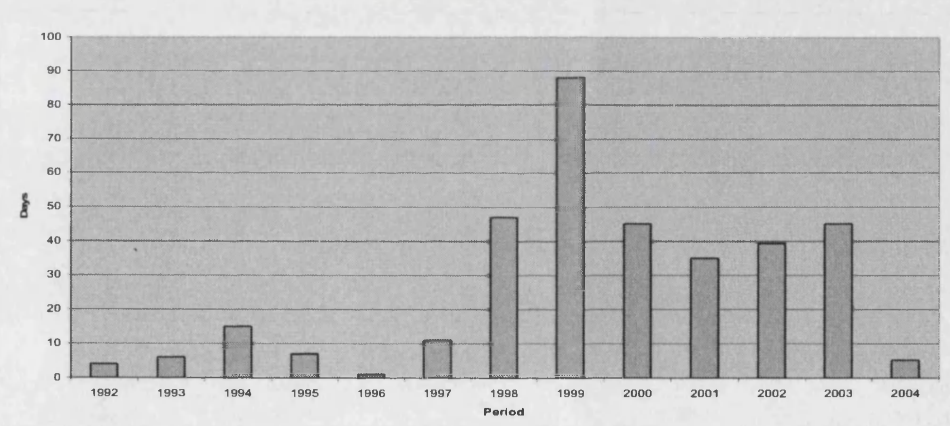
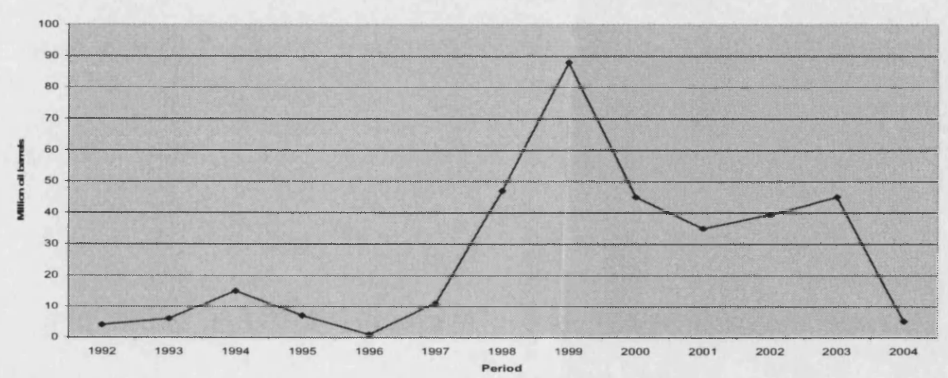


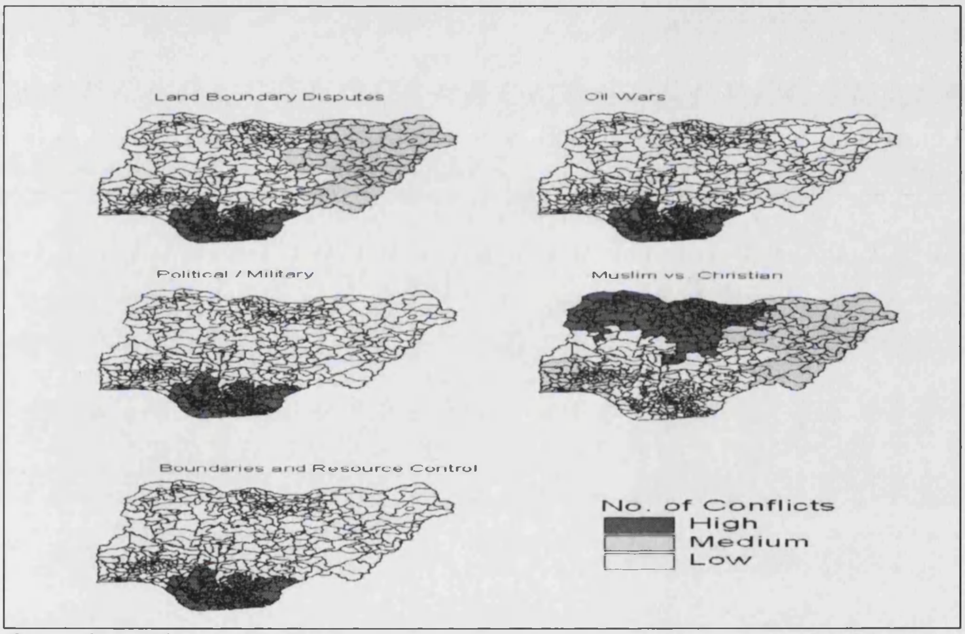
Fig. 6.3 Trend of crude oil deferment due to community problems (Source:SPDC Data, 2005)



Since the introduction of civilian rule in 1999, most Nigerians contend that there has been an increase in levels of criminality. According to Amnesty International:

> Nigerian citizens see themselves confronted with one of the most serious spirals of violence in decades, in the shape of increasing crime rate and inter-communal clashes. The majority of the population perceives crime as the main problem facing society. So much so that a large degree of human rights violations and abuses are justified in the context of a campaign of law enforcement against crime (Amnesty International, 2002c:1).

Map.6.1 the Geography of Conflict in Nigeria: Violent Conflicts by Region[13] (1973-2003)



(Source: Struan Simpson, CIA Data)

In this context of government repression of violent conflicts, Shell was accused of being a government accomplice in the repression of the protesting communities.

[13] The Nigerian territory was previously subdivided in six regions, namely the Northern, Northeastern, Southern, Southwestern, Western, and Central regions.

According to an NGO executive:

> In the absence of a federal government department to which grievances could be addressed, and given the historically close collaboration between the Nigerian State and Shell, the latter was increasingly perceived as an accomplice of the government and its violent tactics against communities. As such, an attack on Shell was justifiably seen as an attack on the Nigerian Government. [35]

In all, the trust between Shell and communities in the oil producing region had been seriously undermined by violent incidents, the impacts of oil production and the company's association with a government of Nigeria that was perceived as insensitive to the plight of rural communities.

6.3.3 The impact of international scrutiny of Nigeria Shell operations

In an integrated supply chain, the local practices of a multinational company's business units in the international context cannot go unnoticed. In addition to the operational risks posed by local conflicts and community pressures, Shell's Nigerian operations were receiving considerable international media and political scrutiny. As Table 6.1 shows, Nigerian oil producing regions were receiving frequent visits from journalists and diplomats from Nigeria's major export markets. Between 1997 and 2001, there were 19 diplomatic visits and 6 media visits from the US to Nigeria, and 28 diplomatic visits and 40 media visits from the EU during the same period. While these areas were the main destinations of Nigerian oil exports, they were also the major targets of environmental and social rights activists, who exposed the issues of community grievances in Nigeria to the world. This generated tremendous pressure on Shell from international as well as domestic consumers.

This research established that many international stakeholders were familiar with the problems being experienced by the communities in the oil producing regions of Nigeria due to the media coverage in their respective countries.

Table 6.1 Media and Political Interest in Shell Nigeria Operations: 1997-2001

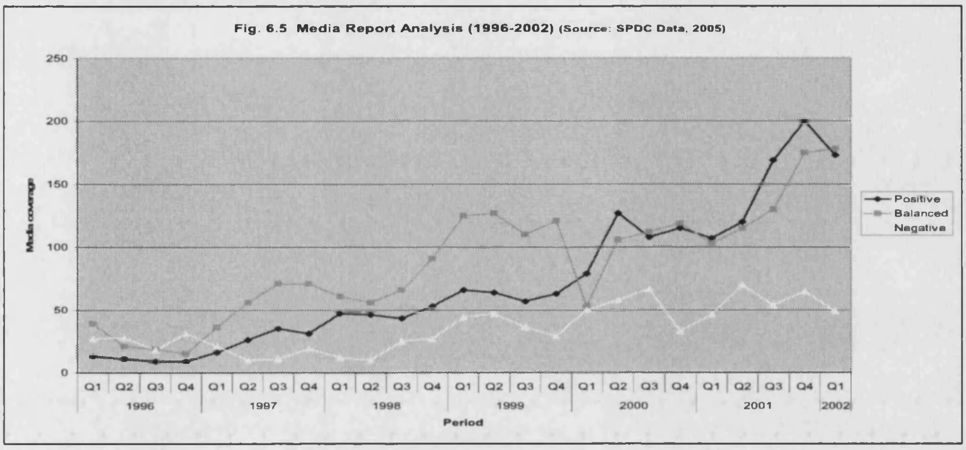
Region	Number of diplomatic visits (1997-2001)	Visits from foreign journalists (1997 – 2001)	Destination of Nigerian exports (1997, % of total)
North America	19	6	(USA only) 38%
Europe	29	40	37.8%
Africa	6	8	4%
Asia	12	2	4.3%
North America	3		4.3%

(Source: SPDC, 2005)

As depicted in Fig.6.2, Shell developed its CSR policies at a time when its Nigerian operations were under increasing media scrutiny and pressure, and when part of this reporting was conveying a highly negative image of corporate practices. Shell was faced with a series of crises concerning its global and local reputation. Increasingly, negative responses from the global civil society, the media and public scrutiny, combined with the operational risks because of community sabotage of oil production installations. The company's management knew that it was culturally out of touch with social expectations with regard to human rights, which was increasingly important, especially during the democratic movement that swept developing countries in the 1980s and 1990s. A Shell report recognised this as follows:

> Shell's economic contribution to society, technology leadership, and product quality are recognised, but on human rights and environmental care, both the general public and opinion leaders (The Shell Report, 1999) rate Shell poorly.

Fig. 6.4 – Media Report Analysis.



The next section explores the relations between Shell's CSR programmes and corporate objectives and examines whether, and how, these objectives have affected Shell's stakeholder engagement and the design and structure of its CSR programmes.

6.3.4 The impact of corporate culture

The succession of high profile incidents in the 1990s and the popular outrage against Shell led to low employee morale. One Shell Group external relations executive describes the internal loss of morale among the work force, as follows:

> I had been working for Shell for 15 years by then, and if somebody would have said to me before 1995, which organisation you worked for, I would have been proud to say that I work for Shell. By the end of the summer of 1995, if someone asked whom you worked for, I would say I was in the energy industry. There was a genuine emotional reaction, and that was felt at the very top of the organisation right through to anybody who had given any thought to it at other levels. [I13]

The internal structures and processes were however not fit to enable adequate and prompt response to the new challenges. Shell was decentralised, and most management roles and responsibilities were largely devolved to the Group's operational businesses. The organisational structure was complex and Shell's decision-making was such that the headquarters had little direct control of the company's constituent companies.

According to Neale (1997:96), from 1959 to 1995, Shell was organised "according to an unusually complex matrix structure, where most of the decision-making was concentrated at the level of more than 100-odd local operating companies". Shell's matrix structure was no longer effective. It was increasingly bureaucratic and not sufficiently entrepreneurial. Shell was managed in such way that there was little decentralised coordination, which made the company vulnerable to external shocks. The company's pre-1996 anti-Kyoto stand is illustrative of Shell's structural weaknesses. This did not necessarily correspond to views held at the headquarters at that time, for reasons that a Shell executive blames on the weakness and the complexity of the company's organisational structure and culture:

> The decision to become a member of the Global Climate coalition, an anti-Kyoto industry coalition, was because the US branch of Shell group, which had been one of the key constituencies within Shell, became a member of the coalition, hence committing the whole group. Our operation in the USA was a member of that organisation [GCC]. Our operations that were very large in the USA were not wholly owned by Shell until 1997. It remained culturally removed, and there was a bit of legacy of the old way of thinking. It was through the US operations that we were party to this coalition. When we were establishing a Shell-wide policy, the local position was inconsistent with the Group's policy on climate change. We withdrew from that. [I13]

Shell was not well equipped for internal communication and coordination, and ultimately had little capacity to make use of information generated through monitoring. As a response to this situation, Wade elaborates on the pressing changes that were initiated on the following terms:

> We had to have an underlying [environmental] management system that gave accurate information on which to make decisions, better tuned, and verified down to operational level. [I13]

Shell executives indicated that the Brent Spar and the Ogoni crisis demonstrated that the company had grown out of touch with societal expectations, and that the previous ethical principles were useless, as they were rarely, if ever implemented, for reasons elaborated above. Based on the recommendations of a 1994 Mackenzie study, Shell embarked on a major reorganisation process, leading to a stronger degree of centralisation. Although the new organisational transformation plans were not entirely driven by the oil company's awakening to corporate social responsibility, the company's management regarded social and environmental challenges as new forms of risks that must be managed. As such, the new corporate reorganisation was an opportunity towards the formulation and the formalisation of Shell's CSR agenda. A Shell executive explained:

> This reorganisation had more important business reasons behind it, other than the new sustainability agenda. The Shell Group was in financial crisis, and the reorganisation was envisaged to enhance its competitiveness. It provided the opportunity to review the company's sustainability policies among other business-organisational strategic considerations [].

The evidence points to the fact that social and environmental issues have forced their way into the heart of the business strategic objectives of Shell's reorganisation.

As such, corporate social responsibility became an essential addition to a broader agenda of corporate transformation, which was mainly motivated by business imperatives. This is highlighted in the comments of another Shell executive:

> In 1994, we had kicked off a process of inquiry about the way we managed ourselves. Profitability was reducing compared to competitors; return on average capital employed was sleeping. We looked at our organisational structure business portfolio, our leadership qualities and our relationships, both internally and externally. Given the way we governed ourselves, we could not have anticipated, nor better managed the incidents that were later to unfold [such as the Ogoni incident] [I13].

Social pressure accelerated internal changes in terms of CSR policy content, and in establishing processes and structures to manage the issues, despite the fact that the prospects for any future settlement of social and environmental problems facing Nigeria's oil producing regions were daunting. According to a researcher from HRW:

> There have been obvious historical instances of injustice. On the other hand, reversing the engineering is not an option, given the costs involved, which can only mean that the company is likely to remain exposed to recurrent protests by communities and the civil society. [137]

In addition, the pressure that Shell was under led to an elaborate attempt by the company to re-cast itself as a social organisation, open and engaging, as demonstrated in its stakeholder engagement practices.

> We had to make it clear, both internally and externally, that we had the message, and that we were serious about responding to these words [pressures]. So, after a period of real deep reflection internally, the events of Nigeria and Brent Spar were utterly unacceptable to Shell people; we felt terrible in an emotional sense that we should be seen as failing in our responsibilities to the environment. The entire management was mobilised. [I13 & I17]

Shell embarked on elaborate plans to establish structures and processes for implementing its CSR policies, as reported in the following section.

6.4 The pillars of Shell's CSR programme in Nigeria

6.4.1 Policies, guidelines and implementation processes at the Group level

As mentioned in previous sections, Shell responded to its deteriorating image and reputation by launching a large-scale CSR programme in Nigeria. Shell undertook a process for establishing its CSR agenda, firstly by a widespread consultation both globally and in Nigeria, a re-formulation of Shell's business principles, and outlining the company's CSR policies and strategic guidelines. The aim of the one-year "society changing expectations" project that ran from 1995 to 1996 marked the launch of a thinking process designed to rally the organisation behind a change agenda that was in the making, but also to get a true picture of how Shell was perceived at the time. According to Wade:

> Shell conducted a major survey in several countries on the topic of its reputation. In addition, the company conducted a series of workshops and roundtables involving a wide range of organisations, including critics, where the latter could voice their views. This broad inquiry marked the beginning of Shell's systematic strategy for engaging with its external stakeholders. The outcome was the realisation that we had to change our past practices, review its business principles and its positions and policies for sustainable development, and implement various policies including a major review of the internal and external reporting system. [I13]

Shell's sustainability advisor reports the perceptions that Civil Society Organisations held about Shell as follows:

> People's trust has been reduced and as trust diminished, the demand for openness and transparency grew and the implication has been the increasing request for independent verification from trusted third parties. That was the key piece of learning. We had to earn people's trust this time. People here spent a lot of time talking to Amnesty International and Human Rights Watch, to really get hold of human rights issues and try to answer questions such as - what could we have done in Nigeria ?[I17].

Hence, the documentation and dissemination of the company's practices became the key to corporate engagement. The company therefore established reporting mechanisms relating to its social and environmental performance, and systematically collected data for its corporate social and environmental reports, published and disseminated amongst the company's stakeholders. To ensure the credibility of the information reported, Shell has established auditing of its reporting processes, by well-established auditing firms[14]. While the company was often portrayed as conservative and as less than forthcoming in terms of transparency, it embarked on an extraordinary transparency crusade, inviting external stakeholders into its premises for CSR related meetings or secondments programmes, and endorsing new reporting standards for transparency and self-regulatory accountability schemes, as depicted in Table 6.2. In addition, new business principles (See Box 6.1) were established to reflect this new thinking. According to a corporate advisor:

> The general responsibility for codes is the Group's External Relations. In terms of reporting, it is the Reporting Team. The External Relations and Policy team manage public policy and social issues such as human rights, bribery and corruption. We also have an environmental team with dedicated advisors for climate change and biodiversity. The External Relations team manages the voluntary codes we support. For example, the Extractive Industry's Transparency Initiative (EITI) is linked with Exploration and Production (EP) business. We usually have a focal point based in Exploration and Production. He would, for example, advise the External Communications director in the Exploration and Production business and the top executive committee on the support for EITI principles. They make a supporting statement, as a means by which we declare that we are supportive of the code. Usually, a sponsor of the code and a focal point seeks support from within the company's business units, as well as from external partners such as NGOs. Progress with a specific code varies, depending on whom you would have involved, and the salience of the issues addressed by the code. [I14]

[14] KPMG has been auditing Shell's environmental performance in Nigeria.

Table 6.2. Codes of Conduct adopted by Shell

	Code	Yr. Adopted	Implementation guidelines
1.	**United Nations Universal Declaration of Human Rights**	1948	Business and Human Rights- A management primer Human Rights Dilemmas- A Training Supplement Business and Child Labour- A management primer
2.	**Statement of General Business Principles**	1997	Declaration statement-external, communication oriented- no management guideline.
3.	**Environmental management standard** **Risk and internal control policy**	1997	Biodiversity standard Health management standard Animal testing standard Security standard
4.	**ILO Declaration on the Fundamental Principles and Rights at Work**	1998	
5.	**Diversity and inclusiveness Standard**	1999	
6.	**Global Sullivan Principles of Social Responsibility**	1999	
7.	**ICC Rules of Conduct to Combat Extortion and Bribery in International Business Transactions**	1999	Dealing with Bribery and Corruption- First and second edition Bribery and Corruption-Dealing with dilemmas
8.	**United Nations Global Compact**	2000	Business and Child Labour- A management primer
9.	**ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy**	2000	Competing Fairly- An antitrust primer for Shell Staff
10.	**Voluntary Principles on Security and Human Rights**	2001	
11.	**OECD Guidelines for Multinational Enterprises**	2001	
12.	**Transparency International Business Principles on Countering Bribery**	2002	Dealing with Bribery and Corruption- First and second edition Bribery and Corruption-Dealing with dilemmas
13.	**Global Reporting Initiative**	2002	Sustainability Reporting Guidelines
14.	**TRACF The High Cost of Small Bribes**	2003	Dealing with Bribery and Corruption- First and second edition Bribery and Corruption-Dealing with dilemmas
15.	**Extractive Industries Transparency Initiative**	2003	Statement of Principles and Agreed Actions
16.	**ICC Business Charter on Sustainable Development**	2003	Contributing to Sustainable Development –A management primer

Box 6.1 Shell's Business Principles (SBP) [1]

Shell's Business Principles[1] are clearly laid out in its 2002 Shell Report. They are broken into 9 Principles:

Principle 1 – Objectives
The objectives of Shell companies are to engage efficiently, responsibly and profitably in the oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy. Shell companies seek a high standard of performance and aim to maintain a long-term position in their respective competitive environments.

Principle 2 – Responsibilities
Shell companies recognise five areas of responsibility:

To shareholders:
To protect shareholders' investment, and provide an acceptable return.
To customers:
To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.
To employees:
To respect the human rights of their employees, to provide their employees with good and safe conditions of work, and good and competitive terms and conditions of service, to promote the development and best use of human talent and equal opportunity employment, and to encourage the involvement of employees in the planning and direction of their work, and in the application of these Principles within their company. It is recognised that commercial success depends on the full commitment of all employees.
To those with whom they do business:
To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these principles in so doing. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.
To society:
To conduct business as responsible corporate members of society, to observe the laws of the countries in which they operate, to express support for fundamental human rights in line with the legitimate role of business and to give proper regard to health, safety and the environment consistent with their commitment to contribute to sustainable development. These five areas of responsibility are seen as inseparable. Therefore, it is the duty of management continuously to assess the priorities and discharge its responsibilities as best it can on the basis of that assessment.

Principle 3 – Economic principles
Profitability is essential to discharging these responsibilities and staying in business. It is a measure both of efficiency and of the value that customers place on Shell products and services. It is essential to the allocation of the necessary corporate resources and to support the continuing investment required to develop and produce future energy supplies to meet consumer needs. Without profits and a strong financial foundation it would not be possible to fulfil the responsibilities outlined above. Shell companies work in a wide variety of changing social, political, and economic environments, but in general they believe that the interests of the community can be served most efficiently by a market economy. Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and an appraisal of the security of the investment.

Principle 4 – Business integrity
Shell companies insist on honesty, integrity, and fairness in all aspects of their business and expect the same in their relationships with all those with whom they do business. The direct or indirect offer, payment, soliciting, and acceptance of bribes in any form are unacceptable practices. Employees must avoid conflicts of interest between their private financial activities and their part in the conduct of company business. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and be subject to audit.

Principle 5 – Political activities
Of companies
Shell companies act in a socially responsible manner within the laws of the countries in which they operate in pursuit of their legitimate commercial objectives.

Shell companies do not make payments to political parties, organisations or their representatives or take any part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make their position known on any matter, which affects themselves, their employees, their customers, or their shareholders. They also have the right to make their position known on matters affecting the community, where they have a contribution to make.

Of employees
Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

Principle 6 – Health, safety and the environment
Consistent with their commitment to contribute to sustainable development, Shell companies have a systematic approach to health, safety and environmental management in order to achieve continuous performance improvement.

To this end Shell companies manage these matters as any other critical business activity, set targets for improvement, and measure, appraise and report performance.

Principle 7 – The community
The most important contribution that companies can make to the social and material progress of the countries in which they operate is in performing their basic activities as effectively as possible. In addition Shell companies take a constructive interest in societal matters which may not be directly related to the business. Opportunities for involvement – for example through community, educational or donations programmes – will vary depending upon the size of the company concerned, the nature of the local society, and the scope for useful private initiatives.

Principle 8 – Competition
Shell companies support free enterprise. They seek to compete fairly and ethically and within the framework of applicable competition laws; they will not prevent others from competing freely with them.

Principle 9 – Communication
Shell companies recognise that in view of the importance of the activities in which they are engaged and their impact on national economies and individuals, open communication is essential. To this end, Shell companies have comprehensive corporate information programmes and provide full relevant information about their activities to legitimately interested parties, subject to any overriding considerations of business confidentiality and cost.

Public policy, social and environmental issues are also assessed globally. A social performance manager at Shell explained the processes as follows:

> There was a group called issues and crisis management. They analysed the situation and recommended that we need to change, we need new policies and practices and new ideas in place. Then specialists in the area would come in, based on experience, and suggest what could be done successfully. Then you began to document the practice. Say what made go right, what made go wrong...how could we convert our practices into something, which is generically useful across the company? Therefore, the experiences in earlier projects, along with looking outside of Shell, engaging with others and finding out what they were thinking. [117]

The assessment of issues emerges from the business units, and is aggregated and assessed globally, and the assessment is passed on to the business units along the supply chain.

> The practices that we adopt in different countries, of course, we will show whether we have been able to cascade that we believe in our activities in those countries. However, in terms of managing that process, it is more or less coordinated from the HQ. We pitch it at that level. What then you devolve to those countries depends on the peculiar issues that exist in those countries, the situation, and the discussions that take place. In doing that, there is a lot of interaction between themselves and the HQ, with regard to what is going on locally. [17]

6.4.2 Implementation of Shell's CSR agenda in Nigeria.

As we said earlier, SPDC, which is the Shell-run joint venture in Nigeria, is a major portfolio for Shell Group. It has generated up to 13% of total Shell's revenues. SPDC's CSR performance has also created a lot of acrimony as discussed in the preceding chapters. Hence, Shell Group has established a permanent representation of SPDC at headquarters, where liaison officers serve as a link between local operations and global management in an advisory capacity.

In Nigeria, there is a close relationship and interaction between the Shell Group's global, national and local levels in the implementation of CSR policies in the local context. According to a Shell executive:

> At Shell Nigeria, the group provides a framework for action, and overall operational guidelines. At the business unit level (national), the sustainable community development group manage the process of taking stock of the global guidelines, and developing operational plans and programmes to meet the targets established at the group level. The business case for committing resources to CSR issues, such as compensation for land use or environmental damage and community development programmes is developed at the field level where the operational business is taking place. [I7]

There is a permanent Nigeria team at the Group level (Shell International), which serves as a link to Shell Nigeria. According to a Shell external relations advisor:

> This is not the same for every country. Instead, it is because of the size of the portfolio, and the risks existing in Nigeria. Most of the things are handled at the Headquarters in association with SPDC. This is because the issues need local contributions, but are not entirely localised. These issues concern Shell as a multinational company. [16]

According to SPDC Liaison Officer based at Shell International:

> For the Nigeria team at headquarters, their reporting line follows a special route. We are a specialist team, looking at the Nigerian issue because of the interest and the sensitivity of the portfolio. The EP external relations manager therefore has high profile in the organisation due to the importance and the significance of the [Nigerian] portfolio at risk. The Nigeria group is a two-way channel. They do not make decisions, they advise Nigeria, instead. They support them, advise them about what is going on internationally, what the audience, and stakeholders are interested in. [I16]

Based on the above, Shell's CSR policy implementation benefits from stakeholder engagement. However, do stakeholders have any significant bearing on corporate CSR policy objectives, and do they have any significant influence on how the company's CSR is structured locally? This is examined in the next chapter.

6.4.3 CSR issues in oilfield development planning

During our interviews, we established that CSR related issues are now considered at the start of every oil field development project. The board is interested in the adjusted Net Present Value, a key indicator of expected return on a portfolio. CSR is clearly considered as a bottom-line issue as this is reflected in field development projects put forward for investment. A senior Shell Nigeria executive explained:

> It is the responsibility of each [oil] field engineer outlining a field development plan to factor in all potential risks, such as the risks related to community protests and environmental damage. There are many issues considered which weigh in the decision criteria when deciding to invest in oil exploration and production. These may for example include: whether there is high demand in local community development and the level of enforceability of local suppliers. If the latter is low, then you expect that there should be some delays in the project. Experts developing the project estimate how much it would affect the project. Other elements consist of factors such as the cost of corruption, crime, transferability of funds, fiscal issues that for example include corporate taxes and import and export taxes. Acknowledging these factors as risk factors to the project, the project manager identifies areas where there is likely to be problems, and trains project personnel accordingly. The way it has been done, is that you consider incidents, say 'x' percentage of probability that incident 'y' happens, and then you have to consider the risk for each incidence and a mitigating factor for each type of risk you expect. It is compulsory that you go through this process as early as possible before going into negotiations and of course, it is compulsory that this process has been done before it goes to the board for sanction. If the board sees that we have not discussed country risk as associated, they will not approve the project. Therefore, this process secures our role in business decisions. Country risk is a bottom-line issue, and it is a key decision making issue. You conduct a sensitivity analysis, in case it goes up. You want to establish what it would mean for the company, financially. The next process, is to input these factors in the capital budgeting process, where they are considered along with other input factors in the project balance sheet, such as: capita expenditure, capital inflow, and hence the net present value of investment and earnings, is adjusted by country risk. [I1]

Hence, Shell has developed tools enabling the company to assess the impact of CSR related issues on each oil business project. These assessments establish the basis for designing and structuring the company's CSR programme and for developing specific corporate CSR policies as mitigating factors. An executive from Statoil, a competitor of Shell in the Nigerian oil sector, was interviewed in order to establish whether the inclusion of social and environmental issues in the business plan was common practice. The executive we interviewed at Statoil corroborated the comments of the Shell executive as reported earlier in this section on the same issue:

> The tools and the process of country risk assessment provide a more correct value of the project, it shows that these will have a direct effect on the earnings of the project, and it also gives a natural opportunity to discuss specific risks with project management, hence you get a better understanding. It is systematic. Having the possibility of strikes and blockades in mind, the discussion is then about whether we should get involved. In case we are involved, then reputation risk and potential project delays are expected and taken into consideration in project development. [I20]

However, these issues are not addressed specifically at the negotiation level with the host country, since they may not have priority, but they are raised at the local level where the investment in the CSR programme may sometimes be reported as business risk expenditures.

> In many cases, reputation risk is looming, especially from the voluntary sector. There are huge pressure groups that can almost push us out of business. Being owned by the government, we are very sensitive. You also must show that you have at least tried to do something, in the event that something bad happens. In the beginning, funding CSR programme came from the business. The country managers have their own budget, or additional budgets come from existing resources used for such issues as reputation. [I20]

Although CSR policies are cascaded from the Headquarters to business units down the supply chain, the scope and reach of CSR programmes are decided at the business unit level, where each business unit considers the risks and opportunities involved in each portfolio, and draw from existing project budgets to fund CSR programmes [I 20].

6.4.5 Reporting and assurance

Hence, the documentation and dissemination of the company's practices became the key to corporate engagement. The company therefore established reporting mechanisms about its social and environmental performance, and the data set the bases for corporate social and environmental reports, published and disseminated amongst the company's stakeholders. To ensure the credibility of the information reported, Shell has established auditing of its reporting processes by well-established auditing firms[15]. Shell reports were originally intended for corporate shareholders and potential investors; the company changed its initial reporting approach. It defined a much broader audience including all social constituencies interested in corporate activities and published its reports for this larger audience. Shell started publishing sustainability reports that broadened coverage to include social and environmental issues and performance.

Table 6.3 Shell Environmental Reports (1998-2007).

Year	Theme
1998	Profits and Principles-Does there have to be a choice.
1999	People, planet and profits: An Act of Commitment
2000	People, planet and profits: How do we stand
2001	Meeting the energy challenge
2002	Meeting the energy challenge
2003	Shell Sustainability Report: Meeting the energy challenge. Our progress in contributing to sustainable development
2004	Shell sustainability Report 2007 The other Shell Report 2004
2005	Meeting the energy challenge: Our progress in contributing to sustainable development 2005
2006	The Shell Sustainability Report: Meeting the Energy Challenge

However, critics claim that the purpose of the reports was mainly an attempt at explanation and justification of corporate decisions based on a broader set of corporate objectives. What is certain is that there has been an incorporation of

[15] KPMG has been auditing Shell's environmental performance in Nigeria.

environmental and social criteria into Shell's self-presentation, as reflected in processes of monitoring and accounting. Here the company portrays itself as a unitary actor, while the critics advance counter-claims. For instance, while reporting is central, and is claimed to build bridges to wide social constituencies, critics link it to the concern for corporate reputation, since it is widely recognised that corporate reporting aims to protect and enhance good corporate image and reputation. However, our finding is that Shell's reporting is both instrumental and reflects moral, and ethical pursuits as well. Despite the non-mandatory aspect of corporate reporting, the drive to ensure the credibility of its content testifies to the fact that the company has internalised the sense of 'the just' and the 'unjust', 'the good' and the 'bad' in the domain of business practice. The reporting process is also instrumental as it seeks not only to inform society of its new practices, but also to inform and persuade its target audiences, in order to be perceived in a new light, with its newly constructed image.

6.5 Summary and conclusion

This chapter has explored the influence of external pressures on Shell operations. While public pressure mounted on the global level and targeted 'dirty' industry in general and the oil industry in particular, the pressures trickled down to the local spheres of multinational oil companies' operations. Pressures also arose from the local context to become the subject of board level discussion within MNCs. Shell, which has been in Nigeria since the early 1930s, was perceived as the main offender, and therefore became the prime target of protests and pressures in Nigeria and abroad. The main reason behind these pressures is, firstly the negative impacts of oil production on communities that has undermined their health, way of life and civil and human rights. With concessions covering areas of communities' ancestral land, this was conceived as a breach of customary property rights. The company owed the legitimacy of their operations to the existence of the Federal State, which in turn is perceived as an artificial creation by the Nigerian elite and the colonial powers, as a cover to disenfranchise communities. Other sources of pressure also originated from the fact that the engineering model adopted exposed the population to significant amounts of pollution. This is perceived because of an unregulated industry taking advantage of the weakness of the state they helped create in the first place. A great deal of criticism and pressure has been levelled at Shell, especially due to the company's historical role and positioning in Nigeria, as well as its size and omnipresence there. Nevertheless, the pressures that built in Nigeria, as well as globally, forced the company to change. Respondents specifically explained that Shell's CSR agenda in Nigeria was designed to deal with mounting societal problems. The company's CSR policies were particularly designed to address and regain the trust of communities, which is a vital and primary enabling condition to pursue operations, operate on time and maintain the safety of employees. A large-scale development programme was established and provided welfare services to communities in oil producing regions angered by government violence and neglect of abject poverty and dire environmental conditions because of oil production activities. Responsive community development programmes went along with a broad-based stakeholder engagement programme in Nigerian oil sector. This is covered in the next chapter.

Chapter Seven

SHELL'S STAKEHOLDER ENGAGEMENT PRACTICES IN NIGERIA

7.1 Introduction

The chapter details the field research relating to Shell's CSR agenda regarding its stakeholder engagement dimension. It will seek to establish the geography of Shell's stakeholders in Nigeria and the interests they represent, and the source of their legitimacy in engaging with Shells' CSR programme. In addition, it will present findings relating to their understanding of Shell and their relationships to the company, its CSR obligations, and the assumptions underlying the respective claims and expectations they may have. It examines the facts relating to Shells' CSR policy objectives in Nigeria, and the interrelations of corporate objectives and CSR policies as they affect the corporation's stakeholder engagement in the design and structure of CSR programmes. A typology of Shell's stakeholder involvement is provided and the role of each stakeholder group examined based on the dynamics of the cooperation developing between the company and its stakeholders. This chapter highlights the various interdependencies that become established between stakeholder groups and the company and enhances understanding about the dynamics of Shell's stakeholder engagement in Nigeria. The data in this chapter is drawn from 48 individual and semi-structured interviews with Shell executives and stakeholders in the Nigerian oil sector and from an online survey conducted in 2005 on Shell Nigeria's stakeholders.

7.2 Shell's CSR policy objectives in Nigeria

As outlined in chapter 6, Shell's CSR policies in Nigeria have two main objectives, namely restoring corporate reputation, which had been tainted by incidents in the 1990s, and securing a licence to operate by reducing societal hostility to the company and its operations in Nigeria. These two objectives shaped the implementation of Shell's CSR policies and determined stakeholder engagement through social and environmental reporting, stakeholder consultation and engagement, financing community development. Shell launched an ambitious CSR programme in Nigeria, and expenditure on CSR has increased hugely since 1996. By 2000, the company had more than 100 employees engaged in local CSR related roles (Shell, 2001). Interviewees advanced three main reasons for the expansion in this programme: the operational context was increasingly conflictual, which increased the operational risks for Shell. The media, political and civil society scrutiny of Shell's operations in Nigeria was increasing, and resulting in negative publicity, which was damaging for the Shell Group as a whole. Finally, relentless community pressure was threatening site operations in the oil producing regions.

7.3 Responding to pressure through stakeholder engagement

According to a Shell executive, a process of stakeholder consultation was launched soon after the Ogoni crisis of 1996:

> We launched a major consultation operation, sending community liaison officers into all communities with the intention of listening to their grievances and ideas. This was important for us to understand what the main issues were, define the problems, and understand who the main stakeholders were and their expectations. [I15]

The outcome of these consultations enabled Shell to establish a local stakeholder engagement strategy. Although the consultation was broad based, Shell was mostly interested in those issues relating to the main business risks outlined earlier, namely corporate reputation, and operational risks, according the following comments by a Shell executive:

> We consult broadly, but have in mind that we are not the government. We initiated consultation processes at the national level, as well as the community level, and people brought the views forward, and often made wish lists in terms of their respective needs. These were shared with our partners in Nigeria. However, by the end of the day, what is done has to be business relevant. [I7]

However, Shell adopted a broad view of who corporate stakeholders were. According to a Shell Corporate Advisor:

> If you have been affected by Shell's operations, or can affect Shell's operation, you are considered as an eligible stakeholder. Obviously, we are more interested in those with major pressing issues, and the ability to affect us. For that matter, we are interested in NGOs, the media, academia, government, competitors, communities...etc. We keep an open mind as long as there is a business rationale to engage. [I16]

From the analysis of the interview data, it also seemed that depending on the kind of relationship they have established, stakeholders of Shell Nigeria could be categorised according to their levels of access to the firm's internal context as insiders or outsiders, based on whether they have volunteering, employment and sponsorship arrangements with Shell. Hence, Table 7.2 outlines a typology of stakeholders of Shell in Nigeria identified during the course of field research in Nigeria. A typology for understanding Shell's engagement with its stakeholders in the Nigerian oil sector is developed in the next section, based on the analysis of the empirical data. The typology reflects the nature of company stakeholder relations, such as sponsorship, employment and other forms of collaborative relationships within the CSR domain. This is followed by a consideration of the dynamics of the cooperation developing between Shell and its stakeholders based on the collaborative ties in the CSR domain. From the analysis of the interview data, it seemed that, depending on the kind of mandate they are given, stakeholders of Shell Nigeria could be divided in the following categories:

Table 7.1 Typology of Shell Stakeholders in Nigeria's Oil Sector

REACH/ LOCATION	STAKEHOLDER GROUPS			
	INSIDERS		OUTSIDERS	
	Mandated outsiders	Influential partners	Advocacy groups	Influential Claimants
International Level	Contractual/ contractual relationship i.e. consulting firms; contracting NGOs i.e.	Operate globally; reach out to wider global audiences. Are friendly and establish collaborative relationship with Shell. E.g. HRW; Amnesty International	Advocacy NGOs. Hostile stand, no direct engagement. Confrontational. E.g. FoE; Christian Aid; Global Witness	Grassroots organisations, community activists. Claimants on the basis of due reparations e.g. MOSSOP
National Level	Local consulting firms, local NGOs	Local Chapters of global NGOs. Such as HRW, Amnesty International	Local Chapters of Global NGOs Such as FoE; Christian Aid	
Community/ site level	Local businesses Local NGOs	Local NGOs funded and supported by Shell to implement certain development projects	MOSSOP	

Mandated outsiders are friendly with a clear mandate, hired or compensated to solve a particular problem, or to develop specific tools that can be deployed by business operations. This type of involvement is akin to contracting or partnership. They may include individuals who formerly worked for Shell, specialist-consulting firms, or individual experts hired on secondment arrangements. The latter have specific skills or experience needed within the firm and are often drawn from friendly organisations. This group of stakeholders also includes NGOs and research and academic institutions (or single researchers or academics acting on their right without necessarily implicating their respective institutions). This stakeholder group interacted with the company in different capacities throughout the different processes of the CSR policy cycle. They are knowledgeable about the various CSR issues and have influence in their respective constituencies. They often set up collaborative arrangements with Shell as part of the company's partnership programme and act as either overseers or implementers of the company's development programmes. They operate from inside out, and have special access to the internal environment of the firm. For instance, USAID Nigeria entered into a US$25 million partnership with Shell to supervise a five-year project for the development and promotion of cassava being implemented by the International Institute of Tropical Agriculture in Nigeria.

Explaining what motivated USAID to accept entering into partnership with Shell, the local representative indicated:

> First Shell is willing to commit significant resources to the partnership. Secondly, we absolutely understand the situation and the complexity of the challenges facing Shell. They have done more than anyone else has and we are supportive wherever we can. Not many such MNCs would constructively and openly engage with society as Shell does. [16]

Independent sponsors are independent and receive no instruction from the firm. They are motivated by the fact that CSR features among their main areas of interest. This includes several research and/or advocacy-oriented development and environmental NGOs, development and multilateral agencies. They operate from their own resources and interact with the firm from the outside in. They draw their influence from their ability to reach and sometimes influence wider audiences. *Influential observers* are independent entities with varied interests in the firm's CSR agenda. Members of the media, academia and regulatory institutions and political agents mostly feature in this group. These stakeholders are driven by the interest of their respective profession and operate from the outside in, akin to knowing the internal workings of the organisation. *Influential claimants* have direct interests in the firm's CSR programmes, and mostly consist of local community organisations and other organisations that champion the cause of local communities. They are often invited by Shell Nigeria to their annual stakeholder consultation workshops, and engage with the company based on certain claims and grievances related to the allocation of oil proceeds, compensation schemes, environmental matters etc. They often use confrontational tactics to promote their cause, and are outsiders to the organisation. They draw their influence from their ability to mobilise public opinion and run negative campaigns against Shell. They may include such organisations as the Movement for the Survival of Ogoni People (MOSOP) and Friends of the Earth Nigeria, to mention but a few. The next section outlines Shell's operations in Nigeria, and the social political and institutional contexts within which the company's strategies emerged.

7.4 Engaging communities

It is clear that Shell and the Nigerian Government have radically changed their approach to stakeholder engagement in Nigeria over recent years. While the new government elected in 1999 seems to prefer dialogue to the heavy-handed tactics of past decades, Shell has adopted a broad-based community consultation programme. The next section describes the company's stakeholder engagement with the various stakeholder groups as described in this section. From 1996, Shell approached community relations with a growing financial and institutional commitment. There was a marked change in its strategy towards dialogue with the communities. A process of stakeholder consultations began in 1997 to establish a sustainability agenda. Shell executives claimed that since that time, the company's relationship with external stakeholders has been central to its CSR strategy. This is reflected in the survey data presented in Table 7.2, which shows the interaction between oil companies and stakeholders in Nigeria. Shell was the more active in terms of contacting external stakeholders and Shell was the company that was most frequently contacted by stakeholders between 1996 and 2004.

Table 7.2 Frequency (percentage) of Oil Company vs. Stakeholder Interaction in Nigeria (1996-2004)

	Shell	Chevron	Mobil	Agip	TotalFinaElf.	Texaco	Statoil
Oil company contact initiative	35.7	17.8	17.8	3.57	3.57	10.7	10.7
Stakeholder contact initiative	30.9	21.4	14.2	7.14	7.14	9.52	9.52

Source: Survey of Shell Stakeholders in Nigeria, 2005.

Shell's new social engagement tactics that emphasise collaboration and consultation through stakeholder participation and dialogue has marked a new era in company-community relations, in which community capital is seen as essential for insuring the operational licence to operate[16]. Shell and the Nigerian Government have invested more money into developing good community relations. Shell has established a robust community engagement programme in the oil producing areas. Oil companies operate in parts of Nigeria where 70 per cent of communities lack access to clean water, electricity, and infrastructure, and have not developed along with the rest of their country (Boele et al., 2001). A survey of all the stakeholders of the oil MNCs in Nigeria, conducted during field research, showed the following results as depicted in Figures 8.1 and 8.2. The respondents (See Fig. 8.3) were asked to outline the main reasons why, on the one hand they contacted the oil MNCs, and on the other hand, why the oil MNCs contacted them.

As depicted in figure 8.1, the main reasons why the oil MNCs contacted stakeholders were oil spill clean up, gas flaring, peace building and conflict management, partnership in development, capacity building and compensation for land used. As shown in Fig. 8.2, the main reasons why stakeholders contacted the oil MNCs are capacity building, economic empowerment peace building and conflict management, environmental management and security and violence issues. These increases in CSR investment as shown in Table 3 were made during a period of intensified pressure from communities and NGOs, media and political scrutiny, Shell's CSR contributions were substantial as compared, for example to 5 year bilateral aid flows from the UK Department for International Aid (DFID) (See Table 4).

16 The social licence to operate refers to good corporate relationship with society, an enabling operating environment that does not threaten the company's long-term access to resources.

Table 7.3 SPDC's Community Development Spending Profile (US$ mil.)

	1998	1999	2000	2001	2002	2003	Total
Roads and Bridges	7.5	11.8	33.6	5.2	23.3	4.1	85.5
Education and schools	8	9.2	7.1	8.1	12.6	8	53
Electrification	0.4	0.5	1	7.2	6.7	4.8	20.6
Other infrastructure	7.2	11.1	0.5	13.3	5	2.9	40
Agriculture	2.8	1.7	1.9	3.8	4.8	2.3	17.3
Business Dev. &micro-credit	-	2.7	0.5	2.9	4	1.9	12
Health care	5.7	5.8	5.9	4.9	3.9	2.6	28.8
Capacity, IEC & nev ventures	6.8	1	1.2	2.2	3.8	2.5	17.5
Water schemes	4.2	8.2	8.5	4.4	2.8	1.7	29.8
Total	**42.6**	**52**	**60.2**	**52**	**66.9**	**30.8**	**304.5**

(Source: SPDC Nigeria)

Fig. 7.1 Stakeholder motivation in contacting oil companies

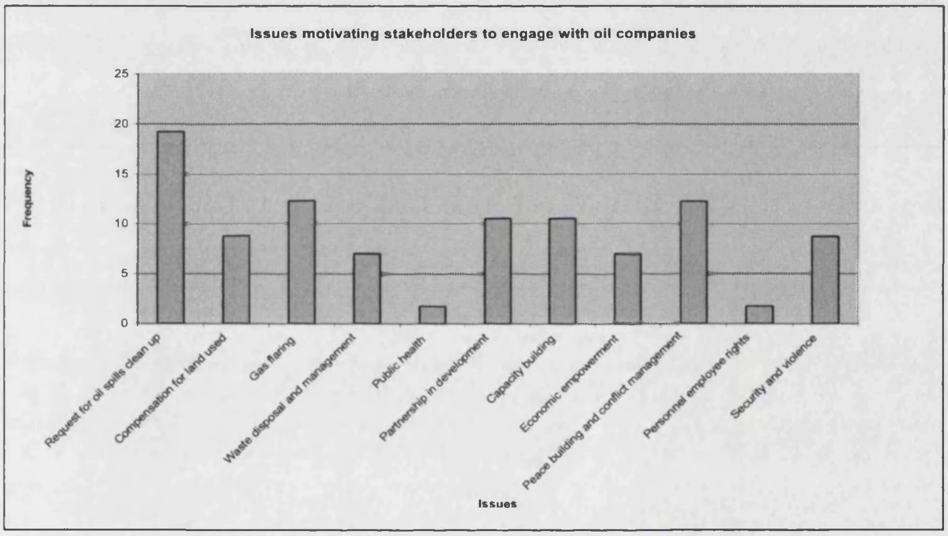


Fig. 7.2 Oil companies' motivation in contacting stakeholders

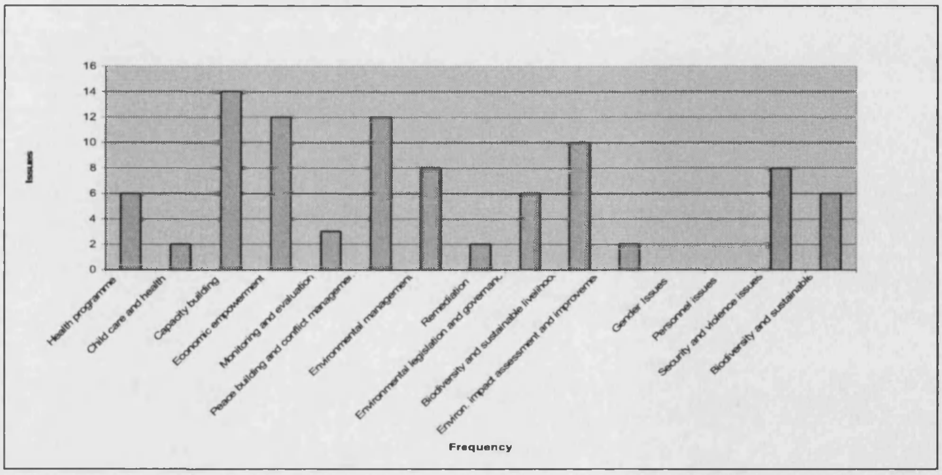
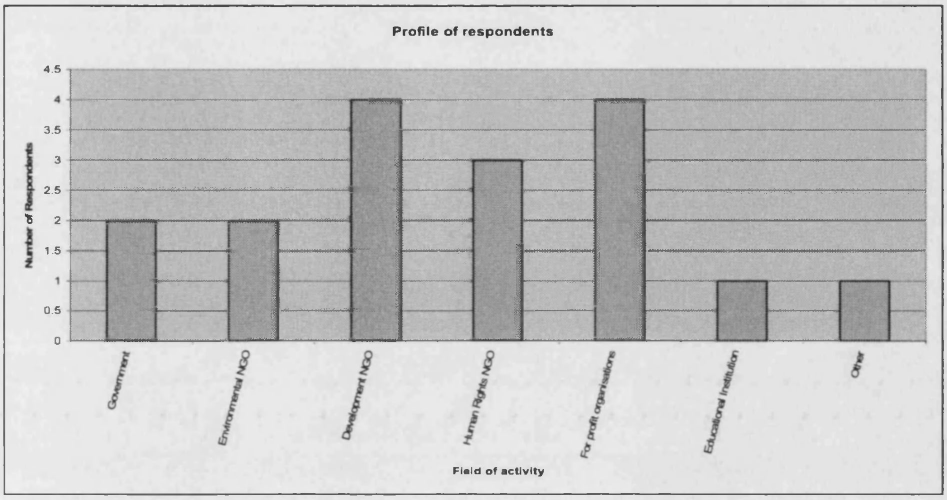


Fig. 7.3 Profile of respondents



In an integrated supply chain, the local practices of multinational company business units do not go unnoticed. The research established that many international stakeholders were familiar with the problems being experienced by the communities in the oil producing regions of Nigeria. Shell's CSR programme has received as much interest from its supporters as its sceptics.

Table 7.4 Totals DFID and GPEX Bilateral Aid to Nigeria

	Other Financial Aid	Technical Cooperation	Grants and Other Aid in Kind	Humanitarian Assistance	Total DFID Bilateral Programme(£)
2002/03	622	20 138	8 011	288	29 059
2003/04	594	21 391	9 132	15	31 132
2004/05	763	31 933	14 143	393	47 232
2005/06	2 132	40 711	34 290	907	78 038
2006/07	1 828	45 658	33 142	924	81 553
TOT 2002/07	1979	113 173	98618	2527	81553

(Source: DFID Website: http://www.dfid.gov.uk/News/files/pressreleases/statsrelease-bilateralaid200607.asp1 1/29/07).

The level of CSR expenditure is unprecedented in Nigeria and CSR issues are managed at the highest level within the Shell Group. New structures and roles have been created across the company to manage CSR issues because of their reputational and operational significance to the company. For instance, there is a Nigerian desk at the headquarters, which closely follows CSR issues in Nigeria and maintains continuous liaison with the CSR team.

7.4.1 Shell's operational cohabitation with communities

In dealing with communities, Shell has established a number of mechanisms through which the social development agenda of its CSR policies is negotiated and implemented. As presented in Figure 7.6, Shell has its own Community Development Offices (CDOs) located in company headquarters that facilitate their relationships with communities. A Shell community development employee explained that the company established contact with local communities through community-based structures represented by traditional leadership:

> Many communities in the oil producing areas have established Community Development Committees (CDCs) with membership from the three major social groups: elders, youth and women. The CDCs build on the traditional systems of decision-making and authority. Shell often implements community projects through these CDCs. Under the CDC, there are generally three Project Monitoring Committees (PMCs): one for elders, one for youth, and one for women. The CDC elects the PMCs, and they report to the CDC. When Shell award funds to a given community, the funds are allocated through one of these PMCs, and the subsequent projects are implemented by the PMCs that are deemed appropriate. For example, education projects are typically monitored by youth PMCs, while women's PMCs generally monitor health projects. [I9]

In Shell Nigeria, community members are employed as Community Liaison Officers (CLOs), deployed by Shell to respond to community grievances. The CLO is usually a prominent person, such as a former government officer or a retired governor, whom the company pays. The CLO often holds an influential position, defending both the interests of the community as well as the interests of the company. According to a local development NGO, we interviewed:

> The CLO is often more powerful in communities than the chief or other traditional leadership. Largely, he is a member of the village elite because of his social and economic status. He commands the monies from the oil companies

> and does not necessarily consult the villagers each time he may want to spend that money on some of the projects of his liking. [I28]

The community relations unit located in Shell Nigeria's External Relations Department manages all community affairs, and has deployed a large number of CLOs throughout all the oil-producing regions as liaison officers. Some critics of Shell community practices however indicated that:

> Shell's community relations unit favours influential community members such as kings or chiefs, educated elites or vocal youth groups. For instance when awarding contracts, these are often given to the most prominent and obstructive groups in order to maintain control and to quiet resistance, rather than negotiating with community groups to address underlying frustrations. [I35]

Large amounts of cash have been channelled through Shell's local contracting policy, with both positive and negative impacts. On the positive side, many infrastructure projects have been initiated and some remote areas have begun receiving services that the government was not able to provide. On the negative side, the company decision over who has access to contracts remains controversial. The key dynamics surrounding the contracting process have had mixed implications on CSR objectives. What further complicates this is that this often takes place within the context of the traditional order, where there are established traditional hierarchies in communities that are based on wisdom and age. A local Chief interviewed admitted that the introduction of cash in communities has distorted the traditional power structure, often connected with the rise of multiple chiefs, each one claiming legitimacy, as the leader of a group with which the company must negotiate.

> There is a struggle for access to money, a struggle that frequently involves violence. Many community members may develop mistrust because we receive cash from Shell and other companies that is intended for community. Especially the youths have lost respect for the elders. Money has been a poison to our youth. They no longer listen to us, let alone trust us. [I47]

In the attempt to seek consensus and mitigate possible revolts, and perhaps to improve participation and representation, Shell has identified some youths as 'leaders', providing them with a social and financial status that is heavily contested by other youths and frequently leads to the use of violence. Youth groups also threaten one another and use the threat of violence to hold a dominant voice in communities. They have rejected the authority of traditional leaders upon observing those leaders accepting cash payments from oil companies. These youths have reportedly adopted violence against the company in order to 'get in on' cash payments. As a result, companies must pacify communities on a continuous basis under threat of violence from youth groups. It was reported that:

> If a youth can mobilise a group of 15 armed youths, they call themselves a youth group and demand contracts from companies. Elders complain that every few months a new gang is formed, usually made up of anywhere from 15 to several dozen youths who demand to be heard and negotiated with. Failure to meet with these new demands has led to the takeover of oil company facilities and kidnapping of company staff, some of which have resulted in deaths. [I28]

Following the rise of armed and unemployed youth gangs, a number of oil companies have adopted a policy of appeasement that involves hiring youths to protect their pipelines and other assets from attack. Companies will award 'surveillance' contracts to youth groups to prevent them from attacking facilities. It may also involve paying a fixed and regular monthly salary to the members of youth gangs to 'protect' these facilities from other youths. In essence, the system has become a method of pay-offs, in response to threats of vandalism or theft, through a legitimised contract system.

7.4.2 Negotiating contracts, participation and representation

Negotiations between community representatives and Shell are typically held at the company headquarters. This is efficient for the company as it is less time consuming and allows company officials to feel in control of negotiations. Negotiating and meeting in headquarters also protects company staff, the majority of whom are Nigerians and feel threatened when they have to visit areas populated by members of traditionally marginalised ethnic groups. They are much more comfortable meeting at their offices. However, there are drawbacks to this approach:

> We observed that negotiating in the company headquarters, rather than in the oil-affected communities, can have negative side effects that feed into conflict between groups. It prevents the company from ensuring that the type of contract awarded is an adequate response to the grievances of local communities. By actually visiting the community in question and spending time to speak with people there and witness the situation, company officials will have the opportunity to verify data. It does not ensure that the details of the final contract are made public. When representatives meet with companies in company headquarters, the broader community that they claim to represent may not even know that the meeting takes place. When the venue of the meeting or negotiation is the community itself, community members can feel a part of the process and demand to know the details that will affect them. The localised venue will increase transparency. It allows "hoax" representatives to present themselves as legitimate, without the opportunity for the public to verify whether they represent the communities' true interests. [I48]

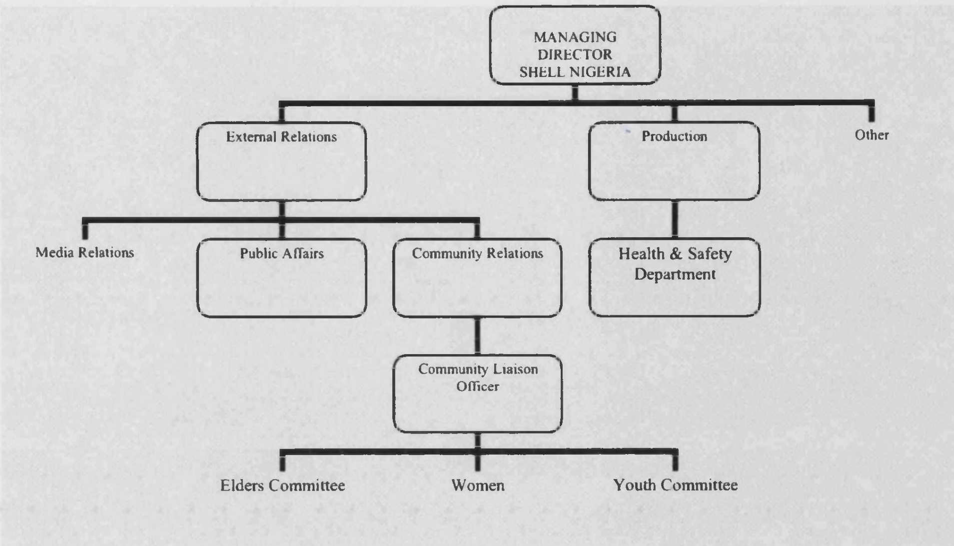
In terms of contractors to implement projects in the communities, by awarding surveillance contracts or contracts for cleaning up oil spills to community members, the company is trying to support the local population and provide income for the area. However, this encourages some communities to 'create' work. A Shell Nigeria Corporate Advisor explains:

> There are examples of villagers sabotaging pipelines in order that they will receive a contract to clean up spillage. It has also been suggested that awarding contracts to local contractors increases the levels of violence around an oil installation such that it needs 'protection'. [I16]

There are frequent conflicts of interest for chiefs and CDC chairs, who are the local leaders and decision makers, as well as the prime recipients of contracts. A Human Rights Watch researcher we interviewed explained:

> Although they have been elected to represent community interests, community members complained that they tend to guide community requests so that they themselves are best positioned to receive and implement a contract once it is awarded. [T37]

Fig. 7.4 Organisation of Shell Community Outreach in Nigeria



Shell officials told us that all community projects are based on needs assessments conducted in the communities. They state that appropriate participatory rural assessment (PRA) techniques are used to determine the requirements of the community. Community members, however, reported that they are rarely consulted before oil companies initiate assistance projects in their communities. They say that the Community Liaison Officer (CLO) often forwards community assistance proposals to company headquarters with little input from the affected communities.

> While Shell may consider these proposals as reports from the community, they may often represent the interests of the CLO and his network [I35].

Oil company-funded community projects are fiscally monitored by accounting firms external to Nigeria. Local NGOs state that external auditors base their audits solely on the figures provided to them by the companies; they do not verify their validity, or even the actual existence of the projects in the field. We were told that external auditors have approved accounts for projects that have never actually been constructed based on the figures presented to them.

In addition to financial auditing, Shell has a system for monitoring the implementation of the community development projects in which they invest. This monitoring of project activities is generally the responsibility of senior company officials, and is carried out through field visits. We were told that monitoring is often hindered by the fact that senior company officials are members of ethnic groups (often Yoruba or Igbo) from outside the Niger Delta. These 'outsiders' are perceived as having greater access to educational and economic opportunities than their counterparts in the Niger Delta. These external monitors have become the targets of community frustration stemming from the Niger Delta communities' lack of access to equitable resources and opportunities. As a result, senior company officials who are 'outsiders' do not visit the oil producing communities, fearing that they would put themselves at risk. They reportedly rely on the reports of other, less senior staff that are often not from the areas that they are monitoring and are exposed to large amounts of cash with no supervision from their managers. Thus, the monitoring of projects by less senior staff results in poor transparency, and corrupt and ineffective practices. Implementing projects on a community level is entrusted to CDCs, which existed before the oil companies arrived. They implement projects at village level with relatively small amounts of cash. Members of CDCs generally have relatively low levels of formal education, as the more educated villagers leave to seek work in urban areas. The oil companies have continued to distribute project funds through the CDCs, since it was a traditional structure that was already in place. However, the arrival of the oil companies meant that much larger amounts of cash were going into the CDC system. We were told that because of this influx of cash, some of the more educated elite, for instance, retired businessmen and civil servants, returned to their villages to gain access to CDC money. We were told that because the local villagers generally lack the business and financial skills to manage these large amounts of money, project funds frequently disappear into the pockets of these individuals.

The responsibility for security and protection of company facilities belongs to government security forces, which includes both mobile police squads and the national army. When companies experience security problems with local communities, such as flow stations being occupied or communities staging protests, they call on these forces to 'provide security'. The violent tactics of these security forces have been documented by local and international groups and have been the subject of widespread international condemnation.

According to a Nigerian Ministry of the Environment official, conflict between companies and host communities may arise from a failure to pay compensation for an oil spill, from lack of employment opportunities, or from other perceived negative impacts of oil companies' activities. Communities reportedly express their grievances initially by writing letters to company executives, and if this fails, they send representatives to the company headquarters. An inadequate or unsatisfactory response may spark a mass community protest, sometimes peaceful, sometimes violent.

In general, NGOs and communities report that oil companies deny any responsibility for the actions of the Nigerian Security Forces related to oil company operations. NGO representatives explained that the police employ disproportionate violence, which has been verified and documented in reports of national and international human rights organisations, such as Human Rights Watch. Community members told us that the police use various strategies to deal with community opposition. Shell stated that, in general, they request 'protection' against what are sometimes violent community protests, in order to ensure continuation of their operations. They state that they have little control over what the Nigerian Security Forces actually do once their efforts are set in motion.

According to a human rights lawyer with whom we spoke, during incidents of civil disobedience, the police accuse the most vocal youths of 'armed robbery', which is a capital offence that does not allow for release on bail. Lawyers claim that the legal process is easily protracted by prosecutors, since 'overwhelming' evidence is needed to prove one's innocence. As one lawyer mentioned, "if these youths do not have a human rights agency on their case, they are locked in jail for years and simply die." During our fieldwork, one NGO found seven youths that had been in prison for over four years without anyone being aware of their whereabouts or physical condition. Human rights lawyers pointed out that, during imprisonment, the hard-core criminals, influence other youths, perpetuating and heightening the cycle of violence. In areas where oil companies are present, crime rates are considerably higher, as depicted in Figure 7.1.

Shell goes to great lengths not to be perceived as favouring any one ethnic group. This attempt to be neutral has actually backfired on the company in many cases, reinforcing historical divisions and inequities among ethnic groups. We were told that in the oil exploration areas, the educational infrastructure is poorly developed and most people do not have access to schooling, while other groups such as the Yoruba and the Igbo, have historically always had better access to educational opportunities. In companies where recruitment is based on merit, individuals from the traditionally more privileged groups have ended up in senior positions.

As a result, the senior management of companies operating in the Niger Delta is typically made up of people from ethnic groups outside the Delta Region. Community members insist that people from indigenous groups are only employed as unskilled labourers such as guards and drivers. This deepens the cycle of marginalisation; communities in the Niger Delta see other tribes who they consider their traditional oppressors taking jobs for which they feel they should be given priority.

A Shell executive we interviewed explained the issue as:

> "Our business is capital intensive and technology intensive. You need people who are knowledgeable to operate the equipment. It would be a bad idea to employ locals with insufficient training and experience" [I3].

7.4.3 Community perceptions

The relationship between Shell and the communities is currently informed by a number of perceptions in the community and among some NGOs. Whether the perceptions of the communities are correct is no longer relevant as they have become fact for community members, and hamper constructive stakeholder relations. For instance, some NGO staff, lawyers and oil observers interviewed in Nigeria and outside Nigeria were of the opinion that some of Shell's local staff was corrupt. They believe that the way the company's policies are designed encourages corruption, especially among community relations staff. The contracting policy is perceived as the most open to corruption. The fact that contracts are awarded to individuals and not to communities, and that they are signed outside the community and not made public increases this risk. An independent NGO monitoring committee explained that many chiefs were not even aware that they were supposed to have a project in their village, whereas, according to company records money had been allocated to the community.

A human rights researcher in the Niger Delta that we interviewed indicated that he suspected that corruption among Shell's local managers was preventing change. Another indicated that the CSR programme is managed by local staff; given the fact that expatriates are only there for short periods, they have neither the country experience, nor the time or interest to get involved in social issues. They indicated that formalised monitoring and auditing does not capture the reality at the local, community level, and emphasises procedures rather than substantive progress.

In the past, Shell has funded many projects that proved unsuccessful due to lack of effective planning and basic consultation. There are many reported instances of health clinics being constructed, but not being staffed with health workers or given drugs to operate them, plants that were never operational due to lack of electricity supply, and local 'ghost workers' who were paid to keep them from disrupting oil production operations.

Shell managers we interviewed accepted that mistakes had been made, but that they were learning from their mistakes, and had devised appropriate strategies, processes and mechanisms for engaging with communities and promoting community development and environmental sustainability.

7.4.4 Community development and the licence to operate

The company negotiates its licence to operate through its CSR programme. The licence to operate, if interpreted as risk mitigation using environmental impact assessment (EIA) scoping exercises, is to determine the level of social investment and to mitigate externalities related to the project under consideration. These costs are internalised, and are part of the business plan, reflected in the net present value (NPV) of the project. Unexpected risks, such as blockades or violence, are covered by insurance, and provision is made, in terms of discounted risks, in the ex ante phase of the project. The EIA process, in the case of a major field campaign, is broad, and covers several communities (as fields typically cover a broad area), involves a health impact assessment and involves government as part of the process. The government has a mandatory 28 days when the report is made available to the public to allow them to raise objections. Dissemination of the report however is controlled.

Objections usually relate to such aspects as re-routing pipelines, and flow lines, etc. These costs are internalised. Those costs that cannot be predicted are covered by insurance at the delivery level. However, it was reported that every field development operation involves negotiations through liaison officers, with a view to minimising delays on the project. A Shell executive explained:

> The oil field engineer (manager) is mandated to ensure that there is as little disruption to the project as possible. Project delays have an impact on the project bottom-line. Before bringing up a field development plan to the executive committee for an investment decision, he must thoroughly consider all perceived risks, and internalise these in the business case. The investment is done based on the perceived risks such as the level of activism, and the probability for project interruptions. The engineer must know in advance, what the issues are and the impacts for which compensation is likely to be sought. All this information must be collated and aggregated at the higher level of the business plan. [I1]

There are tiered negotiations, based on the licensing process.

> That oil is important is not necessarily a positive thing. Oil companies are under scrutiny and, at worst run the risk of being nationalised if they operate in ways that are contrary to government policy. The oil companies missed an opportunity in not encouraging the government to maintain traditional export in order to achieve a balanced environment, where most people would be employed, as this would be less threatening to their operations. [I1]

Oil is a vital natural resource to Nigeria, and has geopolitical and rent-collection implications. It is central to government, individual government officials and inter-group relations. It underlies a certain political economy of survival. There is a basic and essential element of self-interest.

> Shell has realised that it is the only one that is shamed by the bad situation in Nigeria, not the government, not the other multinationals. The fact that Shell is investing in CSR issues is recognition that the government has weak structures of governance, tax collection, etc. [I28]

7.4.5 Shell and competing oil MNCs in Nigeria

As shown in Figure 7.2, Shell scores highest in comparison to the different oil companies operating in the same context, with regard to their engaging with the local communities over the last 8 years.

Shell has engaged with communities on a multitude of issues, geared towards development and capacity building in recent years. However, Shell has a long presence in Nigeria, which is also linked to Nigeria's colonial history, because of which it gained competitive advantage, obtaining a large concession and monopolising Nigerian oil output. The company has relied on the support of the national authorities to solve problems with disgruntled communities. The company has been supported by the Nigerian security forces, and put less emphasis on dialogue and consultation with communities to solve problems. This policy backfired when local communities began to associate oil companies with the government, particularly with regard to the use of the security forces. Villagers expressed their feelings via sabotage of company assets and the kidnapping of company staff. Shell lost its social licence to operate and was forced to resort to damage control strategies. A Shell executive made the following comments:

> Timing the start of community relations programmes is a factor that has a significant impact on the success of company relationships with communities. In the past, Shell started community development projects only after oil explorations had already begun and conflicts with communities had already begun to arise. By then, community relations usually served to compensate communities for the negative effects of business operations. By that time, relations between companies and communities had already been compromised. [I5]

Shell managers in Nigeria indicated that they have now introduced consultation processes for nearly 95% of projects, based on Environmental Impact Assessment (EIA), as a way of engaging with communities in scoping exercises, identifying the impacts of the projects and costs of mitigation. These processes have been implemented with the help of NGOs and other consulting firms enlisted by Shell. This type of consultation is now a legal requirement. It is a process that ends with the signing of a memorandum of understanding (MOU) between the company and communities concerned, stipulating the social investment to be expected. However, there has been concern about the EIA scoping exercises undertaken. Communities do not have the capabilities to participate effectively in the process. The EIA process is lengthy and technical, and requires prior knowledge and information, which communities do not possess.

We were told that EIA reports were not disseminated broadly enough to allow communities to express their concerns over their provisions, and that the time available for this was limited. They tend to reject the process as rubber-stamping. A human rights worker indicated that although the process is not perfect, it is much better to have it in place, than not, and that aspects of it will improve with time. A Shell advisor we interviewed indicated that the consultation exercise was designed as a way of getting a licence to operate through community dialogue and consultation.

7.5 Negotiating CSR from the inside: The role of integrated stakeholders

Revisiting the typology presented earlier and the various stakeholder characterisations outlined, there is an important distinction to be made between stakeholders who formerly worked for Shell and are brought in on a contractual basis, and those who have no previous ties with the company. Independent contractors are brought in to work on specific aspects and at different levels of the CSR process. Those with no prior knowledge of the organisation have to adjust to the rhythms and demands of the internal business culture. Most interviewees tended to think that this group has significant difficulties in adjusting to the internal organisational culture, and that they had to balance their own short and long-term business interests. For example, the

Managing Director of one NGO that has been invited to assist the organisation in implementing a number of community development projects and to carry out consultation explained:

> The job and its scope depend on the discretion of a given Shell field manager. My organisation is often faced with a dilemma relating to the extent to which we could challenge the Shell organisation without compromising our short and long-term collaboration. [I38]

Those with previous ties to Shell were able to engage both formally and informally with the organisation. They benefited from an extended social capital and could engage with more advantage in the CSR processes within the organisation. Although they were contractors their reach and influence extended beyond their terms of reference. For example, one high level executive admitted:

> Those consultants with prior working ties with Shell were very useful to the company. Their contributions are valued as they already have experience with the organisation, and with a better perspective about societal expectations, can be trusted to give an accurate indication of what would be required of the organisation by society. [I3]

On the scope of the influence of this group of stakeholders, a Shell Corporate Advisor explained:

> In a way, what we do is largely determined by what the auditing companies, and mainstream consulting firms want us to do. For example, they emphasise reporting. Therefore, we emphasise reporting as an important part of our social and environmental report. They are interested in us having all the right procedures in place, so we tend to invest more in procedural outcomes. However, at the end of the day what is reported has to do with having procedures in place, often at the expense of substance. [I16]

Stakeholders with a free/independent sponsorship have mostly had an independent relationship with the company and seem to retain the interest of the company's CSR executives. This includes several research and /or advocacy oriented development and environmental NGOs. The latter operate from their own resources and interact with the firm from the outside in. While some of them interacted with the company formally and publicly, others preferred an unpublicised engagement. For instance a previous

Human Rights Watch (HRW) executive admitted that they worked with Shell on the company's CSR/human rights agenda and interacted at the various levels of the organisation, such as policy and implementation levels. The ex-human rights executive admitted having reviewed several policy documents and guidelines from contacts in Shell, with whom they had a collaborative relationship and that there was no payment involved. It was further pointed out by most interviewees in this group that they were respected by Shell because they were considered knowledgeable and able to offer constructive and independent advice. Shell has also consulted with foreign development agencies operating in Nigeria such as the United States Development Agency (USAID), on the community development strategy component of their CSR programme in Nigeria. They claim that the informal contact enabled them to exercise better influence because they did not come across as hostile, but rather had a research-based approach. Many human rights, development NGOs and some stakeholders held similar views from academia. The Shell executives interviewed in Nigeria and in Shell International confirmed that NGOs such as Amnesty International and Human Rights Watch played an important role, while the company sought to establish its Group sustainability agenda in the mid-1990s. The interviewees indicated that the company collaborates with civil society organisations from the highest policy level all the way down the implementation and evaluation processes of its CSR programme in Nigeria. These external stakeholders operate from both outside in and inside out, and operate based on partnership. As mentioned earlier, the accession to the partner status is based on the stature and influence of the respective stakeholders in partnership with Shell, and they derive their influence from their own resourcefulness, capabilities and independence, not to mention the perceived significance of their respective constituencies in and outside Nigeria.

In all, previous experience with the company and trust seem to be the most important factors that determine the influence that those stakeholders involved at various levels of the company's internal CSR processes can have on their outcomes at various levels. The next section examines how the company has negotiated with those stakeholders identified as influential observers and /or influential claimants.

7.6 Engagement with the government and compensation policies

As discussed above, foreign oil companies operating in Nigeria must obtain mining leases from the Nigerian Ministry of Petroleum in Abuja. An oil-mining lease legally provides a company with the authority to operate in the area of agreement without obtaining the consent of the local community. Because all land legally belongs to the government, oil companies that receive government consent to operate may also acquire farmland and fishing areas.

In many communities, especially in areas with high population densities, land is highly valued and often sacred. In many communities the ties between individual, families and land is greater than the utility of the land for agriculture. In some clans, after the birth of a child, the placenta is buried at the place of birth, signifying a life-long bond with that land. Hence, there is often a deep sense of violation and humiliation when land is thus taken over for oil production activity without the consent of the community. Because land plays such a vital role in defining their identities, communities feel insulted if they are offered cash compensation. As one community member put it:

> We are not talking about compensating boundaries here. Traversing land is a question of identity rather than determining where the boundaries are. If someone cuts through your land, that person is questioning who you are [I47].

Many stated that the usage of land by oil companies and compensation in cash has undermined the role of land in tying communities together and particularly where land and water are involved in communal ceremonies and traditions; the use of land by the oil companies has directly affected the social structures in these communities. Companies typically compensate individual landowners, even for land that has traditionally been communal. Some communities mentioned that they would prefer to be compensated communally, as this would reinforce the sense that the land brings people together, rather than separates them. Compensation is only awarded if the land is traversed by oil pipelines and is given to the owners of land 10 metres either side of a pipeline. Individuals are compensated based on the loss of a season's harvest, but not the loss of future crops or the loss of the land. Grievances around land compensation exacerbate the communities' feelings towards the government, and compensation for oil spills exacerbates tension between communities and the company.

Community members complained that gas flares raise the temperature in the direct area of the flare, which, farmers claim, reduces crop yields. Local populations feel that they are not sufficiently compensated for these effects, which adds to their grievances. Oil companies are required to pay 'fair and adequate' compensation to affected communities for damages that result from oil spills or other oil-related damages. Cash payments on an individual base have led to a 'compensation culture' in which some groups try to make a livelihood out of obtaining compensation. For example, Shell reports that some communities prevented clean-up teams from doing their work, on the assumption that greater environmental damage means higher compensation.

Some pipelines have exploded because of oil being tapped by others than the company; others have been deliberately vandalised in a bid to get compensation. As a result, some companies only pay if the spill is proven to have been accidental. To determine the cause of a spill, companies send their expert assessment team. If the team concludes that a spill has deliberately manoeuvred, the company does not pay compensation. In certain cases, for which companies have determined that they are not responsible, pipeline bursts have led to the deaths of hundreds of people. The companies pay the assessment teams, and the communities question the teams' findings if companies decide not to pay compensation. There have been several instances of company staff and their contractors being held hostage by angry communities, to be released only when compensation has been received for a burst pipeline.

7.7 Summary and conclusions

This chapter has examined Shell's stakeholder engagement in Nigeria. Dialogue has been privileged over the confrontational tactics of the past. This is primarily predicated on the recognition that communities are legitimate stakeholders, who have been affected by, and can affect the company's oil exploitation activities. Companies make decisions about how to carry out their day-to-day operations, and these decisions impact on local communities. Community protests and the blockading of oil facilities affect the company operations and finances; on-time project delivery is important and carries serious financial implications.

However, Shell enters in dialogue with communities on a community-by-community basis, rather than conducting collective negotiation and dialogue involving broader groups such as clans or regions that would encompass several communities. Dialogue with communities takes place with local elders, youth groups or others that hold authority at village level. Negotiation only takes place with 'oil-affected' communities. Another aspect of this engagement is that company-community interaction generally takes place at the company headquarters, either at the invitation of the company, or in response to a visit by a community delegation. Finally, communities report that Shell's response to their complaints is sporadic and limited, and processes that affect them lack transparency. The prevailing sentiment among oil-affected communities is that company officials engage in community meetings only to gain a sense of the mood in the community and to identify groups in the community that may pose a threat to the company or to company assets.

Shell insists that they are under no obligation to 'develop' the communities in which they operate through oil companies are aware that without the support of the oil-affected communities, continued operations will become increasingly difficult. In recent years, Shell has approached community relations with a growing financial and institutional commitment. However, the company recognises its impacts on the local population, and the substantial investment in the oil producing communities testifies to a certain level of awareness within the organisation. There is an element of self-interest based on the realisation that confrontational tactics risk ruining the company's reputation and brand. Hence, a different approach has been embraced. The investment in the CSR programme can be understood as a pre-requisite to establishing a level playing field for business-society relations in Nigeria. The company has established tiers of engagement, which it steers. The first engagement is at community level, with community liaison officers, and it enables communities to channel their demands to the company. At this level, the responsibility of the manager is to secure favourable conditions for his operations. This is risk management, and it is internalised in the business models for field development. The second tier is engagement on a national level with the national elite. The concern here is philanthropy and good corporate citizenship. It is at this level that various partnerships are established with national and regional development agencies, in undertaking development programmes on a broader scale. In terms of business, this is conceived as an investment in reputation and public relations. The External Relations Division within Shell manages both the content and process of these programmes, and maintains the network of community liaison officers, while financial resources deployed or compensatory payments to communities are part of its project costs.

Although CSR activities are often communicated as unitary and cohesive, they are scattered across the organisation, and reflect the unbound and complex nature of the CSR concept itself. It is therefore not surprising that the various investments come from different accounts in the systems. In addition, the field research revealed that Shell's CSR investments are often made instrumentally with respect to the company's local operational context, and more general reputational issues. The next chapter outlines the role of the government in Shell's CSR policies and practices in Nigeria.

Chapter Eight

CORPORATE SOCIAL RESPONSIBILITY AND THE ROLE OF GOVERNMENT IN NIGERIA

8.1 Introduction

This chapter aims to critically examine the role the Nigerian Government plays in providing an enabling environment for Shell's CSR policies and practices in Nigeria. It draws from the findings of my field research to answer the research questions outlined in section 1.4., namely exploring the ways in which the government is participating in CSR (facilitating, endorsing and partnering). It draws on theoretical conception of the role of government in CSR, and explores how government agencies have been given the mandate to promote CSR objectives, and the various partnerships between the government and the oil MNCs.

8.2 Conditions for an enabling environment for CSR in Nigeria

The government is, as discussed in Chapter 3, expected to play a number of key roles such as mandating, facilitating and endorsing the CSR agenda of MNCs in the Nigerian oil sector, in order to create an enabling environment for CSR. This is however made difficult by the contentious nature of the Nigerian oil sector and the role of the government, which rests on many factors. Firstly, the government suffers a lack of legitimacy among the communities, especially in the oil producing regions, following longstanding dispute over land and the subsequent control of the oil revenues produced in the region. Nigerians have traditionally felt a very strong attachment to land, as the common saying 'Land defines who you are' demonstrates. For example, a youth leader who may become the future leader of the community receives additional communal land for cultivation and can sit in the Elder's Council. People in the oil-affected areas mainly maintain their livelihoods through subsistence farming, fishing and some trade between villages. Land is typically considered to have communal ownership. In 1978, the military government of General Obasanjo passed the Land Use Act, which vested ownership and control of all land in the country to the government in the hands of the State Governors as representatives of the Federal Government. Traditionally land was communally owned and matters relating to ownership and use were determined under Customary Law by family or clan heads, chiefs and the elders in a community. The implications of this Act were enormous and are one of the root causes of the on-going oil conflicts. Effectively, the Act ensured that oil companies only require an agreement with the Federal Government, which legally owns all land. This provides companies with the "right" to enter communities and use land as they see fit (Soremekum, 1995; Frynas, 2000).

The costs of having the oil industry in their midst and the lack of benefits deriving from its presence have turned the oil producing areas into simmering centres of conflict and often-open violence. Communities feel that they have been pitched against each other or embroiled in clashes with state security operatives attached to oil company offices or other installations. In 1995, the military regime of the late General Sani Abacha hanged the writer and Ogoni human rights activist Ken Saro-Wiwa. This was the climax of the period of tension that followed agitation in the oil producing area; beginning in the early 1990s calling for an end to environmental degradation, payment of reparation for this, as well as a campaign calling for the development of the oil producing areas. This had immediate implications for the relationship between communities and the oil companies. For example, oil companies, notably Shell, were accused of inadequately compensating communities for oil spills (leading to destruction of livelihoods), making use of violent government police forces and not having asserted its political advantage to prevent the hanging of the activists who were opposing the large presence of Shell in the region. The best example for this change in conflict dynamics is the fact that now Shell claims that it has been instrumental in assuring that currently 13% of the oil revenues flow to the State from which oil is derived. However 'solving' this large issue of dispute has not resulted in a subsequent reduction of violence and tension between the company and its local working environment. Thus, the conflict in the Niger Delta has increased over time through its own dynamic (Frynas, 2000; Forrest, 1995; Khan, 1994; Olorode et.al, 1998).

Secondly, there is a legacy of poor environmental governance by the government, and the oil MNCs. According to Duruigbo (2003; Aprioku, 2003), Nigeria was until recently an exemplar of irresponsible oil development. For decades, oil companies operated with little or no accountability, partnered by a repressive dictatorship bent on exploiting Nigeria's oil wealth for the benefit of corrupt elite. Oil-related environmental, political and human rights abuses were commonplace. Although there is hope for change since the 1999 democratic elections, since when the government have made tentative attempts to establish more responsible and accountable practices and standards for oil development, the burden of past abuses still weighs heavily on the present. The question remains as to how far these reforms will continue and to what extent corporate social responsibility practices will assist this process.

Thirdly, the government is perceived as corrupt and insensitive to the needs of the people. Research on the political economy of Nigeria concluded that few nations in the world face so damaging a legacy of political corruption, repression, pollution, and destitution (Sala-I-Martin, 2002 and Sabrahamaniam, 2003; Duruigbo, 2003; Soremekum, 1995; Khan, 1994; Frynas, 2000). As mentioned earlier, very little of the estimated $275 billion earned from oil since the mid 1970s has reached the people; as much as $50 billion has simply disappeared overseas. Soremekum (1995) suggests that during the civilian rule of 1979-1983, the Nigerian state lost about 12.5 billion naira in oil revenue, as a result of fraudulent practices. The ruling elite and its business partners siphoned off US$ 3-4 billion in oil deals in less than four years from November 1993 when Gen. Abaca came to power, until 1997. From 1997-1998, approximately 11 licences were allocated without a public tender to indigenous companies, and of the 11 licences to indigenous companies, only 1 company had previous experience within the oil business. This way, the idea of the 'comprador' state, as Turner (1980) suggests, seems to hold true. With bribes, intermediaries acquire contracts, which they sell to foreign companies. This has operating consequences, as there will be no oversight, and since any infringement by these companies would implicate those involved in the system, no policy, or fair inquiry is possible, or has reliable outcomes. These oil lifting contracts and oil licences were mainly allocated to senior serving retired military officers.

Even if corruption did not prove to be an obstacle to adequate policy in the oil producing areas, the government's ability to carry out effective reforms may be limited by factors characteristic of the current Nigerian political economy. Under colonial governance, ownership rights for oil were restricted to British companies only, in particular Shell D'Arcy. A major shift in ownership structure occurred in 1969 when the Petroleum Act was enforced. This Act transferred ownership of oil mineral rights to the Federal Government in the thick of the 1967-1970 civil war. By this Act, the Federal Government significantly altered not only ownership structures over oil, but also the country's revenue allocation formula. Whereas prior to the civil war, oil revenues and mining rents were shared on a 50-50 basis between the central government and the three administrative regions into which the country is divided, the new system determined that only states in which oil was exploited would receive about 13 % of the revenues of their oil. According to recent reports, these states are far from being satisfied and violence has escalated. Meanwhile, a significant part of wider public opinion disagrees with the 13%, which they regard as unnecessary special treatment of these regions. This prompts the question of whether the current 13% transfer of oil revenues to the oil producing states will be maintained by subsequent administrations in Nigeria.

Fourthly, the government is perceived as unable to set and enforce standards of appropriate environmental conduct for the oil MNCs towards the protection of communities and the natural resources they depend on. Until commercial oil production began four decades ago, Nigeria had a nearly pristine environment. Though degraded by deforestation and oil pollution, the Niger Delta's mangrove forest remains the largest in Africa and the third largest in the world. It provides local communities with a host of resources, such as medicines, fish, wood for fuel and shelter, as well as vital ecosystem services like stable soil and habitat for wildlife, which include several endangered species such as the Delta elephant, the white-crested monkey, and the river hippopotamus. In addition to providing sustenance to a community that lives largely on a subsistence basis, the Delta also provides an important spawning habitat for Nigeria's commercial fisheries. Oil production threatens these resources and ecosystem services in a number of ways. The immediate threats come from oil spills and gas flaring. While spills inevitably accompany oil production, in Nigeria they occur with alarming frequency and magnitude. A former Minister of Works and Housing in Nigeria has stated that 2,796 oil spill incidents involving a total of 88.2 million gallons of crude oil were reported between 1976 and 1990 (Aprioku, 2003). Since this total includes only those spills the companies chose to report, the total amount is likely to have been much higher. Three factors combine to make spillage an especially acute problem in Nigeria.

Oil delivery infrastructure is obsolete and/or inadequate. Recent field research conducted by a group of nongovernmental organisations, academics, and activists found evidence of corroded, rusty, and visibly leaking pipelines throughout Rivers State (Christian Aid, 2003).

Sabotage of pipelines is a persistent problem. According to the Department of Petroleum Resources, oil companies in 1993 alone lost nearly 30 million barrels of crude oil because of clashes with oil producing communities. Community members sometimes intentionally damage pipelines to express dissatisfaction with corporate practices and to demand redress. Recently, rebel attacks have targeted offshore facilities such as the Bonga fiels (See Map 6.2), disrupting oil production output from Nigeria.

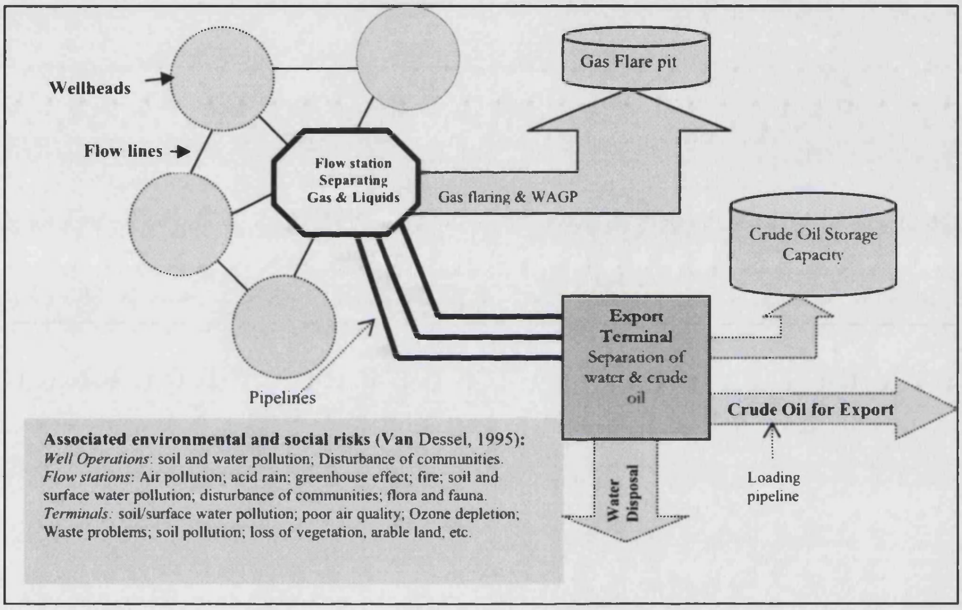
Map 8.1 Bonga oil field[17].

More often, they tap the pipeline to siphon crude and sell it on the black market. Spills and pipeline leaks are poorly monitored, often not reported, and repaired slowly. Leaks and spills routinely persist for weeks before being stopped or cleaned. A single leak in Otuegwe region of the Delta was

[17] Rebels attacked the offshore on June 2nd, 2008, which disrupted oil production in Nigeria.

reported to have spilled over 800,000 barrels of oil over several months before being repaired (Frynas, 2000). Under Nigerian law, companies are not responsible for cleaning up spills caused by sabotage and under no obligation to compensate affected communities.

Fig. 8.1. Petroleum Exploitation Process (Adapted from Frynas, 2002; Fee, 1988)



8.3 Promoting compliance and the problem of enforcement

The ability of the government to play a strong mandating role in support of CSR initiatives is also bleak. As discussed above, the government ability to define minimum standards and enforce them is limited. This assessment, coming from members of the agency responsible for regulating the Nigerian oil industry, is borne out by a tangled history of ineffective laws and destructive policies. A number of laws, the most significant of which are the Petroleum Act of 1969 (which replaced the original act of 1916), the Oil in

Navigable Waters Act of 1968, and the more recent Federal Environmental Protection Agency Act of 1988, regulate oil production in Nigeria. The Petroleum Act led to the adoption of statutes mandating that the licensee or lessee of an oil exploration or prospecting licence or a mining lease adopt all practicable precautions to prevent the pollution of inland waters, rivers, the territorial waters of Nigeria or the high seas by oil, mud or other harmful fluids or substances, and where any such pollution occurs or has occurred, take prompt steps to control and, if possible, end it. However, these provisions are highly generalised and lack specific enforcement mechanisms.

The Oil in Navigable Waters Act implements the 1954 International Convention for the Prevention of Pollution of the Sea by Oil, restricting discharges of oil into the near-shore sea and navigable inland waters. It provides for regulations requiring Nigerian vessels to monitor discharge levels and stipulates fines for violations. While there is some criticism as to the effectiveness of these regulations, the main weakness of the law is that it has failed to keep pace with international agreements – notably the 1973 International Convention for the Prevention of Pollution from Ships, which is meant to supersede the 1954 convention. Significant aspects of maritime oil law, including the mandating of load-on-top methods and double-hulled tankers, have yet to be incorporated in Nigerian law. Moreover, the bulk of oil production in Nigeria occurs on land, where regulation is less developed (Frynas, 2000; Forrest, 1995; Olorode, 1998).

The Federal Environmental Protection Agency Act reflects the former military government's response to worldwide public demand for legislative mechanisms to protect the environment. It established the Federal Environmental Protection Agency (FEPA), responsible directly to the President, assigned with responsibility for the protection and development of the environment in general and environmental technology, including initiation of policy in relation to environmental research and technology. It also advises the government on environmental policy and establishes such environmental criteria, guidelines, specific actions or standards for the protection of the nation's air and interstate waters as may be necessary to protect the health and welfare of the population from environmental degradation (Forrest, 1995).

However, critics have pointed out that the Act needed further strengthening, and that previous regulation needed to be improved (Duruigbo, 2003). Others have argued that the FEPA focused on industrial activity, leaving non-industrial sources of pollution unregulated (Frynas, 2000).

Prior to the Federal Environmental Protection Act, there were no definitions for hazardous wastes. Though the Act gives FEPA the authority to define hazardous wastes, the agency has inexplicably failed to include oil in its list. The law also creates a difficult regulatory burden, forcing the regulatory agency to prove that hazardous substances have been discharged in 'harmful quantities' before liability can be established, requiring in effect a case by case demonstration of harm. This task is far beyond the agency's paltry resources, especially given the number and magnitude of oil spills (Ibid.).

The 1992 Environmental Impact Assessment Decree extends the reach of FEPA to include mandatory environmental impact assessments of projects in a number of areas including petroleum. FEPA is mandated to facilitate EIAs, the minimum contents of which are stipulated by law, and to ensure that appropriate mitigation steps are taken. While the introduction of mandatory EIAs is a positive development, the inability of local people to verify many of the assessments limits their effectiveness.

> ...oil companies' operations in developed regions are usually accompanied by environmental impact assessments, social and environmental policies, and a great deal of effort to appease the justified concerns of local communities, these practices are not exported to lesser developed regions, where little or no media attention is paid and where accountability is unheard of(Frynas, 2000; pp42).

According to Duruigbo (2003), Nigeria's environmental laws are vague, outmoded, and inadequate. Prevention plays only a minor role as the existing law emphasises remedial measures such as liability, compensation, and cleanup. In addition, the fines imposed in case of any breach of the rules are too small to deter polluters, while imprecise language creates room for manoeuvring. Critics of Nigerian environmental laws further assert that standards that are clearly spelled out are weakened by poor enforcement. Although there have been signs of improvement, A Shell executive observed the following:

> Enforcement is further complicated by many factors. Besides the lack of enforcement skills, we are dealing with multiple regulatory agencies with conflicting interests and competing jurisdictions. While this transfer has been in effect for a long time, however, the law has not been updated to reflect the change. This creates confusion over who actually has regulatory powers. The problem is compounded by the fact that FEPA and DPR subject oil companies to double regulation on environmental issues. Copies of the same EIAs, for

> example, must be submitted simultaneously to the two agencies. This duplication makes both compliance and enforcement more difficult. [114]

For example, FEPA says that companies, including those in the oil and gas sector, now readily submit themselves to the requirements of the EIA Decree. They apply for and must receive an environmental permit prior to beginning projects with potential environmental impact, contingent on impact assessments. Public participation is a prominent feature of these assessments: newspapers carry advertisements for public hearings associated with particular projects, while EIAs list members of the public who participated in these hearings. However, community leaders still insist that it is possible for companies to obtain permits and commence oil production without conducting an environmental impact study.

> It is difficult to gauge the true state of affairs. Perhaps the lists of participant names are fictitious (given that no addresses are listed), or represent members of the public who have been handpicked by the companies in question. Conversely, it is possible that community leaders are not aware of how the process works and lacked information on when the panels were held (Duruigbo, 2003, pp9).

To eliminate such conflicts and redundancies, the government proposes to vest all environmental functions in FEPA (under the Ministry of the Environment) and transfer the relevant DPR staff to the FEPA. The DPR reportedly opposes the proposal, as so does the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN), the white-collar oil workers' union. A compromise may result in the creation of a separate agency devoted to regulating the environmental aspects of the oil industry, staffed by environment-related DPR officials and oil related FEPA officials (Ibid).

This agency rivalry takes place in the context of scarce resources. A senior official in the government of Rivers State claims his government cannot afford US $25,000 to purchase a patrol boat for monitoring oil operations and that they occasionally rely on oil companies for training their monitoring teams. Shell's Deputy Managing Director in Nigeria declared:

> We have been training staff from the government's regulatory agencies, and helped them with equipments so that they can do their duties. This is part of our capacity development programme. They lack both the expertise and the logistics necessary to move around and inspect companies' performance [I12].

It was also reported that FEPA also relies on non-governmental groups to assist in identifying violations and pledges the government's commitment to enforcing them, although a representative of the agency insists this does not compromise their ability to effectively regulate. Evidence suggests otherwise: despite having an office in Lagos devoted to compliance and enforcement, a FEPA official could not identify a single enforcement action taken in the office's history, insisting instead that it is involved in 'compliance monitoring' which he considers to be effective.

8.3 Creating an enabling environment for CSR

In late 1990s the Nigerian government and the foreign oil companies were prepared to invest more in the oil producing areas as a reaction to the pressures from anti-oil protests and deteriorating public opinion,. However, the government had previously established the Niger Delta Development Board (NDDB) by the Niger Delta Development Act of 1961. However, the NDDP was abolished for lack of clear vision of its objectives (Forrest, 1995). Local politicians wanted something spectacular to show for political motives, therefore leading to some misguided effort being put into some grand projects. The NDDB was regarded as a public relations exercise, and this focus made the board ineffective in exercising development projects in the Niger Delta (Ibid.).

In the 1990s, the government launched several commissions to inquire into the socio-economic and environmental problems in the oil producing areas, and other wide-ranging concessions to the oil producing areas. The detailed recommendations of these bodies have not always been followed. The financial contribution of the oil producing areas was increased in 1992 (Babanguda, from 1.5% to 3%), when the oil mineral producing development agency (OMPADEC) was established; it distributed 3% of government allocations to the areas. It later failed to satisfy people in oil producing areas. Conflict arose between different ethnic groups and common interest groups over the composition of the OMPADEC board, and over the formula for allocating the proceeds. Allocating finances as based on the proportion of oil produced in each community was unjust, to some, who had been producing a lot in the past until depletion. The data was also considered unreliable (Osaghae 1995).

The government has recently established a new agency, the Niger Delta Development Council (NNDC), established by President Obasanjo, in 1999, and have made a commitment that 13% of federal oil revenues should be allocated to the oil producing regions. The oil MNCs are also expected to make financial commitment to the NNDC, in order to allow the agency to fulfil its mission. However, at the time of my field research, there were several complaints. The agency was seen as too slow, bureaucratic, and only focussing on small projects, rather than coming up with a master plan to boost development in the regions through significant infrastructure problems. The representative of NNDC explained:

> Yes, we have an ambitious mandate, and there are high expectations for NNDC to deliver development in the Niger Delta. However, things are not that easy. The allocation of funds is slow and bureaucratic, while the oil companies' donations are very rare. With unpredictable funding sources, it is frankly difficult to deliver as expected at this stage [I27].

A Shell executive also expressed doubts regarding the sustainability of NNDC:

> There are already some concerns about whether the next President will keep the 13% revenue transfer to the Niger Delta. Many states are not pleased and there are already some disputes in the Nigerian political circles over the issue [I13].

Besides the government's attempts to develop the oil producing regions, which has not been successful so far, the government's approach to community dialogue has not been helpful to the oil MNCs, as documented in previous chapters, and elsewhere (HRW, 1996, 2004; Christian Aid, 2004). The government and Shell engaged communities through repressive practices. Repressive security measures benefited from the support from oil MNCs. For example, Shell, which has its own policy and security forces, called Shell Police or called Mobile Police, who perform duties at oil installations (Frynas 2000). The over-reliance on security forces by companies, Shell in particular, may be explained by the fact that there are close formal and informal contacts and access to the government. The fact that Shell operates a joint venture with NNPC means the government has an obligation to stand by the company in any instance of conflict with the communities.

The government has played a limited direct role in dealing with communities, as far as day-to-day operations are concerned, thus failing to assume its responsibilities to effectively monitor the oil MNC activities. Consequently, Soremekun (1995) argued that in such circumstances, it is normal that those affected have to engage with the companies in the event of damage, rather than the government.

During my fieldwork in Nigeria, I participated in one of Shell's annual stakeholder consultation workshop in January 2004. Shell had organised a large event that brought together more than 700 people that included the governors of the oil producing states, NGO representatives from Nigeria and abroad, journalists, academics, oil industry executives, and only one representative of the Federal Government of Nigeria. During the conference, delegates listened to Shell's presentations about the achievement of its CSR programme in Nigeria, in terms of ecological sustainability and community development. While a wide range of CSR projects were discussed, the role of the government was a recurrent theme. Shell criticised the government for failing to provide an enabling environment for its CSR programme, while pro-Shell stakeholders took to the floor to commend the company and the role the company has played in developing communities. A Shell executive declared:

> Anybody who is anybody is here. We have brought a fair share to the communities where we work, and we would like to urge the government to do the same. We are not the government, so our engagement is limited to what is relevant for us [I1].

However, another Shell executive further explained:

> Although the government is passive, it participates in our CSR agenda. The government has paid its share of the CSR expenditures according to its equity position [I1].

It appeared that Shell sought to distance itself from the government. Moreover, Shell executives highlighted the vital role of government in providing an enabling environmental in order for Shell to deliver successful CSR outcomes.

8.4 Conclusion

This Chapter set out to explore the ways in which the government is participating in CSR by facilitating, endorsing, or collaborating with the oil MNC for the implementation of its CSR policies in Nigeria. The findings outlined suggest that government is unable to provide a regulatory framework that can facilitate the activities of oil MNCs. In addition, the relationship between Shell and the government is ambiguous. On the one hand, it appears that Shell rather distanced itself from the government, blaming the latter for its inability to regulate the sector adequately, and to create the conditions for socio-economic development of the oil producing regions. On the other hand, Shell appears to have been in partnership with the government as they both attempted to pacify the oil producing regions, which have been plunged in violence since the early 1990s until today.

Chapter Nine

ANALYSIS AND CONCLUSION

9.1 Introduction

The thesis aimed to contribute to the perspective on corporate social responsibility (CSR) and multinational companies (MNC) in developing countries, from the context of corporate stakeholder engagement in the Nigerian oil sector. It critically examined the role of societal pressures as drivers of Shell's CSR agenda, and explored how Shell implements its CSR programme in Nigeria, both in light of its strategic business objectives and its social responsibilities and environmental liabilities (See Chapter 6). In addition, the research explored the role of stakeholders in negotiating CSR policies and practices within the context of local sustainable development. It examined the forms of relationships existing between Shell and its stakeholders in Nigeria, and explored the interplay between the oil company's business objectives and strategy in engaging stakeholders - such as the state, non-governmental organisations (NGOs), expert groups, and communities. The research critically examined Shell's implementation of its CSR policies and practices in the Nigerian context (see Chapter 7). Furthermore, it examined the role of government in the oil MNC's CSR agenda, and explored the conditions under which the government, in its dual role as business partner and as state authority, promotes CSR policies and practices in Nigeria (see Chapter 8).

Shell's CSR policies and practices in Nigeria were examined from the lenses of the resource-based view perspective extended to notions of legitimacy and the licence to operate. Additionally, the stakeholder engagement perspective was applied as a framework for examining the role of stakeholders in negotiating Shell's current CSR policies and practices in Nigeria. This Chapter summarises the main findings of the research based on the major research objectives outlined in Chapter 1, and the major contribution to the theory of CSR in developing countries. It will conclude with a discussion of the implications for further research.

9.2 Main findings

The findings from this research emerge from a critical examination of the role of stakeholders in negotiating CSR policies and practices within the context of local sustainable development, and strategic business interests. As outlined in Chapter 1, section 3, and further depicted in Table 4.1 the thesis pursued three main objectives: Firstly, to examine how Shell implements its CSR programme in Nigeria, both in light of strategic objectives associated with the company's business operations, and the oil company's social responsibilities and environmental liabilities. Understanding of the link between corporate objectives and CSR initiatives and the role stakeholders play in negotiating CSR initiatives. Secondly, to explore forms of stakeholder relationships with the oil company, as well as identify the different context within which the different categories of stakeholders make sense of their relationship with the oil company. Addressing how stakeholders' relationship with the company may influence its CSR policies and practices, and how the dynamic interaction between the company and its stakeholders affects their engagement. Thirdly, to explore forms of interaction of Shell's CSR programme and the host country's development framework. In particular, the role of the state as enabler, vs. that of multinational companies, and its CSR initiatives in the development policy agenda for Nigeria. The following sections outline the findings that emerged from my fieldwork.

9.2.1 Community pressures, CSR and Shell's licence to operate in Nigeria

The first objective of this study was to examine how Shell implements its CSR programme in Nigeria, both in light of strategic objectives associated with the company's business operations, and the oil company's social responsibilities and environmental liabilities. In addition the study aimed to understand the link between corporate objectives and CSR initiatives and the role that stakeholders play in negotiating CSR initiatives.

The main link, as suggested throughout the literature (see sections 1.2; section 2.4.3) is that Shell's CSR policies are mostly driven by stakeholder pressure and the need to re-establish its good reputation and regain its legitimacy, both of which are essential in order to maintain the social licence to operate in the local context. The evidence presented in Chapter 6, based on extensive interviews of the executives from Shell and stakeholder organisations, strongly suggests that the anti-Shell protests of the 1990s have (following major incidents involving Shell) influenced its management and motivated them to develop and implement an ambitious CSR agenda in Nigeria. The mass protests against Shell, following the Brent Spa incident and the Ogoni crisis, had a negative impact on the company's financial performance, and threatened its long-term competitiveness in the Nigerian oil sector and beyond.

The evidence presented in both Chapter 6 and 7 shows a clear link between oil production and certain types of conflicts, especially land conflicts, tribal conflicts, political conflicts and oil conflicts, as well as high incidence of acts of vandalism such as the destruction of oil facilities, theft and siphoning of crude oil and environmental accidents. The evidence shows that Shell's CSR investments geographically overlap with the oil producing regions, whereas the priorities of its CSR agenda coincide with the concerns emerging from the oil producing communities (See Table 7.3, and Fig. 7.1 and 7.2).

However, the proposed relationship between the firm's pursuit of the social licence to operate through CSR initiatives and stakeholder engagement is more complex than assumed. In terms of the benefits of increased reputation and legitimacy associated with Shell's CSR policies in Nigeria, the study shows contradictory evidence. At the local level, the evidence shows that there has been continued community protests and sabotage of oil installations, including kidnapping of Shell personnel, despite Shell's substantial increase in its CSR expenditures in Nigeria from US $ 300 thousand to US $ 304 million from 1998 until 2003, mostly for development and environmental management in the oil producing regions of Nigeria.

At the national level, the evidence shows that there is some sympathy and appreciation of Shell's development efforts through the company's CSR programme. Shell has significantly engaged the civil society and formed partnerships with a number of stakeholders in implementing its CSR agenda. It has also engaged directly with national and international NGOs in contractual work both at the corporate policy and strategy level and throughout the implementation process. The external stakeholders assist the company in developing CSR policies, implementation guidelines and evaluation. For example, Shell regularly holds large-scale stakeholder consultation conferences in Nigeria, which take place annually and bring together all stakeholder categories including academics, development, environmental and human rights NGOs, government officials, investor representatives, representatives of communities, etc. There is among some of these stakeholders increasing recognition of Shell's efforts along with the realisation that the oil company's CSR programme may not be successful for reasons that are beyond its control. These include the lack of an enabling environment, due to structural conditions that undermine the potential of Shell's CSR programme from yielding any significant outcomes for the poor in the oil producing regions.

Consequently, Shell has won prizes as the most sustainable oil MNC, and its programme in Nigeria has been hailed internationally as a best case for corporate citizenship. Shell's reputation and legitimacy has significantly improved internationally from the dramatic period of the mid 1990s, while the situation remains more or less the same at the local level where community protests persist and continue to disrupt oil production in Nigeria.

9.2.2 The influence of stakeholders on Shell's CSR policies and practices

The second objective of the thesis was to explore forms of stakeholder relationships with the oil company, as well as identify the different context within which the different categories of stakeholders make sense of their relationship with the oil company. A number of research questions were introduced, such as investigating how stakeholders' relationship with the company may influence its CSR policies and practices, and how the dynamic interaction between the company and its stakeholders, affecting their engagement, led this investigation.

The literature explored (See sections 2.4.3 and 3.3 -3.4) informed the hypothesis (see Table 4.2) that, given the weak institutional context in Nigeria, Shell will tend to pursue its value maximisation agenda through its CSR policies. As such, stakeholder engagement at Shell Nigeria will be mostly aimed at pacifying stakeholders who potentially represent a business threat, while the beneficiaries of Shell's CSR policies and initiatives will predominantly be those stakeholder groups with better access to information, resources, capacities and capabilities to engage with and possibly mobilise against the oil company's operations. The literature on the RBV (see Section 2.4.1) suggested that the impetus for the CSR agenda is that it has internal and external benefits for the corporation. Furthermore, the literature on stakeholder engagement and power (see Section 2.5.1) led to the proposition that Shell might use its superior power position to achieve its strategic objectives.

The evidence shows firstly, that stakeholder engagement is at the core of Shell's CSR agenda in Nigeria. The company engages stakeholders at all levels, from policy and strategy planning, to implementation, evaluation and reporting.

Secondly, the evidence suggests that Shell's all-out engagement has brought great benefits to the company in terms of reputation and legitimacy. It has also brought internal benefits based on the new competence flowing to the company through the direct involvement of NGOs and academics, assisting the organisation to develop innovative ways of engaging society. It has made the company more engaging, and built a functional bridge to the external world. New structures for managing the company's relations with society, and public policy have emerged within the organisation (See Fig. 7.6). This expertise has been internalised and is continuously consolidated within Shell through stakeholder engagement.

Thirdly, the evidence shows that Shell has adopted a tiered engagement approach to its stakeholder relations, and has established a complex dialogue with different stakeholders, based on employment and contracting, collaboration, partnerships, or adversarial relationships. This approach has led to stakeholders' differentiated access Shell's CSR programme in Nigeria. The evidence reveals that, although the power of stakeholders and the urgency of their claims seem to be the main factors to trigger corporate response through CSR initiatives, stakeholders' ability to access and possibly influence Shell's CSR programme rests on previously established relationships of trust and shared values with the company.

The research findings show that the stakeholders with the most influence are those who actively engage with internal processes within the company through contracting or collaborative work. They enjoy mutual trust, and usually share common values and objectives with the company. These include consultants, who mostly comprise previous employees of Shell, and some research-based NGOs such the HRW and Amnesty International. Community-based organisations and advocacy organisations such as Friends of the Earth and Christian Aid have the power to affect the company through direct action against the company, but are less effective in influencing the company's CSR policies and practices substantively.

Revisiting the typology presented earlier, there is an important distinction to be made between stakeholders who formerly worked for Shell and are brought in on a contractual basis, and those that have no previous ties with the company. These 'mandated outsiders' are brought in as independent contractors to work on specific aspects of the CSR agenda and at different levels of the CSR process. Those with no prior knowledge of the organisation have to adjust to the rhythms and the demands of the internal business culture. Most interviewees tended to think that this group has significant difficulties in adjusting to the internal organisational culture, and had to balance their own short- and long-term business interests in delivering their services to the company. For example, a managing director of a London-based NGO that has been invited to assist the organisation in implementing a number of community development projects admitted that the job and its scope depended on the discretion of a given Shell field manager, and that he and his organisation were often faced with the dilemma relating to the extent to which they could challenge the Shell organisation without compromising their short- and long-term collaboration.

Those with previous ties with Shell were able to engage both formally and informally with the organisation. They benefited from an extended social capital and could engage with more advantage on the CSR processes within the organisation. Although they were contractors, their reach and influence extended beyond their terms of references. For example, one high-level executive admitted that those consultants with prior working ties with Shell were very useful to the company. He felt that their contributions were very valued based on the fact that they already had experience with the organisation, and had a better perspective about societal expectations, and were trusted to give an accurate indication of what would be required of the organisation by society.

The 'independent sponsors', comprising research-based development NGOs and development agencies, have mostly had an independent relationship with the company and seemed to retain the interest of the company's CSR executives. This includes several research and/or advocacy oriented development and environmental NGOs. The latter operate from their own resources and interact with the firm from the outside in. While some of them interacted with the company formally and publicly, others preferred an unpublicised engagement. For instance previous Human Rights Watch (HRW) executive admitted that they worked with Shell on the company's CSR/human rights agenda and interacted at the various levels of the organisation such as policy and implementation levels. The ex-human rights executive admitted having reviewed several policy documents and guidelines from contacts in Shell, with whom they kept collaborative relationship and that there was no payment involved. They draw their legitimacy from their perceived expertise and knowledge of society and social policy, and are perceived as a source of organisational learning. They have the opportunity to influence Shell's CSR agenda at all levels, and are more independent than those mandated through a contractual relationship with the company. Shell has often entered partnership with some of these organisations to promote development. For example, Shell has actively engaged with foreign development agencies in Nigeria such as the United States Development Agency (USAID) on community development strategy component of their CSR programme in the country. The latter indicated that the informal contact they had with Shell enabled them to exercise better influence because they did not come across as hostile, and rather had a research-based approach. Similar views were held by many human rights development NGOs and some stakeholders from academia. The Shell executives interviewed in Nigeria and in Shell International confirmed that NGOs such as Amnesty International and Human Rights Watch played an important role while the company sought to establish its group sustainability agenda in themid-1990s. The company collaborates with this stakeholder group from the highest policy level and all the way down the implementation and evaluation processes of its CSR programme in Nigeria. Shell sizes up the potential candidates for partnership in this group based on the stature and influence of the respective stakeholder.

The latter derive their influence from their own resourcefulness, capabilities, and independence, and mutual trust. Trust seems to be the most important factor that determined the influence that those stakeholders involved at various levels of the company's CSR processes could have on their outcomes at various levels.

The 'influential observers' category mainly consists of local community organisations and other organisations that champion the cause of local communities and hence have a direct interest in the firm's CSR programmes. They operate as outsiders (outside in) and draw their influence from their ability to mobilise public opinion in support of their own causes. For instance, organisations such as MOSOP, Friends of the Earth, Global Witness and Christian Aid often adopted a hostile stance towards oil companies in Nigeria, and Shell in particular. They are independent and act in partnership with grass-root organisations, in defence of community environmental rights. They regularly report on the impacts of Shell's operations on the communities. For example, FOE's publication of" The Other Shell Report," which often coincides with the company's shareholder meetings casts significant doubts on the company's reports by reporting the demise of local communities as result of Shell's operations. Many single issue and/or advocacy organisations, such as Global Witness, feature in this group. While they have a strong influence, and can potentially drive a hostile campaign against Shell, their weakness is that they invest few capabilities in research, and hence their engagement with the company often comes across as emotional rather than grounded in research. There is a climate of mistrust and mutual suspicion between Shell and this stakeholder group.

The 'influential claimants', mainly consist of local communities. Shell has established contact with these groups through community-based structures such as the community development offices (CDOs), and community liaison officers (CLOs) deployed by Shell to respond to community grievances. However, there was wide dissatisfaction with this arrangement and system of representation. Implementing projects on community level is entrusted to community development committees (CDCs), established before the presence of the oil companies. Oil companies decided to distribute project funds through the CDC, since it was a "traditional" structure already in place to serve communities. However, communities denounce some of the weaknesses in this system. First, communities report that company processes that affect them lack transparency. Second, while the company's oil operations span the entire regions across community lands, the dialogue with communities takes place on a community-by-community basis, with "oil-affected" communities only, rather than on collective negotiation and dialogue with broader groups concerned. Third, company–community interaction generally takes place at the company headquarters, either at the invitation of the company, or in response to a visit by a community delegation. Although company officials reported that the objective of community dialogue is to assess the needs and requirements of local communities, community members gave a different impression of how companies approach dialogue. The prevailing sentiment among oil-affected communities is that company officials engage in community meetings only to gain a sense of the mood in the community and to identify groups in the community that may pose a threat to the company or to company assets. This might be explained by the fact that the company is weary of the fact that villagers made their grievances known via sabotage of company assets and the kidnap of company staff. The findings also show that the company was keen to exploit the weaknesses of the local institutional and regulatory environment to ensure smooth running of its operations. For instance, during processes of public consultation, such as the EIA, the processes frequently denied sufficient time for feedback on reports from communities concerned. While time is a major parameter in the field development plan, and time-saving can have major cost-saving implications, time loss can often lead to big losses in exploration and production operations. Since the government is also party to the business, it has not demonstrated much concern for protecting community interests in this regard. The findings show that consultations with local stakeholders involve a bargaining process where Shell engages with communities on a case-by-case basis. With the communities denied the option to pull resources in a collective bargaining process, they may be unable to adequately engage the oil company. In short, there is a constant climate of suspicion and mistrust between the company and community stakeholders. This group only influences the CSR programme through staged pressure on Shell's infrastructure. Whereas Shell previously responded heavy-handedly through coercion, it recently shifted to solving frequent crises through dialogue and negotiation with community groups, who use violence and confrontational tactics as a means of getting concessions from the oil companies.

Fourthly, the research findings suggest that Shell has an upper hand in dealing with its stakeholders, due to its relatively extensive resources in terms of financial power and human resources. The oil company has driven the CSR agenda globally as well as locally. Shell displays its discursive power in various ways, including mobilising stakeholders and facilitating them to attend regular workshops on its CSR programme in Nigeria, for which the company sets the agenda. Critical perspectives are overwhelmed by the company's pervasive engagement with all stakeholders including the media, academia and the civil society both globally and locally.

9.2.3 The role of the government in facilitating CSR

The thesis set out, in its third objective, to examine the role of the Nigerian government in enabling Shell's CSR development initiatives, such as the ways in which the government is participating in CSR (facilitating, endorsing and partnering), and the current relationship between the government and Shell's CSR agenda. The research explored how Shell's CSR agenda interacts with Nigeria's development policy framework. In particular, it explored how Shell's CSR agenda addresses development in Nigeria, and how it deals with the country's structural context and related challenges such as the resource curse problem and its implications in terms of governance, accountability, corruption and over-consumption.

The literature reviewed suggests that while government could play a decisive role in creating an enabling environment for CSR, it also suggested that this was a problem for developing countries, because they are too weak institutionally to play the proposed role (See Sections 3.3-3.9). The evidence shows that the relationship between Shell and the Nigerian government is and has always been strong. The two have been partners for a long time, ever since oil was discovered in Nigeria. This relationship became even more important as the Nigerian Government became a partner in the SPDC joint venture. The evidence shows that a good relationship is important for both Shell and the government. Whereas Shell needs government support to maintain the legal and economic licence to operate in the country (See Fig. 5.3 and Table 5.2), the government needs Shell to invest its massive financial resources and technology in the country's national petroleum production. Nigeria's external revenues come from oil export, and any under-investment or disturbance would have detrimental implications such as the deterioration of the balance of payment, and economic meltdown.

There is no evidence that Shell's relationship with the government is affected by the company's CSR policies and practices in either negative or positive ways. The government generally pays little attention to this programme, as has previously been documented by other scholars such as (Ite, 2004; Frynas, 2005; Wheeler et al., 2002). The evidence shows however that the government has failed to implement successful development policies in the Niger Delta, and has been inadequate in enforcing its environmental regulatory guidelines. Consequently, the government lacks the capacity to play a facilitating role for the CSR programme.

The evidence also shows that there are fears within Shell that endemic activism from producing communities complicates the future of the business in the long term. Shell has been blamed for its close relationship with the government, and popular anger has often been directed against Shell's installations, as a way of getting the government to pay attention to community demands. Neither Shell, nor the government seem to be able to control communities. With government indifference, or lack of capacity (or both) needed to create enabling conditions, and given Shell's urge to pursue its oil production activities under reasonably peaceful conditions, Shell appears to have opened direct engagement with community stakeholders. As such, Shell's CSR programme is extensive and comes across as a fully-fledged social welfare programme for the oil producing regions of Nigeria.

The evidence strongly suggests that Shell has assumed the role of government as provider of welfare services throughout the oil producing regions of Nigeria. However, there are major obstacles facing Shell in its attempt to implement/provide these services through its CSR agenda. These include inadequate regulations, insecurity, low capacity and lack of investment in public utilities. In addition, the corporation faces major dilemmas with regard to the scope and scale of its involvement, at least in the long term. However, while the robustness of Shell's oil extraction business still justifies its involvement in Nigeria, Shell's CSR programme and the company's role as the welfare provider in these neglected regions has no end in sight.

In terms of the government's endorsing role, the research reveals contradictory evidence in terms of Shell's attitude. Shell executives have openly blamed the government for abdicating its development responsibilities towards the communities, and leaving this to Shell. Shell's critical stance appears to distance its CSR agenda from the government. Whereas communities who perceive the corporation as an extension of the government have attacked Shell, the government endorsement of Shell's CSR policies may reinforce this perception amongst the oil producing regions, with detrimental consequences for Shell's operations in Nigeria. While Shell appears to distance its CSR programme from the government, at the same time maintaining a historically strong relationship to the government, the government's involvement in Shell's CSR agenda is insignificant. Despite a number of development partnerships that Shell initiated with prominent stakeholders such as the USAID, and the International Institute for Tropical Agriculture, there is little indication that

Shell's CSR programme is mainstream within the country's development agenda. There is little indication of how Shell could influence government development policies through its CSR agenda in Nigeria despite Shell's positive and historic relationship with the government. Vice versa, Shell's attempts to distance its CSR initiatives from government involvement leave limited possibility for the government to influence Shell's CSR policies and practices.

The logical conclusion from these findings is that Shell's CSR policies and practices are not achieving optimal results, firstly because the nature of the problems Shell is facing in the oil-producing region is complex, as it has to do with the colonial legacy of Nigeria, successive military governments that plundered the country's resources rather than develop communities in the oil producing regions, negligence by both Shell and the government by implementing a risk-prone and unregulated oil extraction strategy with little efforts to mitigate the negative impacts on communities. Secondly, structural issues such as the resource curse, pervasive corruption, and patronage, undermine any attempt to equitably engage community stakeholders, or even make any significant impact on their living conditions. Thirdly, Shell's limited engagement with the government and attempt to distance its CSR programme from the influence of the government appears to be counterproductive, a short-term approach to a long-term problem. The government remains an important and necessary partner, if Shell is to achieve any significant development outcomes. This is also important if only to maintain the company's social licence to operate in Nigeria. The latter is all the more important given the evidence that neither the government nor Shell have been able to control communities, despite massive use of coercive force in the past, followed, in the recent years with massive CSR investments.

9.3 Research findings and implications for theory building

The findings have highlighted that there are internal and external benefits to the firm, through CSR policies. Firstly, the firm benefits from the knowledge that flows from external stakeholders to strengthen the company's knowledge base which needed to be more in tune with society, and more competitive. By engaging with NGOs and development agencies and international organisations, and academics, Shell was able to develop a robust knowledge base that has enabled the company to better adjust to institutional changes, and adequately respond to societal expectations. However, none of the perspectives applied explained why communities are persistently protesting against Shell, despite the oil MNC's massive investment in development projects to the benefits of these communities (See Section 7.4).

The thesis has sought to bring 'stakeholder engagement' within the life of the organisation, enabling us to explore how stakeholders may affect the practices of the organisation. This was achieved by studying the relations between stakeholders and Shell in the Nigerian context, how participating stakeholders gain legitimate access to the stakeholder status and what means they find and deploy to influence Shell Nigeria's CSR processes in relation to their respective objectives. In addition, the thesis has brought the concept of power to the centre of stakeholder theory. Power has often been approached from the perspective of self-interest maximising behaviour of stakeholders using their capacity to aid or impede business interests in their favour. We have introduced the notion of relational power exercised through company-stakeholder interactions. This is related to the capacity of actors to leverage the resources in their possession in order to gain bargaining advantage (See Section 2.5.2).

The evidence suggests that Shell has far more financial resources, know-how and access to information than its stakeholders in the local oil sector. The company has made use of its relational power to gain discursive advantage over local stakeholders while seeking to manage its reputation and operational risks. Shell's stakeholder engagement has yielded clear reputational advantages, and has in the years since 1997 helped to restore its legitimacy and reputation.

However, this perspective fails to explain why local community stakeholders are not satisfied with the oil MNC, despite the efforts (See Section 7.4). There is little indication that the oil MNC has restored trust and legitimately established itself amongst communities that are directly affected by oil production.

The analysis conducted in this thesis has led to a number of important empirical as well as conceptual conclusions. Firstly, corporate social responsibility initiatives are not necessarily aligned with access to a social licence to operate. Many examples of community revolts, acts of vandalism targeting Shell which have increased in intensity and sophistication is strong evidence to suggest that CSR investments do not necessarily guarantee a licence to operate to the company. Community uprisings continue to undermine the company's reputation despite its colossal efforts, in the last 8 years, to improve its practices.

Secondly, Shell has demonstrated an ambiguous relationship with the Nigerian Government. Whereas the two have been close partners in the oil exploitation and development in Nigeria, and while Nigeria has a share in the overall Shell investment in Shell's CSR programmes, the government has taken a back seat, and does not seem to engage actively, if at all, with Shell's CSR agenda and CSR initiatives in the country. While investing in CSR initiatives, the oil company avoids being perceived as a replacement for the government. Indeed, being perceived as the provider of citizens' rights such as described by Matten and Crane, (2005), would backfire in terms of its strategic business interests in the long term

Thirdly, it appears that on many occasions, Shell's executives have pointed their fingers at the government, blaming the latter for failing to take its responsibility to provide civil and social rights to the people living in oil producing regions who have been affected by the negative impacts of the oil industry. As such, Shell has been desperate to argue that the government failure to provide adequate structurally enabling conditions, leading to the failure of CSR programmes in achieving development objectives in the region.

Fourth, the current framework for stakeholder engagement remains ineffective in providing the right stakeholder representation in the CSR process and in enabling the different, sometimes discordant voices to find their expression throughout CSR processes. While the thesis has investigated local CSR practices of Shell, it appears that the success of new corporate practices does not solely depend on the content and modes of implementation (internal business systems) of the company's CSR policies.

9.4 Areas for further research

This study showed that the main challenges facing Shell's CSR initiatives in Nigeria are linked, firstly, with the context in which these policies are implemented. While expectations are formed within the institutional context, a particular manifestation of corporate culture is strongly dependent on the social context in which the organisation is embedded, i.e. corporate employees, the people they know and the social and cultural systems that surround them. Hence, corporate practices and identity are distributed beyond the organisation. In this sense, further research on how the local cultural contexts shape local CSR policy outcomes would advance our understanding of the localisation of CSR policies.

Secondly, the fact that government appears to be out of the CSR process has far-reaching implications with regard to what Shell's CSR influence can achieve in influencing Nigeria's development policy, and obtaining government active participation in Shell's CSR initiative both to reinforce the role of the company and complement its development action. As such, further research is needed to examine the ways in which the CSR agenda of MNCs may be better integrated with the development framework of the host state in developing countries, and, vice versa, explore the mechanisms that would allow government participation to be at the core of the corporate CSR agenda. My assumption is that such corporate-government collaboration in developing and implementing CSR policies in a host developing country may prove to be a valuable opportunity for the MNC to actively participate and positively influence national development policy, while government involvement with the company's CSR processes would be a valuable source of capacity development (in terms of know-how) that may strengthen government policy action.

Such collaboration would generally provide a better platform for representation. It would bring the state to the centre of Shell's CSR agenda in Nigeria, while providing the oil MNC with a legitimate platform to engage the government on its development agenda for the provision of much needed welfare services to the communities in the oil producing regions and beyond. The consociation may ultimately provide a platform where the voices of communities in oil producing regions may find expression. Similarly, the oil MNC may through partnership entrust the government with the implementation of certain aspects of the CSR programme (in the same way that some CSR programmes are implemented through partnerships with the civil society), hence fostering trust and commitment. This consociation promises to provide a platform on which stakeholder legitimacy is negotiated as it relates to the provision of development, representation and transparency, and ultimately a better protection of corporate reputation and a social licence to operate.

Further research would explore whether a consociational approach for implementing CSR policies and initiatives through closer corporate-host country collaboration could help solve persistent discontent amongst communities, in order to actively provide the enabling environment for CSR to achieve maximum development outcomes.

Bibliography

Abbott, W. F. and Monson, R. M. (1979). On the measurement of corporate social responsibility: Self-reported disclosure as a method of measuring corporate social involvement, *Academy of Management Journal*, 22, 501–515.

Abrahams, D. (2004). *Regulating Corporations: A Resource Guide*. United Nations Research Institute for Social Development, Geneva.

Acemoglu, D., Johnson, S. and Robinson J. A. (2001). The Colonial Origins of Comparative Development: an Empirical Investigation, *American Economic Review* 91(5), 1369-1401.

Ackerman, R.W. (1973). How Companies Respond to Social Demand, *Harvard Business Review,* July-August, 88-98.

Acutt, N., Hamman, R., Carter, A. and Kapelus, P. (2001). *Towards Evidence of the Cost of Benefits of Tri-Sector Partnerships.* Working paper No. 10, Business Partners for Development Natural Resource, London.

Adeola A. (2000) Analysis of Energy Pricing Policy in Nigeria. An application of the CGE Model. Research for development, Nigerian Institute of Social Science Research.

Adepetun S.; Segun K. (1996). Nigeria - The Liquefied Natural Gas Project, *Energy Policy,* 24(6),593-596(4)

African Development Bank (ADB). 2007. Selected statistics on African countries. Economic and Social Statistics Division, Volume 26 (1-300), Tunis.

Agle, B.R., Mitchell, R. K. and Sonnenfeld, J.A. (1999). Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values, *Academy of Management Journal*, 42(5), 507-525.

Akpan, W. (2006). Between responsibility and Rhetoric: Some Consequences of CSR Practices in Nigeria's Oil Province, *Development Southern Africa*, 23 (2), 223-240.

Alao, A. C. (2007). *Natural Resources and Conflict in Africa: Tragedy of Endowment*, Rochester, University of Rochester Press.

Altman, B. W., and Vidaver-Cohen, D. (2000). A framework for understanding corporate citizenship, *Business and Society Review*, 105, 1-8.

Amaeshi, M. K., Adi, B. and Amao, O. (2006). *Corporate Responsibility in Nigeria: Western Mimicry or Indigenous Practice*, International Centre for Corporate Social Responsibility, Research Paper Series 39, Nottingham University, UK.

Amalric, F., Donna, K., Sanjay, R., and O'Sullivan, M. (2000). Can CSR Make Contribution to International Solidarity and the Quest for Social Justice in the South, *Development,* 47 (3), 3-8.

Amnesty International Report 2002c. Nigeria: Security forces: Serving to protect and respect human rights? Retrieved online at http://www.amnesty.org/en/library/info/AFR44/023/2002, (accessed on 09/11/2003).

Anderson E. W., Fornell, C. and Lehmann, L. D. (1994). Customer Satisfaction, Market Share, and Profitability: Findings from Sweden. *Journal of Marketing*, 58(3), 53–66.

Anderson, Alison (1997). *Media, Culture and The Environment*. London:. UCL Press.

Andriof, J., Waddock, S. Husted, B., and Rahman, S. (2002) (eds.), *Unfolding Stakeholder Thinking*, Sheffield, Greenleaf Publishing Limited.

Andriof, J., Waddock, S. (2002). "Unfolding Stakeholder Engagement" in Andriof, J. Waddock, S., Husted, B., and Rahman, S. (2002) (eds.), *Unfolding Stakeholder Thinking*, Sheffield, Greenleaf Publishing Limited.

Andriof J. and McIntosh M. 2001(eds). *Perspectives on Corporate Citizenship,* Sheffield, Greenleaf Publishing Limited.

Aprioku, I. M. (2003). Oil-spill Disaster and Rural Hazardscape of Eastern Nigeria, *Geoforum*, 34, 99-112.

Argyris, C. (1969). "Diagnosing defenses against the outsider" in McCall, G. & Simmons, J. L. (eds.) *Issues in participant observation.* Reading, Mass., Addison-Wesley.

Arlow, P. and Gannon, M. J. (1982). Social responsiveness, corporate structure and economic performance. *Academy of Management Review,* 7, 235-241.

Ashton-Jones N., Susi, A. and Oronto, D. (1998). *The Human Ecosystems of the Niger Delta: An Era Handbook.* London: Environmental Rights Action.

Atkinson, G. and Hamilton, K. (2003) Savings, growth and the resource curse hypothesis, *World Development*, 31(11), 1793–1807

Aupperle, K. E., Carroll, A.. B. and Hatfield, J. D. (1985). An empirical examination of the relationship between corporate social responsibility and profitability, *Academy of Management Journal,* 28, 446-463.

Austin, R. W. (1965). Who has the Responsibility for Social Change, *Harvard Business Review*, July/August: 45-52.

Bansal, P. (2005). Evolving sustainability: A longitudinal study of corporate sustainable development, *Strategic Management Review*, 26, 197–218.

Barnett, R.J., and Mueller, R. E. (1974). *Global Reach: The Power of the Multinational Corporations*, New York, Simon and Schuster.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 17(1), 99-120.

Barney, J., Ray, G., and Muhanna, W. (2004). Capabilities, business processes, and competitive advantage: Choosing the dependent variable in empirical tests of the resource-based view, *Strategic Management Journal* 25 (1), 23-37.

Barrows, G. (1988). "A Survey of Incentives in Recent Petroleum Contracts," in *Petroleum Investment Policies in Developing Countries*, ed. by Beredjick, N. and T. Wälde, Graham & Trotman, London.

Barrows, G.1997. *World Fiscal Systems for Oil*, The Barrows Company Inc.

Baskin, J. (2006). *Value, Values and Sustainability: Corporate Responsibility in Emerging Market Companies*, Cambridge Programme for Industry, Working Paper Series (October 1, 2006).

BBC, 24 November (2002) *Nigeria Riots Toll 'Passes 200.* Retrieved online at http://www.news.bbc.co.uk/l/hi/world/Africa/ (accessed 3 April 2003) .

Beaulieu, S. and Pasquero, J. (2002). 'Reintroducing stakeholder dynamics' in Andriof, J. Waddock, S., Husted, B., and Rahman, S. (2002) (eds.), *Unfolding Stakeholder Thinking*, Sheffield, Greenleaf Publishing Limited.

Beck, U. (1992). *Risk Society: Towards a New Modernity*, London, Sage.

Bendell, J. (2004). *Barricades and Boardrooms. A Contemporary History of the Corporate Accountability Movement,* UNRISD.

Bendell, J. and Murphy D. F. (2002). 'Towards Civil Regulation: NGOs and the Politics of Corporate Environmentalism' In Utting, P. *The Greening of Business in Developing Countries Rhetoric, Reality and Prospects*, London, Zed Books.

Bendell, J. E. (2000). *Terms for endearment: business, NGOs and sustainable development,* Sheffield, Greenleaf.

Bendheim, C., Catherine L., Waddock, S. and Graves, S. B. (1998). Determining Best Practice in Corporate-Stakeholder Relations Using Data Envelopment Analysis, *Business & Society,* 37 (3), 305-338.

Berger, P. and Luckmann, T. (1967). *The Social Construction of Reality,* London, Allen Lane.

Bergsten, C.F., 1975. 'On the non-equivalence of import quotas and 'voluntary' export restraints'. In: Bergsten (ed.) 1975. *Toward a new world trade policy: The Maidenhead Papers*, MA, Lexington Books.

Bernauer, T. and Achini, C. (2000). From Real to Virtual States? Integration of the World Economy and its Effects on Government Activity , *European Journal of International Relations* 6(2), 223–276 .

Bhagwati, J., (1982). Directly-Unproductive Profit-Seeking (DUP) Activities, *Journal of Political Economy,* 90, 988 – 1002.

Bhattacharya C. B. and Sen, S. (2004). Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives, *California Management Review*, 47(1), 9–24.

Biersteker, T. J. (1987), *Multinationals, the State, and Control of the Nigerian Economy.* Princeton, NJ: Princeton University Press.

Blanchard, (2004). *Fiscal Dominance and Inflation Targeting: Lessons from Brazil*, NBER Working Paper.

Blowfield, M.E., Frynas, J. G. (2005). Setting New Agenda: Critical Perspectives on Corporate Social Responsibility in the Developing World, *International Affairs*, 80(3), 499-513.

Blowfield, M.E. (2004). Implementation deficits of ethical trade systems: lessons from the Indonesian cocoa and timber industries, *Journal of Corporate Citizenship*, 13, 77-90.

Blowfield, M. (2003). Ethical Supply Chains in the cocoa, coffee and tea industries. *Greener Management, Internationa,l* 43, 15-24.

Boele, R., Fabig, H. and Wheeler, D. (2001). Shell, Nigeria and the Ogoni - A study in Unsustainable Development II - Corporate Social Responsibility and Stakeholder Management' versus a Rights-Based Approach to Sustainable Development' in *Journal of Sustainable Development*, 9(3), 121-135.

Boele, R., Fabig, H. & Wheeler, D. (2001a). Shell, Nigeria and the Ogoni - A study in Unsustainable Development I - The Story of Shell, Nigeria and the Ogoni People - Environment, Economy, Relationships: Conflict and Prospects for Resolution, *Journal of Sustainable Development*, 9(2), 74-86.

Boli, J. and D. Hartsuiker. (2001) (ed.), *World Culture and Transnational Corporations: Sketch of a Project.* International Conference on Effects of and Responses to Globalization, Istanbul.

Bowen, H. (1953). *Social responsibilities of the Businessman,* New York, Harper.

Bowen, William. (2002). An Analytic Review of Environmental Justice Research: What Do We Really Know, *Environmental Management,* 29,3-15.

Bowie, N.E. (1988). 'The Moral Obligations of Multinational Corporations' in Luper-Foy, S. (eds.), *Problems of International Justice*, Boulder, Colo, Westview Press.

Branco, M.C. and Rodriguez L.L. (2006). Corporate Social Responsibility and Resource-Based Perspectives, *Journal of Business Ethics*, 69, 111-132.

Brannen, J. (1992). Combining qualitative and quantitative approaches: an overview. In Brannen, J. (ed) *Mixing Methods: Qualitative and Quantitative Research*. Aldershot: Avebury.

Bryman, A. (2004). *Social Research Methods*, 2nd Edition. Oxford University Press.

Burton, D. (2000). *Research training for social scientists : a handbook for postgraduate researchers*, London, Sage.

Bryman, A. (1988). *Quantity and Quality in Social Research*, London, Routledge.

Bryman, A.(1984). The Debate about Quantitative and Qualitative Research: A Question of Method or Epistemology, *The British Journal of Sociology*, 35(1), 75-92.

Bucholz, R.A. (1991). Corporate social responsibility and the good society: from economics to ecology, *Business Horizons*, No.July-August, pp.19-31.

Bullard, R. D. (1993) Solid Waste Sites and the Houston Black Community, *Sociological Inquiry, 53*, 273-288.

Bullard, R. D. (ed.) (1993). *Confronting Environmental Racism: Voices from the Grassroots*, Boston, MA, South End Press.

Bullard, R. D. (1994a). *Dumping in Dixie: Race, Class, and Environmental Quality*, Boulder, CO, Westview Press.

Bullard, R. D. (ed.) (1994b). *Unequal Protection: Environmental Justice and Communities of Color*, San Francisco, CA, Sierra Club Press.

Burke L., Logsdon J.M., Mitchell W., Reiner M., Vogel D. (1986). Corporate community involvement in San Francisco Bay area, *California Management Review 28*(3), 122–141.

Burke, M.E. (1999). *Corporate Community Relations: The Principles of the Neighbor of Choice*, London, Quorum Books.

Burt, R. S. (1983). Corporate Philanthropy as a Cooptive Relation, *Social Forces* 62, 419-449.

Campbell, D. T. (1975). Degrees of freedom and the case study. *Comparative Political Studies*, *8*(1), 178-191.

Canagarajah, S. and Saji, T (2001). Poverty in a Wealth Economy: The Case of Nigeria, *Journal of African Economies*, 10(2), 143-173.

Capek, S. M. (1993). The "Environmental Justice" Frame: A Conceptual Discussion and an Application, *Social Problems* 40(1), 5–24.

Carroll, *A.B. (*1999*)* corporate social responsibility-*evolution of a definitional construct. Business & Society, 38: 268-295*

Carroll, A. B. (1991). Corporate Social responsibility: evolution of a definitional construct, *Academy of Management Review,* 38, 268-95.

Carroll, G. R. and M. T. Hannan (1989). Density Dependence in the Evolution of Populations of Newspaper Organisations. *American Sociological Review,* 54(4), 24-541.

Christian Aid, (2004). *Oil and Gas Crisis and Political Risk: Shared Concerns for Investors and Producer Communities*. Retrieved online at http://www.stakeholderdemocracy.org/pdf/shell04sm.pdf (Accessed on 8/4/2006).

Christian Aid (2004). *Behind the mask: the real face of corporate social responsibility.* Retrieved online at http://www.globalpolicy.org/socecon/tncs/2004/0121mask.pdf. (accessed on 8/4/2005).

Christian Aid (2003). *Behind the Shine: The Other Shell Report 2003.* Retrieved online at www.foe.co.uk/resource/reports/behind_shine.pdf (accessed on 8/4/2004)

Clapp, J. (2001). *Toxic Exports: The Transfer of Hazardous Wastes from Rich to Poor Countries.* Ithaca, NY: Cornell University Press

Clarke, M. (1975). Survival in the field: Implications of personal experience in field-work, *Theory and Society,* 2, 95-123.

Clarkson, M.B.E. (1995). A stakeholder framework for analysing and evaluating corporate social performance', *Academy of Management Review,* 20, 92-117.

Clegg, S. (1989). *Frameworks of Power*, London, Sage.

Coase, R. H. (1937). The Nature of the Firm , *Economica*, 4, 386- 405.

Cohen, W. and Levinthal, D. (1990). Absorptive Capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35: 128-152.

Collier, P., and Hoeffler, A. (1998). On Economic Causes of Civil War, *Oxford Economic Papers* 50, 563-573.

Conner, K. R. and Prahalad, C. K.(1996). A resource-based theory of the firm: Knowledge versus opportunism, *Organization Science*, 7(5), 477-501.
Creswell, J. (1998). *Qualitative Inquiry and Research Design; Choosing Among Five Traditions*. London, New Delhi, Thousand Oaks, Sage Publications.

Cullen R. and Calvert P.J. (1995). Stakeholder perceptions of university library effectiveness. *Journal of Academic Librarianship,* 21 (6), 438-448.

Daly, H and Townsend, K. (1993). *Valuing the Earth: Economics*, Ecology, Ethics, Boston, Mass: MIT Press.

Davis, K. (1973) The case for and against business assumption of social responsibilities, *Academy of Management Journal*, 16(2), 312-22.

Davis, K. (1967). Understanding the social responsibility puzzle: What does the businessman owe to society?, *Business Horizons* 10 (4), 45–50.

Davis, K. (1960). Can business afford to ignore social responsibilities?, *California Management Review* 2(3), 70–76.

Di Chiro, G. (1996). 'Nature as Community: The Convergence of Environment and Social Justice', In Cronnen, W.(1996)(ed.), *Uncommon Ground: Rethinking the Human Place in Nature,* Norton, New York, 1996, 298-320.

Dickens, P. (1998). *Global Shift -Transforming the World Economy,* Third Edition, London, Sage.

DiMaggio, P.J & Powell, W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields, *American Sociological Review*, 48, 147-160.

Dobson, A. (1988). *Justice and the environment: Conceptions of environmental sustainability and theories of distributive justice.* New York: Oxford University Press.

Donaldson, T., and Dunfee, T. W. (2000). Ties That Bind: A Social Contracts Approach to Business Ethics, *Journal of Business Ethics* 28(4), 383-387.

Donaldson, T., and Dunfee, T.W. (1999). When ethics travel: the promise and peril of global business ethics, *California Management Review*, 41(4), 45-63.

Donaldson, T., Dunfee, T.W. (1994). Toward a unified conception of business ethics: integrative social contracts theory, *Academy of Management Review*, 19 (2), 252-84.

Donaldson, T., & Preston, L. E.(1995). The stakeholder theory of the corporation. *Academy of Management Review,* 20, 65–91.

Donaldson, T. (1982). *Corporations and Morality*, Englewood Cliffs, NJ, Prentice-Hall.

Doremus, P.N., Keller, W.M., Pauly, L.W., and Reich, S. (1998). *The myth of the global corporation,* Princeton, Princeton University Press.

Dowie, M. (1995). *Loosing ground: American Environmentalism at the close of the Twentieth Century*, Mass.: MIT Press.

Dowling, J. and Pfeffer, J. (1975). Organisational legitimacy: Social values and organisational behaviour, *Pacific Sociological Review*, 18 (1), 122-136.

Dryzek, J (1997). *The Politics of the Earth: Environmental Discourses*, Oxford, Oxford University Press.

Dunn, C., (1991). Are Corporations Inherently Wicked?, *Business Horizons*, July-August 1991, 3-8.

Dunning, J. H. (2002). *Global capitalism, FDI and competitiveness*, Cheltenham: Edward Elgar.

Dunning, J. H. (1997). *Governments, globalization, and international business,* Oxford, Oxford University Press.

Duruigbo, E. (2003). *Multinational corporations and international law : accountability and compliance issues in the petroleum industry,* Ardsley, NY, Transnational Publishers.

Eberstadt, N. (1973). What History Tells Us About Corporate Responsibilities, *Business and Society Review,* 7, 76-81.

Eisenhardt, K. M., (1989). Building Theories From Case Study Research, Academy *Of Management Review,* 14(4) 532-550.

Elbing, A, Elbing, C. (1967). *The Value Issue of Business,* New York, NY, McGraw-Hill.

Elbing, A. O. (1970). Value Issue of Business: responsibility of Businessmen, *Academy of Management Journal,* 16, 79-89.

Elkins, P. (1977). *Catching Freshwater Striped Bass. The Fish of the Future,* EPM: McLean.

Environews, 2007. Spheres of Influence. *Environmental Health Perspectives,* Volume 115 (10).

Epstein, R. A. (1985). Takings: Private Property and the Power of Eminent Domain, Cambridge, Mass.: Harvard University Press.

European Chemical Industry Council, "Responsible Care," *http://www.cefic.be/activities/hse/rc/ (accessed 11 February* 2002*).*

Erikson, R.V., Baranek, P.M., and Chan, J.B.L. (1991). *Representing Order : Crime, Law, and Justice in the News Media.* Toronto: University of Toronto Press.

Foucault, M (1980) Power/Knowledge: Selected Interviews and Other Writings, 1972-1977, Pantheon, New York.

Feagin, J., Orum, A., & Sjoberg, G. (Eds.), (1991). *A case for case study.* Chapel Hill, NC: University of North Carolina Press.

Fee, D. (1988). *Petroleum Exploitation Strategy*, London, Belhaven Press

Fig, D. (2005). Manufacturing Amnesia: Corporate Social responsibility in South Africa, *International Affairs*, 31 (3),599-617.

Fitch, G. (1976). Achieving Corporate Social Responsibility, *Academy of Management Review*, 1(1), 33-46.

Flyvbjerg, B. (1998). *Rationality and Power: Democracy in Practice*, Chicago, University of Chicago Press.

Fombrun C.J., Rindova V.P. (2000), The road to transparency: Reputation Management at Royal Dutch/Shell, in (a cura di) Scultz M., Hatch M.J., Larsen M.H. (2000), The expressive organization, Oxford University Press, New York.

Fombrun, C., & Shanley, M. (1990). What's in a name? Reputation building and corporate strategy, *Academy of Management Journal, 33*(2), 233-258.

Forrest, T. (1995), *Politics and Economic Development in Nigeria,* Boulder, CO., Westview Press:

Fortune Magazine 2007. *Fortune 500.* Retrieved at http://money.cnn.com/magazines/fortune/fortune500/2007/full_list/index.html (accessed on 11/02/2008).

Forster, G. (1994). Fishing the Net for Research Data, *British Journal of Educational Technology*, 25(2), 91-97.

Fox, T. (2004). Corporate social responsibility and development: in quest of an agenda, *Development*, 2004, 47(3), (29–36);

Fox, T. and Prescott, D. (2004). *Exploring the Role of Development Cooperation Agencies in Corporate Responsibility*, IIED/IBLF: London.

Fox, T., Ward, H., and Howard, B. (2002). *Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study*, Washington DC, World Bank.

Frankental, P. and House, F. (2000). *Human Rights: Is it any of Your Business*, London, Amnesty.

Frederick, W. C. (1960). The Growing Concern over Corporate Social Responsibility, *California Management Review*, 12(4), 54-61.

Frederick, W. C. (1983). Corporate Social Responsibility in the Reagan Era and Beyond, *California Management Review*, 25(3), 145-157.

Frederick W.C. (1978). *From CSR1 to CSR2: The maturing of business and society thought*, (Working Paper 279), Pittsburgh, PA, University of Pittsburgh Graduate School of Business .

Freeman, R. E. & Evan, W. M. (1990). Corporate governance: a stakeholder interpretation, *Journal of Behavioral Economics,* 19(4), 337-359.

Freeman, R. E. (1994). The politics of stakeholder theory, *Business Ethics Quarterly,* 4(4) 409–421.

Freeman, R. E. (1984). *Strategic Management: A stakeholder approach,* Boston, MA, Pitman.

Freeman, R. E. and Reed, D. (1983). Stockholders and Stakeholders: A New Perspective on Corporate Governance. *California Management Review*, 25 (3): 88-106.

French, H. F. (1997). When foreign investors pay for development. *World Watch, 10*(3), 9-17.

French, P. (1979). The Corporation as a moral person. *American Philosophical quarterly, 16*, 207-215.

Friedman, M. (1972). *Money and Economic Development.* New York: Praeger.

Friedman, M. (1970 September 13). The Social Responsibility of Business is to Increase its Profits, *New York Times*, 33.

Friedman, M. (1962). *Capitalism and Freedom,* Chicago: University of Chicago Press.

Friends of the Earth (FOE) (2004). *Behind the Shine. The other Shell Report*, London, Friends of the Earth.

Friends of the Earth. (2003). *Behind the shine. The other Shell Report.* Retrieved online at http://www.foe.co.uk/resource/reports/behind_shine.pdf ,(accessed on 08/02/2006).

Friends of the Earth (2002). *Failing the challenge. The Other Shell Report.* Retrieved online at http://www.foe.co.uk/resource/reports/failing_challenge.pdf (ccessed on 08/02/2006).

Friends of the Earth. 2004. *Not Learned. The Other Shell Report*, Retrieved online at http://www.foe.co.uk/resource/reports/lessons_not_learned.pdf, (accessed on 08/02/2006).

Frynas, J.G. (2005). The false developmental promise of corporate social responsibility: evidence from multinational oil companies, *International Affairs*, 81(3), 581–598.

Frynas, J. G. (2001). Problems of access to courts in Nigeria: results of a survey of legal practitioners, *Social & Legal Studies* 10, 3: 397–419.

Frynas, J (2000). *Oil in Nigeria: Conflict and Litigation between Oil Companies and Village Communities*, Germany, Lit. Verlag.

Fuchs, D. A. (2004, Mar). "Channels and Dimensions of Business Power in Global Governance" Paper presented at the annual meeting of the International Studies Association, Le Centre Sheraton Hotel, Montreal, Quebec *Canada.*

Galbreath, J. (2005). Which resources matter the most to firm success? An exploratory study of resource based theory?, *Technovation* 25(9), 979–987.

Gans, Herbert J. (1962). *The Urban Villagers: Group and Class in the Life of Italian-Americans*, New York: Free Press.

Garriga, E. & D. Melé. (2004). Corporate Social Responsibility Theories: Mapping the Territory, *Journal of Business Ethics*, 53 (1-2), 51-71.

Gibson, R. (ed.) (1999). *Voluntary Initiatives and the New Politics of Corporate Greening*, Peterborough: Broadview Press

Giddens, A. (1976). *New Rules of Sociological Method: a Positive Critique of interpretative Sociologies*. London : Hutchinson.

Giddens, A. (1979). *Central problems in Social Theory : Action, Structure and Contradiction in Social Analysis*. London : Macmillan.

Giddens, A. (1984), *The Constitution of Society. Outline of the Theory of Structuration*, Cambridge: Polity Press.

Giddens, A. (1994). *Beyond Left and Right — the Future of Radical Politics*. Cambridge : Polity Press.

Gilpin, R. (2001) *Global Political Economy, Understanding the International Economic Order*, Princeton University Press.

Glaser, B.G., & Strauss, A.L. (1967). The *Discovery of Grounded Theory: Strategies for Qualitative Research*, Chicago: Aldine Pub. Co.

Goldstein, A. (2002). The political economy of high-tech industries in developing countries: aerospace in Brazil, Indonesia and South Africa, *Cambridge Journal of Economics*, 26(4), 521-538.

Gond, J.-P and Matten D. (2007). *Capturing the corporation-society interface: toward a pluralistic view of CSR*, Academy of Management Conference, Philadelphia, August 2007.

Gottlieb, R. (1993). *Forcing the Spring: The Transformation of the American Environmental Movement*, Washington, DC, Island Press.

Gouldson, A., and Murphy, J. (1998). *Regulatory Realities: The Implementation and Impact of Industrial Environmental Regulation*, London, Earthscan.

Gray, R.H., Dey, C., Owen, D.L., Evans, R. and Zadek, S. (1997). Struggling with the Praxis of Social Accounting: Stakeholders, Accountability, Audits and Procedures, *Accounting, Auditing and Accountability Journal,* Vol. 10(3), 325-364.

Greenfield, W. M. (2004). In the Name of Corporate Social responsibility, *Business Horizons*, 47 (1), 19-28.

Greening, D. W. and Turban, D. B. (2000). Corporate social performance as a competitive advantage in attracting a quality workforce, *Business and Society Review,* 39 (3), 254-280.

Grossman, K. (1994). 'The people of color environmental summit' In Bullard, R. D. (1994b) (ed.) *Unequal Protection: Environmental Justice and Communities of Color*, San Francisco: Sierra Club Books, 272-297

Guarini, E. and Nidasio, C. (2003). CSR Role in Public-Private Partnerships: Models of Governance. Paper presented at the research track 6 The Policy Framework/The Societal Context, *2nd Annual Colloquium of the European Academy of Business in Society*, Copenhagen.

Habermas J. (1984). *The theory of communicative rationalization of society*, Polity Press, Cambridge.

Hajer, M.A. (1995). *The Politics of Environmental Discourse - Ecological Modernization and the Policy Process,* Oxford, Oxford University Press.

Hall, R. and Jones, C.I. (1999). Why Do Some Countries Produce So Much More Output per Worker than Others? *Quarterly Journal of Economics* 114, 83–116.

Hamel, J., Dufour, S., & Fortin, D. (1993). *Case study methods*. Newbury Park, CA: Sage Publications.

Hamman, R. (2006). Can Business Make Decisive Contributions to Development? Towards a Research Agenda on Corporate Citizenship and Beyond, *Development Southern Africa*, 23(2), 175-195.

Hammersley, M. (1992). 'Deconstructing the Qualitative-Quantitative Divide' in Brannen, J. (eds.), *Mixing Methods: Qualitative and Quantitative Research*, Avebury, Aldershot, pp.39-55.

Hartman. C. L. and Stafford E.R. (1997). Green Alliances: Building New Business with Environmental Groups, *Long Range Planning*, 30 (1), 84- 196

Harvey, D. (1996). *Justice, Nature & The geography and Difference.* Oxford, Blackwell.

Hawken, P. (1994). *The Ecology of commerce: A Declaration for Sustainability.* New York, Harper Business.

Held, *D. and McGrew, A., Goldblatt, D. and Perraton, J. (*1999*),* Global Transformations*: Politics,Economics and Culture , Polity Press, Cambridge.*

Henderson, D. (2001). The case against 'Corporate Social Responsibility, *Policy* 17(2), 28-32.

Herod, A. (1999). Reflections on interviewing foreign élites: praxis, positionality, validity and the cult of the insider. *Geoforum* 30, 313–27.

Hertz, N. (2001). *The Silent Takeover: Global Capitalism and the Death of Democracy*, London, Collins.

Hillman, A.J., and Klein, G.D. (2001) Shareholders, stakeholders and social issue, *Strategic Management Journal* 22 (2001), pp. 125–139.

Hoffman, A. & Ventresca, M. (2002). *Organizations, Policy and the Natural Environment: Institutional and Strategic Perspectives*, Stanford, CA., Stanford University Press:

Hoffman, A. J. (2000). *Competitive environmental strategy: a guide to the changing business landscape,* Washington, D.C., Island Press.

Hollender, J. (2004). What Matters Most: Corporate Values and Social responsibility, *California Management Review*, 46(4), 111-119.

Holiday et. Al (2002). *Walking the Talk. The Business Case for Sustainable Development*, Sheffield, Greenleaf Publishing Limited,.

Holmes, L. S. (1976). Executive Perceptions of Corporate Social Responsibility, *Business Horizons*, 19(3), 34-40.

Howard-Grenville and Hoffman, A.(2003). The importance of cultural framing to the success of social initiatives in business. *Academy of Management Executive*, 2003, 17(2): 70-84.

Human Rights Watch (2004). *Nigeria: Under Islamic Law, Rights Still Unprotected. Retrieved online at http://www.boellnigeria.org/documents/SIDOP/SIDOP-HRWReportReviews.pdf (accessed on 02/08/2005).*

Human Rights Watch. *World Report 2002. Nigeria.* Retrieved online at http://www.hrw.org/wr2k3/africa8.html accessed on 09/03/2004. *(accessed on 02/08/2005).*

Human Rights Watch (1996). *NIGERIA "PERMANENT TRANSITION". Current Violations of Human Rights in Nigeria.* Retrieved online at http://www.hrw.org/reports/1996/Nigeria.htm *(accessed on 02/08/2005).*

Humphreys, D. (2000). A Business Perspective on Community Relations in Mining, *Resources Policy*, 26, 127-131.

Idemudia, U. 2007. Community Perceptions and Expectations: Reinventing the Wheels of Corporate Social Responsibility Practices in the Nigerian Oil Industry, *Business & Society Review,* 112, 3 (369-405).

Idemudia, U. and Ite, U. E. (2006a). Corporate-Community Relations in Nigeria's Oil Industry: Challenges and Imperatives. *Corporate SocialRresponsibility and Environmental Management Journal*, 13, 194-2006.

Ite, U. E. (2006). Poverty Reduction in Resources-Rich Developing Countries: What Have the Multinational Corporations Got to Do with It?, *Journal of International Development*, 17, 913-929.

Ite, U. E. (2004). Multinationals and Corporate Social Responsibility in developing Countries: A Case Study of Nigeria, *Corporate Social Responsibility and Environmental Management Journal,* 11, 1-11.

Jamison A. (1996). 'The shaping of the global environmental agenda: the role of non-governmental organisations', In Lash, S., Szerszynski, B. and Wynne B.(eds.), *Risk, Environment and Modernity,* London, Sage, pp. 224 –245

Jenkins, R. (2005). Globalisation, Corporate Social Responsibility and Poverty, *International Affairs*, 81 (3), 525-540.

Jenkins, H. (2004). A critique of conventional CSR theory: An SME perspective, *Journal of General Management,* 29(4) 37-57

Jenkins, R. (2001). *Corporate Codes of Conduct: Self-regulation in a Global Economy. Technology, Business and Society Programme*, Working Paper 2., Geneva: UNRISD.

Jenkins, R. (1987). *Transnational Corporations and Uneven Development: The Internationalisation of Capital in the Third World*, London, Methuen.

Jensen, M.C. (2002). Value maximization, stakeholder theory, and the corporate objective function, *Business Ethics Quarterly,* 12 (2), 235-56.

Jensen, M.C. (2001). Corporate budgeting is broken? let's fix it, *Harvard Business Review*, 79 (1), 94-101.

Jensen, M. C., and Meckling, W.H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure, *Journal of Financial Economics* 3(4), 305-360.

Jones, T. (1980). Corporate social responsibility, revisited, redefined. *California Management Review* 111 (2), 59-67

Jones, T. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics, *Academy of Management Review*, 20, 404-437.

Kaler, J. (2003a). Differentiating stakeholder theories, *Journal of Business Ethics*, 46(1), 71-83

Kaler, J. (2002a). Morality and Strategy in Stakeholder Identification, *Journal of Business Ethics,* 39(1–2), 91–99.

Kapelus, P. (2000). Mining, Corporate Social responsibility and he 'Community': The Case of Rio Tinto, Richards Bay Minerals and the Mbonambi, *Journal of Busiess Ethics*, 39(3), 275-296.

Kanter, R. (1999). Change is everyone's job: Managing the extended enterprise in a globally connected world, *Organizational Dynamics*, 28(1), 7-23.

Karliner, J. (1997). *The Corporate Planet: Ecology and Politics in the Age of Globalization,* San Francisco: Sierra Club Books.

Khan, S.A. (1994). *Nigeria: The Political Economy of Oil*, Oxford, Oxford University Press

Klassen, R.D. and McLaughlin, C. P. (1996). .The impact of environmental management on firm performance, *Management Science*, 42, 1199-214.

Klein, L. (1976). *Social Scientist Industry,* London, Gower.

Klepper, A. and Mackler, S. (1986). 'Screening Requests for Corporate Contributions' In (ed.). New York: The Conference Board.

Klinenberg, E.(1999). Denaturalizing Disaster: A Social Autopsy of the 1995 Chicago Heat Wave, *Theory and Society*, 28, 239–295.

Koenig-Archibugi, M. (2005). 'Transnational Corporations and Public Accountability' In Held D. and Koenig-Archibugi M.(eds.), *Global Governance and Public Accountability*, Oxford, Blackwell.

Kolk, A. and R. van Tulder (2000). Child labor and multinational conduct: a comparison of international business and stakeholder codes, *Journal of Business Ethics* 36, 291–301

Korten, D. (1995). *When Corporations Rule the World*, San Francisco, CA., Berrett-Koehler Publishers.

Kotler, P., Lee, N. (2005). *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, New York, NY, Wiley.

Kuhn T. S. (1970). *The Structure of Scientific Revolutions*, 2nd. ed., Chicago: Univ. of Chicago Press.

Kvale, S. (1996). *Interviews: An Introduction to Qualitative Research Interviewing*, London: Sage Publications.

Lall, S. (2000). *Coping with Globalization: Transnational, Industrial Restructuring and Competitiveness in Developing Countries*, Geneva, Report, UNCTAD.

Lall, S. (2000). 'FDI and Development: Research issues in the Emerging Context', In Bora, B. (ed.) *Research Issues in FDI*, London, Routledge.

Lawrence, A.T.(2002). 'The drivers of Stakeholder Engagement: reflections on the case of Royal Dutch/Shell', In J. Andriof, S. Waddock, B. Husted and S. Sutherland Rahman, (eds.), *Unfolding stakeholder thinking: theory, responsibility and engagement*, Sheffield, Greenleaf Publishing Ltd. pp. 187–199.

Lax, H.L. (1983). *Political Risk in the International Oil and Gas Industry*, Boston, International Human Resources Development Corporation.

Layder, D. (1985). Power, structure and agency, *Journal for the Theory of Social Behaviour*, 15, 131-149

Lazlo, C. (2003). *The Sustainable Company – How to create Lasting Value Through*
Social and Environmental Performance, Washington DC, Island Press.

Lerner, S.(2005). *Diamond: A Struggle for Environmental Justice in Louisiana's Chemical Corridor,* Cambridge, Mass., MIT Press.

Levitt, T. (1958). The Danger of Social responsibility, *Harvard Business Review*, 36(5), 41-50.

Lesourd, J-B, Schilizzi, S. and Pearce, D. (2002). *The Environment in Corporate Management : New Directions and Economic Insights*, Cheltenham (GBR), Edward Elgar.

Lodge, G. C. (1970(September-October)). Top Priority: Renovating Our Ideology, *Harvard Business Review* 43-55.

Love, R. A. and Love, M. C. (2003). 'Multinational corporations, power and responsibility' In M. C. Love (ed.), *Beyond Sovereignty. Issues for a Global Agenda*, New York: Thompson.

Love, M. G., Hensman, M. and Rodrigues, L. 2000. Private Sector Transsoverein actors-MNCs and NGOs. In Beyond Sovereignty: Issues for a Global Agenda, edited by M. C. Love. Boston: Bedford/St. Martin's.

Lund-Thomsen, P. (2004). Towards a Critical Framework on Corporate Social and Environmental Responsibility in the South: the case of Pakistan, Part of issue on corporate responsibilities, in *Development*, 47, no. 2, Palgrave Macmillan, September 2004.

Madeley, J. (1999). *Big Business, Poor Peoples. The Impact of Transnational Corporations on the World's Poor*, London, Zed Books.

Madeley, J. (1995). *Trade and the Poor: the impact of international trade on developing countries*, Intermediate Technology Publications.

Manby, B. (1999). The Role and responsibility of Oil Multinationals in Nigeria, *Journal of International Affairs*, 53 (1), 281-301.

Margolis, J.D. and Walsh, J.P. (2003). Misery loves companies: Rethinking social. initiatives by business. *Administrative Science Quarterly*, 48: 265-305.

Margolis, J. D., & Walsh, J. P. (2001). *People and Profit: The Search for a Link between a Company's Social and Financial Performance* , New Jersey, Lawrence Erlbaum Associates Publishers.

Markowitz, G., and Rosner, D. (2002). *Deceit and denial: The deadly politics of industrial disease.* Berkeley: University of California Press/Milbank Memorial Fund.

Marshall, C & Rossman, G. (1999). *Designing Qualitative Research*, London, Sage Publications.

Martinez-Alier, J. (2002). *The Environmentalism of the Poor: A Study of Ecological Conflicts and Valuation.* Cheltenham, Edward Elgar.

Matten, D. and Crane, A. (2005). Corporate Citizenship: Towards an extended theoretical conceptualization, *Academy of Management Review*, 30 (1), 166-179.

Matten, D., Crane, A., and Chapple, W. (2003). Behind the Mask: The True Face of Corporate Citizenship, *Journal of Business Ethics*, 45, 109-120.

Matthews, J. A. (2003). Competitive dynamics and economic learning: An extended resource based view. *Industrial and Corporate Change,* 12 (1), 115-145.

Matthews, J.A. (2002). A resource-based view of Schumpeterian economic dynamics, *Journal of Evolutionary Economics* 12(1), 29–54.

May, I. 1997. Social Research: Issues, Methods and Processes. Philadelphia: Open University Press

McGuire, J. W. (1963). *Business and Society*, New York, McGraw-Hill.

Mckie, J. W. (1974). Changing Views. In J. W. Mckie (ed.),*Social Responsibility and the Business Predicament*, Washington D.C., The Brookings Institution.

McWilliams, A., Siegel, D. and Wright, P. (2006). Corporate Social Responsibility: Strategic Implications. *Journal of Management Studies,* 43(1),1–18.

Meadows, D.H., Meadows, D.L., Randers, J. andBehrens, W.W. (1972). *The Limits to Growth*, New York, Universe.

Meyer, J. W. and Rowan, B. (1977). Institutionalized organizations: formal structure as myth and ceremony, *American Journal of Sociology*, 83, 340–63.

Mintzberg, H. (1983). The case for corporate social responsibility, *Journal of Business Strategy*, 4, 3-15.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts, *Academy of Management Review*, 22: 853-886.

Moldaschl, M. and Fischer, D. (2004). Beyond the Management View: a Resource-Centered Socio-Economic Perspective, *Management Revue*, Special Issue, 15(1), 122-152.

Moon, J., (2002). The Social Responsibility of Business and New Governance, *Government and Opposition*, 37 (3), 385-408.

Moore, G. (1999a). Corporate moral agency: review and implications. *Journal of Business Ethics,* 21, 329-43.

Morgan, D. H. J. (1992). The British Association scandal: The effect of publication on a sociological investigation, *Sociological review,* 20, 185-206.

Moser, T. (2001). MNCs and Sustainable Business Practice: The Case of Colombian and Peruvian Petroleum Industries. *World Development,* 29, 291-309.

Murphy, D.F., and Bendell, J. (1997). *In the Company of Partners: Business, Environmental Groups and Sustainable Development Post-Rio* Bristol, UK: The Policy Press.

Murphy R. (2004). Location, location. *Accountancy*, 3, 90–91

Murray, E (1976). The Social Response Process in Commercial Banks, *Academy of Management Review* 1(3), 5-15.

Nabiro, I. 1997. Shell's racism in the Delta. *Tell*, August 12, Niger Delta Alert, Vol.1 No. 1

Nader, R. (1993)(ed.), *The Case Against Free Trade: GATT, NAFTA, and the Globalization of Corporate Power*, San Francisco, Earth Island Press.

Nahapiel, J. and Ghoshal, S. (1998). Social Capital, Intellectual Capital and the Organizational Advantage , *Academy of Management Review*, 23, 242–266

Nasi, J., Nasi, S., Phillips, N., and Zyglipoulos, S. (1997). The Evolution of Corporate Social Responsiveness: An Exploratory Study of Finnish and Canadian Forestry Companies, *Business & Society*, 36, 296 – 321

Neale, A. (1997). Organisational learning in contested environments: lessons from Brent Spar. *Business Strategy and the Environment*, 6, 93-103.

Newell, P. (2006). Citizenship, accountability and community: The limits of the CSR agenda, *International Affairs, 81(3),*541-557.

Newell, P. (2001). Managing Multinationals: The Governance of Investment for the Environment, *Journal of International Development* 13, 907-919.

Nutt, P.C. (2000). *Why Decisions Fail*, San Francisco, CA, Berrett-Koehler.

Obadare, E. (2006). Playing Politics with the Mobile Phone: Civil Society, Big Business and the State in Nigeria, *Review of African Political Economy* (ROAPE), No. 107: 93-111, 2006

Obi, C. (2006).*Youth and the generational dimensions to struggles for resource control in the Niger Delta : prospects for the Nation-State Project in Nigeria,* Dakar : CODESRIA, p. 42-48.

Obi, C. (1999). Resources, population and conflicts: Two African case studies, *Africa Development*, 24(3), 47–69.

OECD (1999). *OECD Principles of Corporate Governance.* Paris: OECD. Visited at http://www.cgfrc.nus.edu.sg/download/cg_codes/Codes-OECD.pdf, (accessed on 12/06/2003.

Office of the High Commissioner of Human Rights (OHCHR), *Optional Protocol to the Convention on the Elimination of Discrimination against Women*, Adopted by General Assembly resolution A/54/4 on 6 October 1999 and opened for signature on 10 December 1999, Human Rights Day. Visited at http://www.unhchr.ch/html/menu3/b/opt_cedaw.htm, (accessed on 8/3/2007).

Ogden, S., and Watson, R. (1999). Corporate Performance and Stakeholder Management: Balancing Shareholder and Customer Interests in the UK Privatised Water Industry, *Academy of Management Journal*, 42 (5), 526-538.

Ohmae, K. (1985). The triad world view, *Journal of Business Strategy* 7, 7-19.

Olorode, O.(1998)(ed.). *Ken Saro-Wiwa and the crises of the Nigerian state*, Lagos, Committee for the Defence of Human Rights.

Orlitzky, M. (2005). Social responsibility and financial performance: Trade-off or virtuous circle? *University of Auckland Business Review*, 7(1), 37-43.

Orlitzky, M., Schmidt, F. L., and Rynes, S.L. (2003). Corporate Social and Financial Performance: A Meta-analysis, *Organization Studies* 24, 403-411.

Pack, H., and Saggi, K. (1997). Inflows of foreign technology and indigenous technological development, *Review of Development Economics*, 1, 81–98

Pearson, C. (1970). *Petroleum and the Nigerian Economy*, Stanford University Press, CA.

Pfeffer, J. and Salancik, G.R. (1978). The External Control of Organizations: A Resource Dependence Perspective. New York, NY, Harper and Row.

Phillips, R. (2003). *Stakeholder theory and organizational ethics.* San Francisco: Berrett-Koehler.

Post, J.E., Preston, L.E. and Sachs, S. (2002). Managing the Extended Enterprise: The New Stakeholder View, *California Management Review*, 45(1), 6-28.

Porter, M. and van der Linde, C. (1995). Green and Competitive, *Harvard Business Review*, September-October 1995.

Porter, M.E. and Kramer, M.R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*, 80(12), 56–69.

Prahalad, C. K. and Hamel, G. (1990). The Core Competence of the Corporation, *Harvard Business Review*, 68 (3), 79 - 91.

Prahalad, C.K. and Hammond, A. (2002). Serving the World's Poor, Profitably. *Harvard Business Review,* 80, 9, 48-57.

Prakash, A. 2000. *Greening the Firm: The Politics of Corporate Environmentalism.* Cambridge, UK: Cambridge University Press.

Preston, L.E. (1975). Corporation and society: the search for a paradigm. *Journal of Economic Literature*, 31(2), 434–453.

Preston, L.E.(1978a). 'Corporate social performance and policy: A synthetic framework for research and analysis' in *Research in corporate social performance and policy.* Lee E. Preston (ed.), 1,1–25. Greenwich, CT: JAI Press.

Preston, L.E., Post, J.E. (1975). Measuring corporate responsibility, *Journal of General Management*, 2 (3), 45-53.

Pulido, L. (2000). *Rethinking Environmental Racism: White Privilege and Urban Development in Southern California*, Annals of the Association of American Geographers, 90(1), 12-40.

Punch, M. (1994). 'Politics and ethics in qualitative research' In Norman K. Denzin and. Yyvonne S. Lincoln. (ed.) (1994). *Handbook of Qualitative Research,* Thousand Oaks, CA: Sage Publications.

Ragin, C. C. (1987). *The Comparative Method. Moving Beyond Qualitative and Quantitative Strategies,* Berkeley – Los Angeles – London: University of California Press.

Rangan, V. Kasturi, J.A. Quelch, Gustavo Herrero, and Brooke Barton. (2007) *Business Solutions for the Global Poor: Creating Social and Economic Value.* San Francisco, Cal.: Jossey-Bass.

Redclift M.R. (1987). *Sustainable Development: Exploring the Contradictions.* Routledge: London

Reuber, G. L. 1973 *Private Foreign Investment in Development*, Oxford: Clarendon Press.

Rhodes R.A.W, and Marsh, D. (1992), "Policy networks in British politics: a critique of existing approaches", in Marsh, D., Rhodes, R.A.W. (Eds) *Networks in British Government,* Oxford, Clarendon Press pp 1 –26.

Richards, R. and Smith, J. 1999. Interpreting The World Of Political Elites: Some Methodological Issues, *Public Administration*, Vol.82 (4).

Richter, R. (2001). 'New Economic Sociology and New Institutional Economics'. Paper presented at the annual meeting of the International Society for New Institutional Economics (ISNIE), September 2001.

Roberts, P. W. and Dowling, G.R. (2002). Corporate Reputation and Sustained Financial Performance, *Strategic Management Journal*, 23: 1077-1093.

Roddick, A. (1999): The Quakers 'ran successful businesses, made money because they offered honest products and treated their people honestly, gave honest value for money, put back more than they took and told no lies', *KLM Herald magazine*, August.

Rodriguez Clare, A. (1996). "Multinationals, Linkages and Economic Development" *The American. Economic Review, Volume*, 86(4), September 1996, 852-873.

Rondinelli, D. A., & London, T. (2002). Stakeholder and corporate responsibilities in cross-sectoral environmental collaborations: Building value, legitimacy and trust. In J. Andriof, S., Waddock, B. Husted & S. Rahman (Eds.), *Unfolding Stakeholder Thinking*. Sheffield, UK: Greenleaf Publishing, p. 201-215.

Ross, S. (1973). The Economic Theory of Agency: The Principal's Problem, *American Economic Review*, 63(2), 134-139.

Rousseau, D.M., Sitkin, S.B., Burt, R.S. and Camerer, C. (1998). Not So Different After All: A Cross-Discipline View of Trust, *Academy of Management Review*, 23(3), 393–404.

Rowell, A. (1996). *Green Backlash. Global subversion of the environmental movement*, London, Routledge.

Rowell, A. (1994). *A study of the native grasslands of the Monaro District*, A report for the New South Wales National Parks and Wildlife Service and the Department of Planning (Heritage Assistance Program).

Rowlands, I. H. (2001). Transnational Corporations and Global Environmental Politics. *Non-State Actors in World Politics*, London, Palgrave.

Rowe J.K.(2005). *Globalization, Governmentality and Global Politics. Regulations for the Rest of Us?* London and New York: Routledge.

Royal Dutch Shell Annual Report 2007. Available at http://www.annualreportandform20f.shell.com/2007/servicepages/welcome.php Accessed on 05/03/2008

Ruggie, J. (2007). *Protect, Respect and Remedy: a Framework for Business and Human Rights Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises.* Retrieved online at http://www.business-humanrights.org/Documents/RuggieHRC2007 (accessed on 05/06/2008).

Ruggie, J.(1982). International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Order, *International Organization* 36(2), 379-415.

Rugman, A.M. (2000). *The End of Globalization.* London: Random House and New York: Amacom-McGraw Hill.

Rugman, A.M. (1996). *Multinational Enterprises and Trade Policy,* Cheltenham: Elgar.

Russo, M., Fouts, P. (1997). A resource-based perspective on corporate environmental performance and profitability, *Academy of Management Journal*, 40, 534-59.

Russo M.V., and Fouts, P.A .(1997). "A Resource-Based ... and Profitability" *Academy of Management Journal*, 40(3), 534-559

Rwabizambuga, A. (2007b). Negotiating corporate social responsibility (CSR) policies and practices in developing countries: An examination of the experiences from the Nigerian oil sector'. *Business and Society Review*, 112(3), 407–430.

Rwabizambuga, A. (2008). 'Negotiating corporate social responsibility practices in supply chains: Experiences from extractive sectors, in N. Craig Smith, C.B. Bhattacharya, David Vogel and David Levine (eds.), *Global Challenges in Responsible Business*, MA, Cambridge University Press (Forthcoming).

Sabot, E.C. (1999). The contrasting face of elites at interview, *Geoforum* 30 (1999), pp. 329–335.

Sala-i-Martin, X & Subrahamanian, A. (2003). Addressing the Natural Resources Curse: An Illustration from Nigeria, *IMF Working Paper No. 03/139*, International Monetary Fund: Washington, DC.

Schainberg, A., Pellow, D.N., and Weinberg, A.S. (2003). The Environmental Justice Movement: Equitable Allocation of the Costs and Benefits of Environmental Management Outcomes, *Social Justice Research* 14:423-439, 2003.

Schrage, E.J. and Ewing, A.P. (2005). The cocoa industry and child labour *Journal of Corporate Citizenship*, 18, 99-112.

Schramm, Roberts (1971). *The Process and Effects of Mass Communication,* Chicago, University of Illinois Press.

Schumacher, E.F. (1973). *Small is Beautiful*, London: Blond and Briggs.

Scott, A. (1997). *The Limits of Globalization. Cases and Arguments,* London: Routledge.

Scott W. R and Meyer J.W. (eds). (1994). *Institutional Environment and Organizations: Structural Complexity and Individualism,* London, Sage Publications.

Sharma, S. and Vredenburg, H. (1998). Proactive environmental responsiveness strategy and the development of competitively valuable organizational capabilities. *Strategic Management Journal,* 19(8), 729-53.

Shell Petroleum Company of Nigeria Limited (SPDC) (2004). *People and the Environment,* Annual Report, SPDC Lagos.

The Shell Report 2001. *People, planet and profits. Retrieved online at* http://wwwstatic.shell.com/static/responsible_energy/downloads/sustainability_reports/shell_report_2001.pdf (accessed on 16/06/2003)

Simon G.J., Powers W.C., and Gunnemann P.J. (1972). 'The responsibilities of corporations and their owners' In Beauchamp T.L., Bowie N.E. (eds), *Ethical Theory and Business,* Englewood Cliffs, NJ, Prentice-Hall 60-75.

Skjaerseth, J. B. & Skodvin, T. (2003). *Climate change and the oil industry: common problem, varying strategies*, Manchester, Manchester University Press.

Sklair, L. (1995). *Sociology of the Global System*, 2nd Edition, Baltimore: Johns Hopkins University Press.

Sklair, L. (2002). *Globalization: Capitalism and its alternatives,* Oxford, Oxford University Press.

Sklair, L. (2001). *The transnational capitalist class.* Oxford, Blackwell.

Snow D. and Anderson, L. (1991). 'Researching the Homeless: The Characteristic Features of the Case Study', in Joe Feagin, Anthony Orum, and Gideon Sjoberg (eds.), *A Case for the Case Study*, Charlotte, NC: University of North Carolina Press, pp. 148-173.

Soremekun, K (1995). *Perspectives on the Nigerian oil industry*, Lagos, Amkra Books.

Soremekun, K. and Cyril O.(1993). Oil and The National Question, *Nigerian Economic Society*, University of Ibadan, pp. 209 - 231.

Stake, R. (1995). *The art of case research.* Thousand Oaks, CA: Sage Publications.

Strange, S. (1996), *The Retreat of the State: The Diffusion of Power in the World. Economy.* Cambridge, Cambridge University Press.

Sturdivant, F.D. (1979). Executives and Activists: Test of Stake-holder Management, *California Management Review*, 22 (1), 53-59.

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches, *Academy of Management Journal*, 20(3), 571 - 610.

Szasz, A. (1994). *EcoPopulism: Toxic Waste and the Movement for Environmental Justice.* Minneapolis: University of Minnesota Press.

Szasz, A., and Meusser, M. (2000). Unintended, Inexorable: The Production of Environmental Inequalities in Santa Clara County, California, *American Behavioral Scientist* 43(4): 602-632.

Teece,, D., Pisano, G., and Shuen, A. (1997). Dynamic capabilities and strategic management, *Journal of Strategic Management* (1997), 509–533.

Tichy, N. M., Andrew M. R., McGill, R. and Lynda S. (1997) (eds) *Corporate Global Citizenship doing Business in the Public Eye*, San Francisco, The New Lexington Press.

Thornton, E., Henry, D., Der Hovanesian, M., Vickers, M., Smith, G., McNamee, M. and Borrus, A. (2002). Big Guns Aim for Change, *Business Week*, 3788, 36.

Turban, D.B. and Greening, D.W. (1997). Corporate social performance and organizational attractiveness to prospective employees, *Academy of Management Journal*, Vol. 40, 658-672.

Turner T. (1980). 'Nigeria: Imperialism. Oil Technology and the Comprador State', in P. Nore and T. Turner(ed.), *Oil and Class Struggle,* London, Zed Press.

United Nations Conference on Trade and Development (UNCTAD) (2001). *World Investment Report 2001: Promoting Linkages.* New York and Geneva: UN.

United Nations Conference on Trade and Development (UNCTAD) (1996). World Investment Report 1996: Investment, Trade and International Policy Arrangements. New York and Geneva, United Nations.

United Nations Research Institute for Social development (UNRSD) (2003). *Corporate Social responsibility and development: Towards a New Agenda?* Report of the UNRSD Conference, 17-18 November, Geneva.

Utting, P. (2004). *Online learning through assessment. International Workshop: South Africa Area Initiative* (SAAI), Durban, South Africa.

Utting, P. (2003). Promoting development through corporate social responsibility - does it work? *Global Future*, 3, 11-13.

Utting, P. (2002). *The greening of business in developing countries: rhetoric, reality and prospects,* London, Zed Books.

Uwem, E. (2006). Changing times and strategies: Shell's contribution to sustainable community development in the Niger Delta, Nigeria. *Sustainable Development,* 15 (1), 1-14.

Uwem, E. (2004). Multinationals and corporate social responsibility in developing countries: a case study of Nigeria, *Corporate Social Responsibility and Environmental Management,* 11, 1 – 11.

Visser, W. (2007). Drivers of CSR in Developing Countries: The New Thinking, *Effective Executive* (Sep): 55-58.

Visser W. (2006). 'Revisiting Carroll's CSR pyramid: An African perspective' In Pedersen E., Huniche M., eds. *Corporate Citizenship in Developing Countries* (2006) Copenhagen: The Copenhagen Centre.

Visser, W. (2005a). Business for Development: Business Solutions in Support of the Development Goals (WBCSD), Report Review, *Ethical Performance* 7(5): 10.

Vogel, D. (2005). *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility,* Wahsington, DC, Brookings Institution Press .

Waddell, S. (1999). The Evolving Strategic Benefits for Business in Collaboration with Nonprofits in Civil Society: A Resources, Competencies and Capabilities Perspective. *World Bank's Global Public Policy Network.* November.

Waddock S.A., Boyle M. (1995). The dynamics of change in corporate community relations, *California Management Review,* 37(4),125–140.

Waddock, S & Graves, S. (1997). The corporate social performance – financial performance link, *Strategic Management Journal,* 18 (4), 303-319.

Waddock, S. and Smith, N. (2000). Corporate Responsibility Audits: Doing Well by Doing Good, *Sloan Management Review*, 41 (2), 75-83.

Wallich, H. C. and McGowan J. J. (1970). 'Stockholder Interest and the Corporation's Role in Social Policy', In Baumol W. J. (ed.), *A New Rationale for Corporate Social Policy.* New York, Committee for Economic Development.

Walton, C. (1967). *Corporate social responsibilities*, Belmont, CA: Wadsworth.

Ward, K. and Jones, M., (1999). Researching local elites: reflexivity, 'situatedness' and political-temporal contingency, *Geoforum* 30, 301–312.

Ward et al. (2007). *CSR and Developing Countries. What scope for Government Action?, Sustainable Development Innovation Briefs* (UNDESA, February 2007),

Ward, H. (2004). *Public Sector Roles in Strengthening Corporate Social Responsibility: Taking stock*, Washington, D.C: World Bank Group.

Wartick. S. L., & Cochran, P. L. (1985). The evolution of the corporate social performance model, *Academy of Management Review*, 4: 758-769.

Wax, R. H. (1971). *Doing Fieldwork: Warnings and advice,* Chicago, University of Chicago Press.

Watts, M.J. 1983a. The Poverty of Theory. In Hewitt, K. (ed.) *Interpretations of Calamity: from the Viewpoint of Human Ecology.* Boston: Allen & Unwin. 231-262.

WCED, (1987). *Our Common Future*, Oxford. Oxford Universty Press.

Weber, M. (1947). *The Theory of Social and Economic Organization.* Translated by A. M. Henderson & Talcott Parsons, The Free Press.

Weick, K. (1977). Educational Organizations as Loosely Coupled Systems. *Administrative Science Quarterly* 21, 1-19.

Weiss, L. (1998). *The Myth of the Powerless State: Governing the Economy in a Global Era,* Cambridge, Polity Press.

Welford, R. (2004). Corporate Social responsibility in Europe and Asia: Critical Elements and Best Practice, *Journal of Corporate Citizenship*, 13, 31-47.

Wernerfelt, B. (1984). The Resource-Based View of the Firm. Strategic Management Journal; 5, (2), 171-180.

Wesseling, L. (2000). *Fuelling the War: Revealing an Oil Company's Role in Vietnam.* London and New York: I.B. Tauris.

Wheeler D, Fabig H, Boele R. (2002). Paradoxes and dilemmas for stakeholder responsive firms in extractive sector: lessons from the case of Shell and the Ogoni, *Journal of Business Ethics* 39, 297–318.

Wheeler, D., Rechtman, R., Fabig, H. & Boele, R. (2001). Shell, Nigeria and the Ogoni - A study in Unsustainable Development III - Analysis and Implications of Royal Dutch/Shell Group Strategy, *Journal of Sustainable Development* 9(4), 177-196.

Williamson, Oliver (1975). *Markets and Hierarchies*, New York: Free Press.

Wood, D., and Jones, R. (1996). 'Research in Corporate Social Performance: What Have We Learned', In Dwight Burlingame and Dennis Young (eds.) *Corporate Philanthropy at the Crossroads.* Bloomington, IN: Indiana University Press.

Yearley, S. and Forrester, J. (2000). 'Shell, A Sure Target for Global Environmental Campaigning?', In Cohen, R and Shirin, M (eds.) *Global Social Movements*, London: Athlone.

Yearley, S. (1992). Skills, deals and impartiality: the sale of environmental consultancy skills and public perceptions of scientific neutrality, *Social Studies of Science,* 22, 435 – 453

Yin, R. (1994). *Case study research: Design and methods* (2nd ed.). Beverly Hills, CA: Sage Publishing

Yin, R. Heald, K. and Vogel, M. (1977). *Tinkering with the system : technological innovations in state and local services*, Lexington, Mass, Lexington Books.

Yin, R. (1984). *Case study research: Design and methods* (1st ed.), Beverly Hills, CA, Sage Publishing.

Yin, R., Bateman, P.G. and Moore, G.B. (1983). *Case studies and Organizational Innovation.* Washington D.C., COSMOS Corporation.

Zadek, S. (2001). *The Civil Corporation,* London, Earthscan Publishers.

Zadek, S., Pruzan, P. and Evans, R. (1997). *Building Corporate Accountability: emerging practices in social and ethical accounting, auditing and reporting,* London, Earthscan.

Zadek, S. (2002). 3rd Generation Corporate Citizenship. Retrieved online at http://www.accountability.org.uk/uploadstore/cms/docs/3rdGenCorpCitizenship .pdf.
(accessed on 12/07/2004).

Zelditch, M. (1962). Some methodological problems of field studies. *American Journal of Sociology*, 67(5), 566-576.

Zenisek, T. J. (1979). Corporate Social Responsibility: A Conceptualization Based on Organizational Literature. *Academy of Management Review, 4*(3), 359-368.

Zerk J.A. (2007). Multinationals and Corporate Social Responsibility: Limitations and Opportunities in International Law, *Journal of International Economic Law* 10(1), 161-164.

Zonabend, F. (1992, Spring). The monograph in European ethnology. *Current Sociology, 40*(1),

Appendix 1: Online Survey questionnaire

(1) What is the profile of your organisation?

Answer (select on of the following options):

Government
Environmental NGO
Development NGO
Human Rights NGO
Company/firm (For profit organisation)
Educational Institution
Religious organisation
Media Organisation
Other

(2) Has your organisation received financial support, or any other support from the oil companies operating in the Nigerian Oil Sector?

Answer: Yes or No

(3) Did you make contact with the oil company/companies operating in Nigeria for any of the following? Issues?

Answer (select from the following options):

Pipeline leakage and clean up request for oil spills
Compensation for land used
Request to clean up water wells, rivers, or polluted lands
Gas flaring
Waste disposal and management
Personnel employee rights
Economic empowerment
Security and violence
Public health
Partnership in development
Capacity building
Gender issues
Other

(3) How satisfied were you (on a scale of 1 to 10) with the way the company responded to your Request?

(4) Does your organisation collaborate with any other organisation (Nigerian or foreign) in order to Influence?

Answer: Yes or No

If YES, do you:

i. Communicate regularly and share information on the same issue(s)?
Yes or No

ii. Participate in joint action /protest against the companies in the Nigerian oil sector?
Answer: Yes or No

iii. Sign petitions?
Answer: Yes or no

iv. Boycott company products?
Answer: Yes or no

v. Other?

(5) Work together and build capacity, empower people

(6) Does your organisation provide specific guidance and advice to companies wishing to operate in a socially responsible manner? If so, what is the nature of your advice?

Voluntary
Principles on security and human rights
Advocacy and lobbying
Exchange info

(7) Has your organisation been contacted by any of the following oil companies which operate in Nigeria?

Answer

Shell
Chevron
Mobil
Agip
Total Elf

Texaco

Statoil

(8) Has your organisation contacted any of the following oil companies, which operate in Nigeria?

Shell

Chevron

Mobil

Agip

Total Elf

Texaco

Statoil