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CSR PRACTICES IN THE OIL INDUSTRY

THE INFLUENCE OF NGOs AND GOVERNMENTS ON MNCs CSR
OPERATIONS IN CONTROVERSIAL INDUSTRIES

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ABSTRACT:

Tänä päivänä yrityksiltä vaaditaan yritys vastuun harjoittamista, sillä ne voivat vaikuttaa omilla toimillaan yhteiskuntaan laajasti. Tämä vaatimus tulee yrityksen omilta sidosryhmiltä, mutta myös lakien kautta. Öljy-yhtiöiden toimet yritys vastuun osalta on nähty historiallisesti negatiivisina ja niitä on kritisoitu paljon. Tämän tutkimuksen tarkoituksena on kuvailla ja ymmärtää yritys vastuuta ja sitä, miten yhtiöt, jotka toimivat öljyteollisuudessa, harjoittavat sitä. Lisäksi tavoitteena on ymmärtää, miten kansalaisjärjestöt ja valtiot ovat mukana näiden yritysten yritys vastuun harjoittamisessa ja miten ne mahdollisesti vaikuttavat siihen.

Tutkimuksessa tarkastellaan kahden kansainvälisen öljy-yhtiön yritys vastuuraportteja vuosien 2016–2018 ajalta. Valitut yhtiöt ovat yhdysvaltalainen ExxonMobil sekä hollantilais-isobritannialainen Shell. Tutkimuksen tarkoituksena on selvittää, miten edellä mainitut yhtiöt harjoittavat yritys vastuuta ja mitkä yritys vastuun tärkeimmät osa-alueet ovat. Valtioiden sekä kansalaisjärjestöjen osallisuutta näiden yritysten yritys vastuuseen tutkittiin uutisartikkelien perusteella. Tutkimus on toteutettu käyttäen sisällönanalyysejä.

Tutkimuksen teoriaosuuden ensimmäisessä luvussa perehdytään yritys vastuuseen ja siihen liittyviin ilmiöihin sekä käsitteistöön. Yleisen kirjallisuuskatsauksen jälkeen syvennytään *stakeholder management* -teoriaan, jossa käsitellään sidosryhmiä ja sitä, miten ne vaikuttavat yrityksiin. Tutkimuksen teoriaosuuden toisessa luvussa keskitytään valtioihin sekä kansalaisjärjestöihin ja siihen, miten ne vaikuttavat yrityksiin. Tähän sisältyy myös katsaus yritys vastuusta kiistanalaisilla toimialoilla.

Tutkimuksessa havaittiin, että tutkituilla öljy-yhtiöillä oli yleensä samanlainen lähestymistapa yritys vastuuseen ja sen raportointiin. Osa-alueet olivat vastuullinen työnantaja, ympäristö, yhteisö, toimittajat sekä vaatimusten noudattaminen. Tutkimuksessa myös havaittiin, että valtiot sekä kansalaisjärjestöt vaikuttivat yritysten toimintaan. Esimerkkejä näistä toimista ovat oikeuteen haastaminen ja paljastavien raporttien julkaiseminen sekä julkisten syytösten tekeminen.

Johtopäätökset tutkimuksesta ovat, että tutkitut öljy-yhtiöt ovat niin homogeenisia, että niillä on samanlaiset yritys vastuutoimet ja -raportit. Johtopäätöksenä voidaan myös todeta, että jotkin yritykset harjoittavat yritys vastuuta ja raportoivat siitä vain parantaakseen omaa julkikuvaansa ja peittääkseen mahdolliset rikkomuksensa. Kansalaisjärjestöjen sekä valtioiden vaikutus tutkittujen yritysten yritys vastuun harjoittamiseen todettiin olevan väistämätön. Tämän lisäksi johtopäätöksenä voidaan todeta, että tutkimuksen tulokset tukevat teoriaa ja kirjallisuutta siinä, että kansalaisjärjestöt voivat saavuttaa korkean vaikutustason vain saamalla apua muilta tahoilta, kuten valtioilta.

KEYWORDS: Corporate social responsibility, Corporate social responsibility reporting, CSR reporting, Corporate social responsibility and oil companies, CSR

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1 Introduction

1.1 Background of the study

In recent years societal and environmental factors have gained a lot of attention in the corporate world as well as in the news. Corporate social responsibility (CSR) has never been more topical than it is today. It is now mainstream for a news story to focus on a company and ask if it has acted in a responsible way towards its stakeholders for example, the employees, the community or the society (Killian 2012). Even though CSR is widely recognized and used in the corporate world today, scandals still occur. The problem is that when a company is focusing only on shareholders it can lead to, symbolic CSR actions and policies whereby firms may appear to engage in CSR, but these initiatives are only intended to appease stakeholder demands or meet the minimum requirements of standards (Aguinis & Glavas, 2012). A good example is the Volkswagen group who, according to their annual report, received numerous CSR related awards in 2014, just a year before they got caught of using a software that manipulated the pollution levels of their cars. Even though The Volkswagen group seemed responsible, it is arguable that their entire CSR work was a smokescreen, and the company's only purpose was to maximize shareholder value (The Telegraph 2014; Financial Times 2015).

Although CSR has become widely popular in the business world there is still no consensus on what CSR is and how and why should businesses engage in it and why it is important (Carroll & Shabana 2010). Stakeholder theory is a great tool to use when studying organizations' CSR strategies because it provides many different angles from which CSR can be studied. Stakeholder theory assumes that all businesses have ethical responsibilities in addition to economical responsibilities (Freeman, Wicks, & Parmar 2004). Stakeholders have also a significant amount of influence in the business world and they can ultimately decide which businesses thrive and which fail. Thus, it is important to understand how they influence organizations especially in the CSR context.

Controversial industries are defined by many characteristics. Lindorff, Jonson & McGuire (2012) defined businesses in controversial industries as firms that are “producing products that are harmful to society, the environment or individuals”. Controversial industries are for example tobacco industry, oil industry and alcohol industry. These businesses in controversial industries are often criticized by the media, the public and non-governmental organizations (NGOs) simply because of the nature of their products or services. For example, Greenpeace is actively protesting against oil companies about arctic drilling and deforestation which caused by biofuel production (Hunt 2017; BBC 2011). Furthermore, social, ethical and environmental aspects are more important to stakeholders than ever before. Industries such as tobacco and oil industry are known to be very secretive about what their business and they are often accused of only showing the good side of their business. Arctic drilling and oil spills are far too familiar to everyone nowadays as is tobacco killing people and the tobacco companies trying to dismiss it. Thus, stakeholders demand oil companies to do more than just obey the law and wish them to self-regulate (Spence 2011). Governments and NGOs are one of the loudest stakeholders in oil industry and tobacco industry and they are constantly demanding and working to find ways to control the industries better (Palazzo & Richter 2005; Spence 2011). This demand has partially worked because many companies in controversial industries are now reporting their CSR practices in official reports. As a result of the demand for better CSR it is important to further study how companies in controversial industries practice CSR and how and to what length are their stakeholders influencing their CSR practices.

RQ:

“How do the chosen organizations practice CSR and do governments and NGOs affect the CSR actions of these organizations?”

Objectives:

- 1. To increase understanding of CSR concept, its importance and the schools of thoughts.*
- 2. To discover how governments and NGOs act as stakeholders*
- 3. To discover how the organizations in the oil industry from USA and the Netherlands/UK are practicing CSR and to what extent are NGOs and governments part of it.*

2 CSR and Stakeholder theory

2.1 The importance and definitions of CSR

Corporate social responsibility is essential in the modern world because through it private citizens and communities can examine firms and their actions. There have been multiple big CSR scandals over the years. Nike had one of the first and biggest CSR scandals in the 1990's. Nike got caught of using sweatshops and child labor. There were multiple protests around the USA and the company was hurt by falling stock prices and weak sales (Cushman, 1998). Nike has since been able to solve its problems, but scandals continue to happen in the industry (Nisen 2013).

Avoiding scandals is not the only reason why companies engage in CSR activities as there are many advantages that a company may gain from engaging in CSR activities. CSR actions and policies are likely to improve customer loyalty and evaluations of products (Aguinis & Glavas 2012). Thus, CSR actions can grow company's profits because improved customer loyalty improves firm's profits (Reichheld 1993). Engaging in CSR activities can also effectively enhance corporate image, this can be done for example by: giving back to society, actively giving to charitable events or caring for minorities (Huang, Yen, Liu & Huang 2014).

Some firms prefer greenwashing instead of actually practicing CSR. Firms that exercise greenwashing strategy are voluntarily issuing CSR reports which gives the public the impression that the firm has legitimate social and environmental values (Mahoney, Thorne, Cecil & LaGore). These firms are often regarded as "bad corporate citizens" (Mahoney et al. 2013). Firm's reputation is arguably the firm's most valuable asset, and it can be insured by actively through CSR (Peloza 2006). In addition to securing the firm's reputation CSR influences positively on employees (Aguinis et al. 2012). It especially increases employee engagement and in-role performance as well as impacts positively on firm's attractiveness to future employees. (Aguinis et al. 2012).

MNC's everywhere are talking about corporate social responsibility, or CSR. For a MNC it is no longer a bonus to have a CSR strategy, it is almost mandatory. The world has seen more than enough of corporates breaking the law and hiding facts and figures in the past. Therefore, today CSR is more popular than ever, and more companies are engaging in CSR activities (Skarmeas & Leonidou, 2013).

Even though CSR has been around since the 1950's there is still no consensus on what CSR actually is. One of the earliest statements about CSR was Milton Friedman's article in New York Times in 1970. Friedman (1970) thought that individuals are the only ones who can have responsibilities and thus business as a whole cannot have responsibilities. Friedman (1970) believed that a company's only responsibility is to engage in activities that increase its profits and the only restriction being that those activities must obey the law. Friedman's theory has been heavily criticized since. For example, Kitzmueller and Shimshack (2012) point out that CSR does create value to a firm. The value is created through risk reduction which is because CSR reduces political and societal risks.

One of the most robust and well-known CSR concepts is Carroll's (1979) model which divided CSR in to four parts: economic, legal, ethical and discretionary. First come the economic responsibilities because the business institution is the basic economic unit in our society Carroll (1979). Carroll thought that the basic purpose of a company, and the most important one, is to sell products to consumers at a profit. "All other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations." (Carroll 1991, p.41).

Carroll pointed out that the legal requirements of a business are connected with the economic requirements because society has laws and regulations and the business is expected to fulfil its economical requirements within these boundaries (Carroll 1979). Although Carroll (1979) stresses that the economical requirements are the most important ones, she points out that fulfilling them is not enough because society expects business to do more than the bare minimum which is obeying the law. Thus, the ethical

requirements embrace the social practices that are expected or prohibited by societal members even though they are not codified in the law (Carroll 1991). The problem is that ethical responsibilities are not as clearly defined as legal requirements and that makes it hard for businesses to deal with them (Carroll 1979). The final responsibility, discretionary responsibility, is perhaps the vaguest one and it gives firms a lot of room for decision making. It is the most controversial one because of its broad limits and the fact that the implications of it can conflict with the basic purpose of the firm which is to make profit (Jamali 2008).

Carroll (1991) later created a pyramid-model from his four-part definition of CSR. The pyramid showed that the four requirements are additive or aggregative (see figure 1). In the pyramid economic and legal responsibilities are socially required, ethical responsibilities socially expected and philanthropic responsibilities socially desired (Windsor, 2001).



Figure 1 A hierarchy of CSR (Carroll, 1991. p.42)

Although Carroll's pyramid is widely recognized and used it has received criticism from some scholars. Claydon (2011) thought that the pyramid failed to be a credible model for understanding the ways how CSR could actually be achieved. When again Campbell (2007) argued in his research that a firm whose financial performance is weak is less likely to engage in socially responsible behavior. Campbell (2007) also claims that this causes firms who face high level of competition to also act in less socially responsible way. Hence solely following Carroll's pyramid, it could be argued that only companies that are in great financial shape and operating in markets which have a low level of competition are able to behave in socially responsible manner.

In this thesis CSR is seen as a pivotal practice for any MNC. As all stakeholders are assessing MNCs' by their non-financial performance and not only their financial performance, CSR has become vital practice for all MNCs (Vartiak 2016). Furthermore, if by practicing CSR companies can achieve higher profits CSR is to be taken seriously by all companies and not only the ones with the financial means to do it.

2.2 CSR schools of thought

The field of CSR is very diverse and hard to grasp and as Carroll (1994 p.14) described it "an eclectic field with loose boundaries, multiple memberships, and differing training/perspectives; broadly rather than focused, multidisciplinary; wide breadth; brings in a wider range of literature; and interdisciplinary". Therefore, Garriga and Méle (2004) studied the field of CSR and the numerous theories and compiled the most relevant theories and divided them into four main categories (See figure 2). These categories are: Instrumental theories, Political theories, Integrative theories and Ethical theories. The borders of the categories are not strict for some of the theories are compiled from different schools of thought and thus may fit in more than one of the categories.

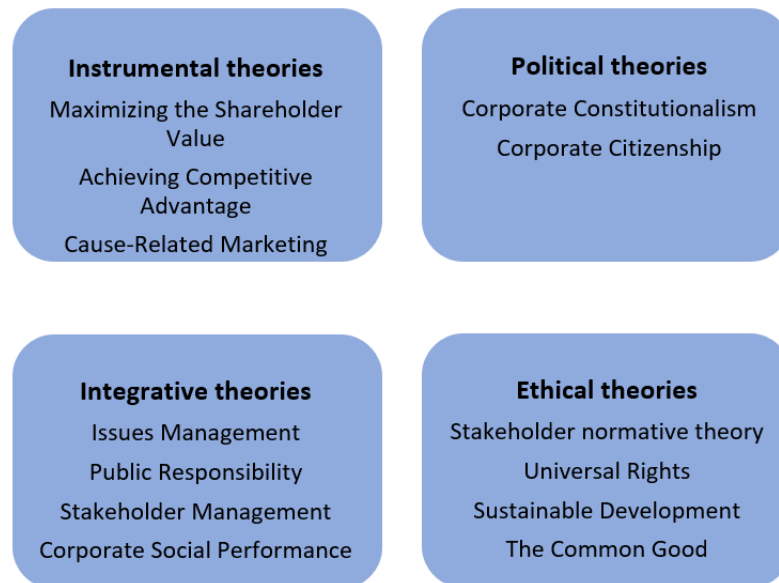


Figure 2 CSR Theory categories (Garriga & Méle 2004)

Instrumental theories

The category of instrumental theories consists of theories that link CSR to wealth creation and the theories assume that CSR should be practiced only if it leads to future profits (Garriga and Méle 2004). Maximizing the shareholder value, achieving competitive advantage and cause-related marketing are the core theories in this category. Maximizing the shareholder value theory's main argument is long-term value maximization. The theory follows Friedman's (1970) thoughts about companies' main objective which is to create shareholder value. The social objectives of a company are only to be pursued if they create economic value for the company but if they are only a cost to the company they should canceled.

Achieving competitive advantage theories see CSR as a tool to gain sustainable competitive advantage. The theories present three different ways that CSR practices could lead to competitive advantage (Garriga and Méle 2004). The first one is social investments in a competitive context where CSR practices can be the differentiator of companies. The

theory suggest that a company can differentiate itself from other companies by having CSR initiatives that are in favor of the customers and by being the most socially responsible company it can gain competitive advantage (Porter & Kramer 2006). The second way is through resource-based view of competitive advantage in which company can gain competitive advantage through dynamic capabilities that are pollution prevention, product stewardship and sustainable development linked with external environment resources such as continuous improvement, stakeholder integration and shared vision (Hart 1995).

The third way is to target the bottom part of the economic pyramid. Companies are usually targeting the middle and upper-class part of the society but by targeting the bottom part of the economic pyramid a company can link CSR and competitive advantage together by helping the social and economic state of the poorer part of society and at the same time getting profits. By utilizing the first-move advantage a company can gain profits in the poorer section of the society that consists of a huge amount of people and therefore get sustainable competitive advantage. (Hart & Christensen 2002; Prahalad & Hammond 2002).

CSR is used as a tool in marketing communication in the cause-related marketing theory. The purpose is to use CSR as a marketing communication tool to boost revenue, sales or customer-relationships and the social side of the business simultaneously (Varadarajan & Menon 1988.) A firm can also achieve an reliable and honest image through cause-related marketing which can be a source of competitive advantage (McWilliams & Siegel 2001).

Political theories

Political theories category comprises two major theories corporate citizenship and corporate constitutionalism. The main focus in these approaches is how businesses and society are connected and how businesses use their power in society in a responsible way.

Corporate citizenship theory assumes that businesses are part of society and thus have the same responsibilities and obligations as citizens do towards other citizens of the society (Carroll 1998; Garriga and Méle 2004).

Corporate constitutionalism theory consists of two principles the social power equation and the iron law of responsibility (Davis 1960; Davis 1967). The social power equation assumes that the more social power the business has the more social responsibilities it has. In practice, this means that for example MNCs have more social responsibilities than start-ups because they have more social power. The iron law of responsibility claims that if a company does not use its social power responsibly it will lose the power and some other actor will take its place. This happens especially when there is a demand for responsibility from society. Therefore, firms need to have sufficient CSR practices to fulfil society's demands in order to survive and prosper.

Integrative theories

The focus in the theories in the integrative category is in how firms integrate social demands in their practices. The theories claim that businesses' continuity, growth and existence depend on society (Garriga and Méle 2004). Wartick & Rude (1986) saw issues management as a process where a business can identify, evaluate and respond to possible political and social matters that may harm the business. Additionally, issues management is to serve the company as preliminary alarm tool which goal is to systematically minimize surprises such as environmental risks and opportunities.

The principle of public responsibility theory claims that CSR should be practiced in accordance with the law and what is the public opinion of how good business should act (Preston & Post 1981). Hence, businesses should not only follow the law but also listen what is the public opinion of morality and practice CSR accordingly to be considered acceptable.

The stakeholder management theory (managerial perspective of stakeholder theory) assumes that a company should take its stakeholders opinions and embed them into its business practices. The idea is that managerial decision making should not only be based on maximizing shareholder value but also on the needs of the stakeholders. The reasoning is that a company needs the support of its stakeholders to survive and furthermore prosper. It is crucial for a business to find its most important stakeholders and have active and open dialogue with them in order to understand their needs, expectations and demands. (Freeman 1984; Mitchell, Agle & Wood 1997). The main issue in managerial perspective of stakeholder theory is how firms can decide which stakeholders are the most salient and to what length does the responsibility of the firm to those stakeholders extend (O'Riordan & Fairbrass 2008). Hence, the managerial perspective of stakeholder theory concentrates primarily on managing the most salient stakeholders. Additionally, this perspective can be and is used in empirical studies unlike the ethical (normative) perspective of stakeholder theory.

The corporate social performance theory integrates various CSR theories together (Garriga & Méle 2004). Carroll (1979) created a framework for firms' social responsibilities that consists of four dimensions: economic, legal, ethical and discretionary. Carroll (1979) was the first one to introduce the model of corporate social performance and it has been praised because the fact that it includes economic responsibilities and not only ethical. Carroll (1991) later revisited the model and created a pyramid that represents the hierarchy of CSR. The most recent upgrade of the model replaced the pyramid with a Venn framework (Schwartz & Carroll 2003). The framework consists of economic, legal and ethical responsibilities that overlap which consequently generate seven CSR categories.

Ethical theories

Ethical theories the fourth category of the theories focuses on the ethical requirements that explain the relationship between society and business. Normative stakeholder theory represents the category of ethical theories. Stakeholder theory can be divided into

three groups: descriptive, instrumental and normative (Donaldson & Preston 1995). Normative stakeholder theory argues that even though different stakeholders have different level of salience they all have a legitimate right to take part in the businesses' decision-making process. The idea that managers need to take all stakeholders into account and treat them equally whether they have similar interests or not is a clear limitation of the ethical (normative) perspective of stakeholder theory (Fernando & Lawrence 2014).

The universal rights theory consists of United Nation's (UN) Global Compact's Ten Principles (Garriga & Méle 2004). The Ten Principles consists of issues that are human rights, labour, anti-corruption and environment and together they form the guidelines for businesses on how to act in socially responsible way (Garriga & Méle 2004; United Nations Global Compact 2020). Many MNCs have signed the global compact although it has been criticized that MNCs should do more than just follow the guidelines as it is seen as the lowest level of CSR (Garriga & Méle 2004).

The core idea of sustainable development theory is that future generations should have equal opportunities which can only be accomplished if businesses consider future generations in their decision-making and subsequently make sustainable economic decisions (Garriga & Méle 2004). The common good approach argues that businesses should only be a positive part of society and thus contribute to the well-being of the society. The approach is very vague in nature and the main idea behind is that everyone in society, including businesses, should try and make the society better by investing in its well-being.

The theory used in this thesis is stakeholder management theory. Stakeholder management theory offers a unique model to assess the needs and wants of different stakeholders and how those affect firm's CSR practices. Furthermore, as stated previously the managerial perspective of stakeholder theory is used in empirical theory unlike ethical (normative) stakeholder theory. The importance of different stakeholders to business will be covered in the following sections.

2.3 The stakeholder management theory

One of the most utilized CSR theories is stakeholder theory (Eteokleous, Leonidou & Katsikeas 2016). Freeman (1984), described stakeholders as any group or individual who has a stake or a claim in the firm (See figure 3).

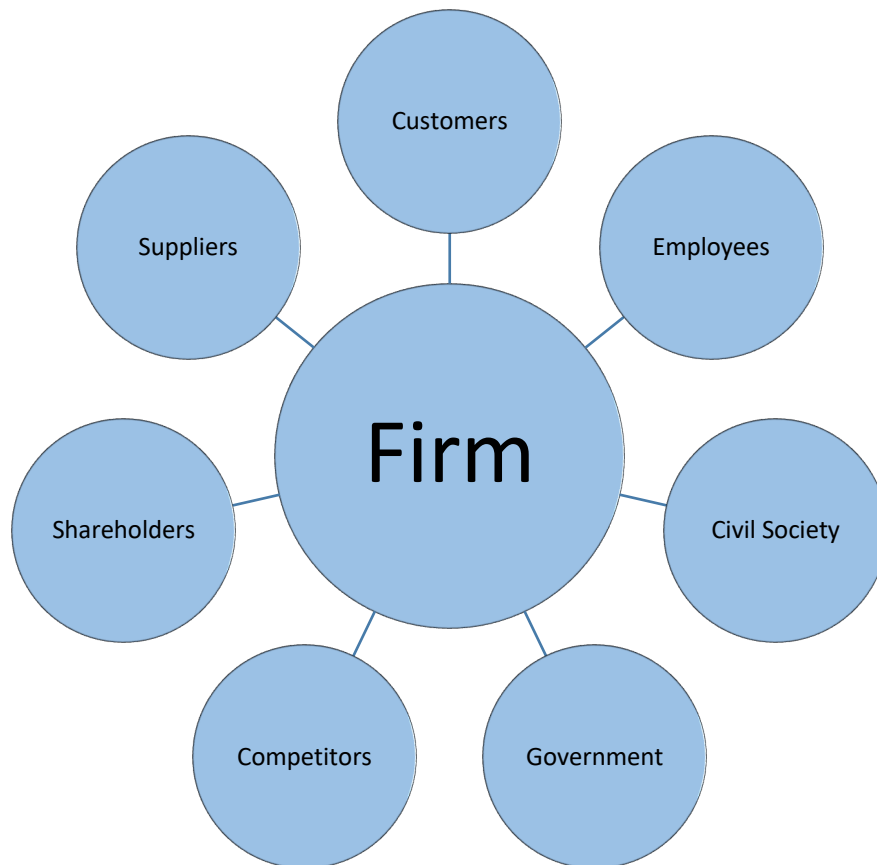


Figure 3 Stakeholders (Freeman 1984)

The theory encouraged managers to start studying groups that had previously been perceived as external to the firm (Jonker and Foster 2002). By suggesting that the needs of shareholders cannot be met without at least in some degree satisfying the needs of the stakeholders, the stakeholder theory offered a new way to organize thinking about organizational responsibilities (Jamali 2008).

The theory assumes that values are inevitably and explicitly a part of doing business and thus it asks two core questions: what is the purpose of the firm and what responsibility does the management have to stakeholders (Freeman et al. 2004). The first question states how the core stakeholders come together and allow the firm to generate outstanding performance. The second question helps managers to decide how they want to do business and what kind of relationship they want and need to create with their stakeholders. These questions are vital to a firm because answering them defines essentially the firm's whole CSR strategy.

Some scholars prefer the Friedman's (1970) shareholder theory and thus think that businesses only responsibility is to create value for its stakeholders (see for example, Sundaram & Inkpen 2004). Hillmann and Kleim (2001) found in their study that stakeholder management increases shareholder value and can provide the basis for competitive advantage thus stakeholder management fulfils business' basic economic purpose.

2.3.1 Definitions and classification of stakeholders

Although the concept of "stakeholders" is well known and widely used there is still no agreement on what its precise meaning is. There are still clear ambiguities in the literature on the basic concepts of the stakeholder model, the stakeholder theory, the stakeholder approach, stakeholder analysis and stakeholder management (Fassin 2009). Waxenberger and Spence (2003) argue that there is even a lack of clarity and consistency in the definition of a stakeholder.

Freeman's (1994) theory "The Principle of Who or What Really Counts" breaks in to two parts: who (or what) are the stakeholders and to whom (or what) do managers pay attention (Mitchell, Agle & Wood 1997). Normative theory of stakeholder identification can answer the first question by explaining why stakeholders' interests should be taken into account (Mitchell et al. 1997; Donaldson & Preston 1995). But the second question needs a descriptive theory of stakeholder salience, to explain the conditions under

which managers do consider certain classes of entities as stakeholders (Mitchell et al. 1997).

Clarkson defines stakeholders as “groups or persons that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future” (p.242). Stakeholders that share similar interests, claims or rights such as employees, customers and shareholders can be categorized as belonging to the same group. Stakeholders then can be divided in to two groups: primary stakeholders and secondary stakeholders. (Clarkson 1995.)

Primary stakeholders are those who are vital to the company and whose continuing participation is mandatory to the company and without which, it cannot survive. Primary stakeholders group consist for example of shareholders, customers, employees and suppliers together with governments and communities. Clarkson (1995) describes corporations as systems of primary stakeholder groups. The survival of the company according to Clarkson (1995), depends on the ability of its managers to satisfy the needs of the primary stakeholders. Secondary stakeholders are those whose actions does not affect a firm’s survival but influence or are influenced by the firm. The media for example, is a part of the secondary stakeholder group because it can affect the public opinion and thus influence on if the society is for or against the company. (Clarkson, 1995.) Other secondary stakeholders include for example NGOs, activists and local communities (Waddock, Bodwell & Graves 2002).

Mitchell et al. (1997) presented a theory which answers the second question that Freeman (1994) “The Principle of Who or What Really Counts” asks. It consists of three stakeholder attributes: power, legitimacy and urgency. Stakeholder has to have access, or it has to be able to gain access to, coercive, utilitarian or normative means in order to have power in a relationship (Mitchell et al., 1997). According to Mitchell et al. (1997), power is an attribute that can be lost and thus it is transitory. Legitimacy is often linked

with power which according to them is a mistake because for example, powerful stakeholders are not always legitimate. Legitimacy while being an important attribute cannot itself accomplish salience for the company's managers Mitchell et al. (1997) found that managers give the most attention to stakeholders that can influence organizational actions and also have a legitimate claim calling for immediate action (urgency). Urgency alone is not enough to guarantee stakeholder salience and thus it must be combined at least with one of the other attributes and only then it can increase stakeholder salience. (Mitchell et al. 1997.)

Mitchell et al. (1997) divided stakeholders to seven classes: dormant, discretionary, demanding, dominant, dangerous, dependent, and definitive. If a stakeholder does not possess any of the three attributes it is a nonstakeholder or a potential stakeholder. The most powerful stakeholder possesses all three attributes and therefore is a definitive stakeholder. (Mitchell et al. 1997.) See Table 1 for explanations and examples.

Table 1 Stakeholder categories Mitchell et al. (1997)

Group	Latent Stakeholder	Expectant Stakeholder	Definitive Stakeholder
Level of stakeholder salience	Stakeholder salience is low .	Stakeholder salience is moderate .	Stakeholder salience is high .
	Dormant stakeholder's attribute is power, and it has power to impact firm's actions but do not have an urgent claim or legitimate relationship and thus the power remains unused. For example, a laid off worker who speaks out on media.	Dominant stakeholder possesses the attributes of power and legitimacy. It is an important stakeholder to the company and possesses some kind of mechanism that acknowledges its importance to the firm. For example, shareholders, employees, suppliers and customers.	Definitive stakeholders possess all of the three attributes and thus are very important to the firm. For example, the government. Dominant stakeholder is the most likely to become definitive stakeholder.
	Discretionary stakeholder possesses the attribute of legitimacy but do not have urgent claims or the power to influence the firm's actions. For example, non-profit organizations that receive help from companies.	Dependent stakeholders have urgent and legitimate claims. Because they do not have the attribute of power, they must depend on others to provide it to them (other stakeholders or the firm's managers). For example, NGOs that need other stakeholders to support their cause.	
	Demanding stakeholder has the urgent claim but not the power or the legitimacy to influence the firm. For example, a small blogger who decides to bad mouth a firm in social media.	Dangerous stakeholders have power and urgent claims but do not have any legitimacy thus they are coercive and possible violent. For example, political or religious terrorists.	

2.3.2 How stakeholders influence firms

Frooman (1999) claimed in his study that the dependency between a stakeholder and a firm determines the strategy that a stakeholder will use when trying to influence the firm. He suggested that when stakeholder wants to influence the firm it will choose a strategy that is reflecting the resource relationship they have. There are four different resource relationships according to Frooman (1999): stakeholder is dependent on the firm (firm power), firm is dependent on the stakeholder (stakeholder power), low interdependence (neither one is dependent on the other) and high interdependence (mutually dependent). Note that the power in this case is not an attribute of an individual stakeholder like Mitchell et al. (1997) described it but an attribute of the relationship (firm and the stakeholder). (Frooman 1999.)

When the stakeholder has the power, it will use a direct strategy which means that the stakeholder can itself influence the firm and possibly make an ultimatum. Frooman (1999) claims that when the firm is dependent on the stakeholder the stakeholder will use direct withholding strategy where the stakeholder withholds some vital resources and that way forces the firm to accede to its demands. (Frooman 1999.)

In case of low interdependence, the stakeholder will use an indirect withhold strategy. The stakeholder must use an ally whose relationship with the firm is either high interdependence or stakeholder power. The ally will then use direct withhold strategy to get their demands met. If the stakeholder is dependent on the firm, it must use an indirect usage strategy. This strategy requires an ally too but unlike in withhold strategy the ally won't withhold any resources because the stakeholder is dependent on the firm and if the firm gets hurt the stakeholder will get hurt too. In a high interdependence relationship, the stakeholder will use direct usage strategy. (Frooman 1999.)

Customers, suppliers and employees are primary stakeholders and often definitive or expectant stakeholders. Customers and suppliers are external stakeholders whereas employees are internal stakeholders (Harrison & John 1996). Customers, especially in B2B

markets, are pressuring their suppliers to be more environmentally and socially responsible (Delman & Montiel 2009). Ulaga & Eggert (2006) found in their study that key suppliers were responsible of 73,3% of customers' order volumes while secondary suppliers were only responsible for 19,5% of the customers' order volumes. Ulaga et al. (2006) also found that many MNCs are cutting the amount of their suppliers and depending on fewer key suppliers. The study of shows well, how much suppliers depend on their customers today but also how dependent customers are on their suppliers because of the smaller number of suppliers used (Ulaga et al. 2006). Nestlé is a good example of a customer that is a definitive stakeholder and thus can influence its suppliers to its will. For example, in 2009 Nestlé, after facing increased stakeholder pressure from its stakeholders, pressured its supplier Sinar Mars to make sustainable palm oil (Wolf 2014).

In B2C markets customers can influence firms for example by starting a boycott. Before Nestlé changed to sustainable palm oil Greenpeace requested Nestlé's customers to start boycotting Nestlé because of the palm oil usage. (Wolf 2014.) Firms can prevent this from happening by choosing socially responsible suppliers. Choosing a socially responsible supplier can influence customer relationships positively and improve firm reputation. (Ehrgott, Reimann, Kaufmann & Carter 2011; Foerstl, Reuter, Hartmann & Blome 2010.)

Like in the Nestlé case the problem with B2C markets customers is that they are not organized and therefore they require another stakeholder to provide them with the information or the channel through which they can use their power to influence the company (Ferrel 2004).

Suppliers are key stakeholders and many scholars have found that a close relationship with a supplier can lead to substantial competitive advantage (see e.g. Hewett, Money & Sharma 2002; Cannon & Homburg 2001). Suppliers can have considerable amount of influence if the relationship is supplier dominant (Cox 2001). Then supplier can choose

its prices because changing a supplier is difficult due to the fact that there are not many suppliers or the cost of a changing a supplier is high (Cox 2001).

Customers are often seen as the key drivers of firm's CSR initiatives but today employees have become if not more important at least as important as customers (Wang, Tong, Takeuchi, & George 2016). Employees are primary stakeholders but are often disregarded because many companies think that external stakeholders are the most important stakeholders. This can be dangerous because if employees are not considered it can lead to weak employee identification which in turn can weaken their performance when interacting with external stakeholders. (Stuart 2002.)

The most extreme influence tactic that employees can use is a strike. This usually happens because of poor working conditions, pay negotiations or an attempt to downsize. In order to a strike to happen employees must join forces and this is most commonly done by unionizing and it is particularly common in Europe. Employees tend to avoid strikes and instead of actually doing it they prefer using it as an intimidation method to pressure the firm. (Krings 2009; Royle 2005; Metcalf, Wadsworth & Ingram 1993.) Comparison between internal and external stakeholders and their influence shown in table 2.

Table 2 Internal and external stakeholders influence

	Internal stakeholders	External stakeholders
Positive influence	Employees can influence firm's overall reputation positively in the eyes of external stakeholders (De Roeck & Delobbe 2012). They can also be the key drivers in organization's CSR initiatives (Wang et al. 2016).	Governments can for example support businesses financially (Offermann, Nieberg & Zander 2009). Good relationship with key suppliers can lead to competitive advantage (Money et al. 2002). Cooperation with a NGO can influence organization's brand and products positively (Baur & Schmitz 2012; Jonker et al. 2006).
Negative influence	Employees can start a strike or bad mouth the company to the media and senior management can hide or take part in corruption (Krings 2009; Zahra, Priem & Rasheed 2005; Mitchell et al. 1997).	Customers can start a boycott, that is usually supported by NGOs , against an organization (Wolf 2014; De Hond et al. 2017). Suppliers can raise their prices or even stop supplying and government can impose taxes or regulate the organization's industry (Cox 2001; Hillman et al. 1999).

3 Governments and NGOs as stakeholders

3.1 Government as a stakeholder

Government is a key primary stakeholder and is often seen as a definitive stakeholder (Parent & Deephouse 2007; Hillman & Hitt 1999). Government's actions can have significant effects on firms because critical resources are controlled by government and there is an interdependence between company's economic environment and government policies (Hillman et al. 1999; Barron 1995).

Governments have five different CSR policy instruments and four thematic fields of action that characterise the policy instruments (Bemelmans-Videc, Rist & Vedung 2011; Steurer 2010; Jordan, Wurzel, Zito & Brückner 2003). The policy instruments include informational instruments, economic instruments, legal instruments, partnering instruments and hybrid instruments.

Informational instruments are based on the rationale of persuasion (Steurer 2010). They only give suggestions and possible penalties but no actual constraints. Examples of informational instruments are web pages, campaigns and trainings. Economic instruments' idea is to motivate and influence with monetary incentives and market forces such as taxes, subsidies and tax cuts. Legal instruments are laws, directives and regulations that are used to ensure that the desired actions happen. Partnering instruments are founded on the foundation that different actors want to work together to achieve common targets and objectives, so-called co-regulatory networking. Hybrid instruments are a necessary addition to the instruments since governments' CSR initiatives usually combine several instruments.

The four thematic fields of actions are: raise awareness, improve disclosure, facilitate socially responsible investment (SRI) and lead by example (Steurer 2010). Raising awareness is an important part of governments' CSR practices since CSR is itself voluntary and to it to happen both the stakeholders and the companies need to be aware of the social and environmental problems. Furthermore, governments need to improve disclosure

and transparency since stakeholders need reliable information in order to choose between companies that are practicing good CSR and those that are not. Facilitating SRI and promoting it makes CSR part of shareholder capitalism and thus helps CSR to spread further (Steurer 2010; Steurer, Langer, Konrad & Martinuzzi 2005). Leading by example means that government for example reports the CSR practices and performance of its own bodies or that public funds are constructed along the SRI principles (Steurer 2010).

The following examples show what kind of measures government can take to influence MNCs. Politicians have the power to influence firms by altering the size of markets through rules and regulations as well as through government purchases. They can also affect the demand for products and services by altering tax rates and by regulating consumption patterns. Politicians can also inflict entry and exit barriers that influence firms' cost structure. (Hillman et al. 1999.)

Governments everywhere are trying to influence businesses by implementing regulations concerning CO₂ emissions. By implementing regulations government can force firms to be more socially responsible. The regulating has been successful so far and it has forced businesses to innovate more sustainable products and services. (Van Bree, Verbong & Kramer 2010.) Carmakers have had to innovate new cars that have small or no emissions at all and oil industry has had to invest more in renewable energy for example solar energy, and also invest in projects that for example study how hydrogen can be used as a fuel (Van Bree et al. 2010; Kolk & Levy 2001).

The electric vehicle (EV) business is a good example of how government regulation has influenced businesses to innovate new products (Van Bree et al. 2010). China is the forerunner in the world when it comes to EVs and its influence on automakers is substantial because of it (Hertzke, Müller & Schenk 2017). For example, in Shenzhen and in Beijing license plates for petrol vehicles are only given through a "lottery" but EVs do not have to take part in the lottery and can get the license plate immediately (Guo 2016). The government of Shenzhen is also trying to influence businesses (especially auto business)

through an E-taxi service that promotes EVs and sustainable transportation. One way that the government is trying to promote the service is by exempting consumers that use the E-taxi from fuel surcharge-fee. (Li, Zhan, de Jong & Lukszo 2016.)

In addition, governments can influence businesses by supporting them financially. EU member states and the US government pay substantial payments to farmers (Offermann, Nieberg & Zander 2009; Key & Roberts 2005). Offerman et al. (2009) found that organic farms in Europe are heavily dependent on the payments that they receive from their government and thus the government is seen as a definitive stakeholder. US government payments are also important and have a significant effect on the survival of farm business in the US (Key et al. 2005).

Table 3 Government's ways of influence business and the strengths of the tactics

Strength of influence on a business	High	Moderate	Low
Government	New regulations and taxes can influence a company greatly (e.g. minimum wage) (Hillman et al. 1999). For example, many states are banning smoking in public places and the sale of menthol and other flavored cigarettes. Tax free zones, tax exemptions and financial aid have also a great influence on a business (Offerman et al 2009; Key et al. 2005).	International agreements such as the Paris agreement. This depends on the government and for MNCs some countries enforce these kinds of agreements more than others for example, USA withdrew from the Paris agreement when again the Nordic countries are fighting climate change as hard as they can.	Government making "future objectives" such as Norway banning all petrol cars by the year of 2025 or smoke-free Finland by the year of 2040. These types of objectives are not ratified thus they are not certain at all (Petroff 2017; Cleantech Finland 2016)

zones through economies of scale and they are popular places for foreign direct investments (Glowik 2016; Sun, Tong & Yu 2002). Table 3 illustrates how government can influence business and the strength of the influence.

3.2 NGOs as stakeholders

Non-governmental organizations (NGOs) have become increasingly salient stakeholders especially in controversial industries (Pulver 2007; Van den Hove, Le Menestrel & De Bettignies 2002). Firms are under a lot of scrutiny regarding their social responsibility and this is largely because of NGOs. NGOs today are not like Mitchell et al. (1997) described them: “irksome but not dangerous, bothersome but not warranting more than passing management attention, if any at all” (p.875). They have developed into global actors and key secondary stakeholders who focus on firms’ environmental, social and ethical actions with the intention to create social transformation with MNCs (Jonker & Nijhof 2006). NGOs like Greenpeace and Amnesty have had big advertising campaigns against MNCs and their actions towards for example the society and environment. These kinds of campaigns have caused companies to start an open dialogue about their stakeholder processes with NGOs with the intention to improve trust and transparency between business and civil society (Burchell & Cook 2013; Kaptein & Van Tulder 2003).

There are three basic attributes that apply to all NGOs. First NGOs are usually non-profit and thus rely heavily on donors. Second NGOs stand apart from governments and other government-like institutions such as the United Nations, European Union and World Health Organization. And finally, NGOs are self-governing, with a board of directors who oversee that the mission and the fiscal side of the NGO is protected. (Schepers 2006.)

Traditionally the relationship between NGOs and businesses have been quite hostile (Burchell et al. 2013; Kourula & Laasonen 2010; Van Huijstee & Glasbergen 2010). This

has changed over the years and today many NGOs are cooperating with businesses (Kourola et al. 2010; Jonker et al. 2006). While NGOs may possess legitimacy and urgency, they still do not possess the attribute of power thus they do not have the ability to change policies and they have to rely on someone else to provide the power (Schepers 2006). Hendry (2005) in his study of environmental NGOs (ENGOS) and their influence strategies, found that if a NGO is not actively cooperating with businesses it will have low interdependence relationship with the firms. Thus, it is difficult for NGOs to influence businesses without some level of cooperation with them (Hendry 2005).

Burchell et al (2013) found in their UK based study, that the main reasons why businesses engage in cooperation with NGOs was risk management and brand protection. Other scholars have also found that brand protection plays a big part on business-NGO cooperation and the more value the firm places on its brand the more likely its managers are to comply with NGO demands (see for example Spar & La Mure 2003). Spar et al. (2003) found that businesses who operate in an industry that has high brand recognition can also profit from acceding to NGO demands. The firm that is the first one to comply with NGO demands can differentiate itself from competitors by showing that it values CSR more than others and in that way gain higher profits. Spar et al. (2003) remark that differentiating this way is not a definitive method to gain competitive advantage for example if the competitors react fast and accede to the same NGO demands. (Spar et al. 2003.) Business-NGO cooperation is also often formed in pursuit of CSR (Jamali & Keshishian 2009). The cooperation can be mutually beneficial, and it can increase NGO's revenue/profits and businesses legitimacy and profits. (Baur & Schmitz 2012; Jonker et al. 2006). One example of successful NGO-business cooperation was with Save the Children and the Coca-Cola Company. Save the Children received financial support from the Coca-Cola Company and the Coca-Cola Company gained financial and reputational benefits. (Baur et al. 2012.) On the contrary, Jamali et al. (2009) found in their study of business-NGO cooperation in Lebanon, that NGOs provided operational focus to companies regarding their CSR activities but did not create competitive advantage to the firms.

NGOs and activist groups can try to influence businesses in different ways for example by field-level change, damage and gain-tactics and numbers-tactics. There are two ways to achieve field-level change. The first one is to work in field-level which means that the NGO can start lobbying with public authorities and businesses and that way try to raise public awareness. (De Hond & De Bakker 2007.) NGOs have gained legitimacy through pressing political powers for recognition and to get their demands met and at the same time seeking public support from the civil society (Burchell et al. 2013; Giugni 1998). The second way to achieve field-level change is to try persuade individual field-level players to change their practices. De Hond et al. (2007) claimed that firms who are acting proactively towards CSR are more vulnerable to NGO pressure concerning field-level change than firms that are more defensive. (De Hond et al. 2007.)

The idea of damage and gain-tactic is to cause extensive material damage. The material damage is to rise so high that the business cannot continue the opposed practice anymore. (De Hond et al 2007.) This tactic though is unlikely to have more than a marginal effect on a firm because the damages would have to be significant in order to have the desired result on a firm (De Hond et al 2007; Spar et al. 2003).

The Numbers-tactic's purpose is to influence the decision maker by arranging for example boycotts, protests or petitions. In order to have an effect on the decision maker the NGO must be able to recruit a great number of protesters. NGOs today have problems executing the numbers-tactic because they have problems mobilizing enough protesters. (De Hond et al 2007.) Other important reason why the numbers-tactic is not seen as important anymore is that today the internet and the media offer an easy path to distribute essential information (De Hond et al 2007; Illia 2003).

Table 4 NGO's ways of influence business and the strengths of the tactics

Strength of influence on a business	High	Moderate	Low
NGOs	NGOs alone cannot achieve high level influence but if they get some other stakeholder to join them then they can be very influential (Schepers 2006; Van den Hove, Le Menestrel & De Bettignies 2002). This is usually done by lobbying and at the same time raising public awareness (Burchell et al. 2013; Giugni 1998).	Campaigns and protest are often highly visible in the media and in the social media and thus they can influence business and its activities (Van den Hove et al. 2002). NGO-business partnership can have a positive influence on organization's brand and its products (Baur & Schmitz 2012; Jonker et al. 2006).	Single activists protesting and for example blocking a building site or trying to cause material damage (De Hond et al 2007).

3.3 CSR in controversial industries

As stated previously CSR has become very popular cross all industries. But when it comes to firms that are part of controversial industry it is safe to assume that they cannot be socially responsible because of the nature of their business. Some industries become controversial when their product is seen as sinful, their products are addictive, or the usage of their products cause undesirable social results (Cai, Jo, & Pan 2012; Hong and Kacperczyk 2009). Industry can also become controversial if its practices violate stakeholder interests or social expectations (Cai et al. 2012; Klein & Dawar 2004; Carroll 1979).

The question if firms operating in controversial industries should engage in CSR practices is widely debated (Cai et al. 2012). The ones defending the firms in controversial industries are claiming that CSR practises are vital if a firm wants to improve its reputation and become a better organization (Cai et al. 2012). The opponents on the other hand are claiming that there is too big of a contradiction between CSR and the firm's core products (WHO 2004). In spite of the debate many companies in controversial industries are actively engaging in CSR activities. Companies such as ExxonMobil, Philip Morris International, Royal Dutch Shell and PepsiCo are actively reporting their CSR efforts (Cai et al. 2012; Du & Vieira 2012). The dilemma is that can a company operating in controversial industry be socially responsible or is its CSR actions just "window-dressing" which purpose is to deceive stakeholders and legitimize its questionable business or are they trying to improve transparency, strategies and philanthropy to enhance the company value or just engaging in CSR activities because others are. (Cai et al. 2012.) According to Yoon, Gürhan-Canli and Schwarz (2006) a company can be seriously hurt if its CSR actions are seen as insincere. Thus companies in controversial industries such as tobacco, soda, alcohol and oil industries may be more vulnerable to criticism and thus need to engage in higher levels of CSR activities in order to appease their stakeholders (Bhattacharya & Sen 2014; Yoon et al. 2006).

Stakeholders are constantly pressuring companies to act in a socially responsible way and they are the main reason why companies today are including CSR into their strategy (Peloza & Shang 2011). Big oil companies tend to report their CSR activities and they also address the needs of their several stakeholders (Du et al. 2012). Du et al. (2012) found that the problem with big oil companies is not that they do not participate in socially responsible activities but that their CSR activities are largely carried out in the hope of good PR. They also discovered that the CSR performance reports of big oil companies are very inconsistent across various domains. (Du et al. 2012.) These together with the negative incidents that happen for example oil spills and corruption scandals, can lead to stakeholders to think that the CSR strategies are hypocritical (Du et al. 2012) which, as mentioned before by Yoon et al. (2006), can cause significant damage to the company.

Stakeholders such as NGOs and governments are actively trying to influence the oil industry to act in more socially responsible way (Pulver 2007; Van den Hove et al. 2002). Companies in the oil industry have noticed that NGOs have become more salient because of the fast development of information and connection technologies which allows them to reach more stakeholders who support their cause (Van den Hove et al. 2002). For example, Greenpeace's activism was a key reason why Shell decided to stop arctic drilling in the coast of Alaska in 2015 (Moodie 2016). Governments are pressuring oil industry to behave in more socially responsible way by implementing regulations on CO2 emissions and also by supporting businesses who research alternative fuels such as solar and wind energy (Pulver 2007; Foxon, Gross, Chase, Howes, Arnall & Anderson 2005).

Tobacco industry is infamous largely because of its products cause millions of deaths each year. Tobacco industry has followed the current trend and started to behave like a good corporate citizen (Palazzo & Richter 2005). Tobacco companies have started to publish CSR reports and are dedicating large spaces for them in their websites (Palazzo et al. 2005). The problem with tobacco firms' CSR activities is that stakeholders play a key role in them and, like Palazzo et al. (2005) found in their study, many of the tobacco companies' stakeholders do not want to be in any contact with them and without being able to properly communicate with stakeholders CSR strategies and activities lose a lot of credibility. Tobacco companies such as British American Tobacco (BAT) and Philip Morris have tried to influence their stakeholders by using CSR (Fooks, Gilmore, Collin, Holden, & Lee 2013). According to Fooks et al. (2013) the CSR strategies and the stakeholder engagement have been only attempts to convince stakeholders that the tobacco industry is socially responsible and that there is no need for government regulation because self-regulation is enough.

Palazzo et al. (2005) claimed that tobacco companies cannot ever truly be socially responsible if they keep concealing the fact that their product kills people in their CSR reports. Other scholars see tobacco industry's CSR efforts as good and think that even

some level of CSR is better than none (Lindorff, Jonson & McGuire 2012). Tobacco industry's CSR is not all about smoking, it concerns other stakeholders as well. Tobacco companies concentrate for example on suppliers, employees and the community by addressing issues like child labour and human rights (e.g. working conditions) as well as the environment (Hirschhorn 2004).

Governments all over the world are trying to influence tobacco companies by regulating smoking by for example requiring warning labels in cigarette packages, by limiting smoking in public places and by having high taxes on cigarette products (Chaloupka, Yurekli & Fong 2012; Vardavas, Connolly, Karamanolis & Kafatos 2009; Cesaroni, Forastiere, Agabiti, Valente, Zuccaro & Perucci 2008). In 2017 US federal court ordered tobacco companies (Altria, R. J. Reynolds Tobacco, Lorillard and Philip Morris USA) to start advertising in television and in newspapers that tobacco kills people (Maheshwari 2017). This was a major blow on the tobacco industry, and it remains to be seen what kind of impact it has on the future of tobacco industry and its CSR strategies.

CSR in the alcohol industry has same characteristics that the CSR in the tobacco industry has. CSR strategies of alcohol manufactures are defensive, and they tend to blame others for the problems that their product causes instead of taking the responsibility themselves (Yoon, & Lam 2013; Room 2011). The CSR strategies do not seem sincere and in fact it seems like the CSR strategies are acting more like a shield against attacks from NGOs and governments (Yoon et al. 2013). Like in the tobacco industry, the alcohol manufactures prefer self-regulating over government regulations but again alcohol industry is no better than the tobacco industry since the transparency of their self-regulation is poor for the reason that there are no independent actors who monitor their regulation (Yoon et al 2013; Palazzo et al. 2005). Yoon et al. (2013) suggest that the alcohol industry should be regulated in the same way as the tobacco industry is. They also propose that there should be a same kind of actor as Framework Convention on Tobacco Control (FCTC) in the alcohol industry as well because FCTC recognizes that the tobacco industry's CSR

strategies are meant to weaken the control of tobacco products (Yoon et al. 2013; Smith, Gilmore, Fooks, Collin & Weishaar 2009).

4 Methodology

This thesis aims to find out how do the chosen organizations practice CSR and do governments and NGOs affect the CSR actions of these organizations. The answers to these questions are interpreted from CSR reports of two large and international oil companies as well as news articles that cover the side of NGOs and governments hence the research method of this thesis is content analysis. The CSR reports have been chosen because they provide a holistic overview of the companies' CSR initiatives and actions. News reports and articles have been chosen due to their ability to show how NGOs and governments act towards these companies and influence them. It has been noted that these sources of information do not give the full coverage of every CSR action that has been taken but it is seen that they cover the main areas of interest and thus are sufficient to answer the research question of this thesis.

4.1 Research design

Either quantitative or qualitative method can be used to collect the primary data used in a research. Quantitative method's objective is to understand phenomena by generalizing them. This also requires the terminology to be standardized. Contrarily, qualitative method uses more subjective and in-depth understanding of a topic. Furthermore, the topic often has less-clear boundaries between the context and the studied phenomenon (Patton 1990: 13). In this research, qualitative method is used for the concept of CSR and how it is practiced in firm specific activity and thus it needs more subjective and in-depth analysis. Additionally, qualitative method is used because the purpose is not to measure quantity but to get more in-depth understanding of how oil companies from different nations do CSR and how governments and NGOs influence it.

The research approach is deductive. The method of this study is more specifically qualitative multiple case study. According to Yin (2009: 18) case study is best used when the research aims to answer the question "how" and when "the boundaries between phenomenon and context are not clearly evident". This research uses a multiple case study

method as the use of multiple case organizations can be said to lead to more unbiased conclusions (Yin 2009: 27).

Empirical evidence to a case study can be collected for example through interviews, documents and archival records (Yin 2009: 98). This multiple case study research used content analysis method. More precisely, this study used a summative content analysis. Summative content analysis is done by comparing and counting, in most cases, content or keywords which are then interpreted by using the core context of the material (Hsieh & Shannon 2005).

4.2 Case study research methodology

Yin (2009) explains that case studies are used more often when "how or "why" questions are asked. Case studies are also more often used when the researcher has almost no control or no control over the events as well as when contemporary event with real life context is the focus of the study. It is important to note that the boundaries between context and an event are not clear in a case study. One or multiple cases can be included in a case study and both qualitative and quantitative evidence can be used. It is possible to use a mix of qualitative and quantitative evidence in case study if the research sees a clear value to it. When multiple-case study is used, researcher uses multiple different cases and from them draws a "cross-case" conclusions.

There are a few critiques against case studies, one being that the researchers that have done case studies have been sloppy or used biased information. Additionally, some researchers have raised the question on how is it possible to generalize from one case which has led to researchers questioning the scientific generalization that the case studies offer. Despite the worries that some researchers have had, case studies aim to get a generalized analysis of an event and not detailing (Yin 2009).

4.3 Content analysis research method

Content analysis is a scientific method that aims to create a tight description from the event that is analyzed (Tuomi & Sarajärvi 2009: 108). It can be carried out when the material is in textual format, even interviews and debates et cetera can be done if the material is first turned into textual format. The core of content analysis method is to analyze written materials and then conclude reliable conclusions from the studied phenomenon. Its objective is not to describe what the textual material includes but to find the important insights and link them together with other valuable results that have been found in the same field of study. Content analysis is done by constructing groups that are made by compressing the textual data used, where all the non-essential data has been deleted. Systematic and objective research is essential when construction the groups because the differences and similarities of the groups need to be found.

Both qualitative and quantitative evidence can be used in content analysis but quantitative content analysis has been more popular (Tuomi & Sarajärvi 2009: 105-121). In quantitative content analysis the researcher sees the textual content in a statistical sense and collects, for example how frequently a certain phrase or word appears in the content. The idea behind this is that the key word or phrase appears more often than the words or phrases with less importance. In qualitative content analysis the aim is to create deep understanding and get a holistic view of the subject. Qualitative content analysis does not aim to find statistical meanings of the phenomenon and test them but to get a holistic and deep understanding of the phenomenon and the numerous aspects that impact it.

The content groups in content analysis need to be carefully chosen and constructed since it affects the validity and reliability of the research immensely (Tuomi & Sarajärvi 2009: 103). The chosen textual material needs to accurately and logically compare to the content analysis' results in order to have high level of validity (Koskinen, Alasuutari & Peltonen 2005: 254-257). The validity of a content analysis is determined on different factors for example, are the results derived from the study generalised in relation to studies

from the same field or is the textual material well fitted to answer the research question of the study. Reliability of the study depends on how well can other researchers repeat the same study and get the same answers.

In order to the reliability and validity to be in high level there needs to be a strong correlation between the conclusions and the textual material chosen (Janhonen & Nikkonen 2001: 36-38). If the correlation is weak the content groups and ultimately the whole study becomes invalid because the study has not been able to describe the phenomenon accurately. A broadly accepted method to avoid invalid content groups is to use another researcher that has knowledge of the topic and field and to create another set of content groups. After the creation of a second set of content groups there should be a comparing of the two sets of content groups and if the similarity between them is approximately 80% they can be assumed as valid.

The strength of content analysis study is that the study focuses on textual materials and not in human beings (Koskinen, Alasuutari & Peltonen 2005: 131-132.). The textual materials are invariable and unlike in many other studies human beings cannot influence the conclusions with their memories and actions which can be sometimes misleading for example, if the participants forget to mention something or deliberately leave something out from the study. Content analysis thus eliminates the risk of human beings making the conclusions invalid. Other strength that has traditionally been linked to content analysis study is that it is relatively cheap to carry out because the researcher does not need to be in any specific physical place and does not need any outside people or participants.

The main criticism on content analysis is that it does not give any valuable or important insights from the event that the written material covers but focuses only describing its content (Tuomi & Sarajärvi 2009: 103). Hence, it is important to note that content analysis is not the result of the study but a tool which helps finding the valuable and important insights from the event. Additionally, content analysis does not take into consideration any missing information in the textual material which may ultimately cause the

results to be corrupted. The researcher may have difficulties accessing good textual material that is rich in information if the subject under study is delicate and the organization publishing the material has first polished and censored the material. This may happen if the organization wants to give a better image of themselves to the public. If the researcher suspects that this has happened, and the textual material has been polished it will affect the validity of the research dramatically. (Koskinen, Alasuutari & Peltonen 2005: 139-142).

4.4 The phases of content analysis method

Qualitative content has three main phases. The first phase has two actions that are incremental for the succession of the content analysis. The first one is to select applicable material that supports the study and has the potential to solve the research question. Additionally, any material that is not in textual format such as interviews or debates should be transcribed into textual format. The next step is to decide what data is useful and what is not and then separate these two groups. Useful data has the capability of solving the research question and it should be taken into the next phase. The data that is not useful should be already thrown away. The aim is to go through the entire material and reduce it to smaller parts that only include valuable data which have the capability of solving the research question. This first phase is believed to be the most important part of content analysis since it decides the entire material that is used to solve the research question of the study (Janhonen & Nikkonen 2001: 26-28; Tuomi & Sarajärvi 2009: 108-110.)

The second phase is a construction of groups. These groups include the data that was seen as useful in the first phase. The information collected in the first phase should be then divided according to differences and similarities. Each group needs to have a specific theme that covers all the information in it and differentiates it from other groups. Additionally, these groups should all have their own name that describes the group and the theme of the group and simultaneously sets it apart from all the other groups. The third and final phase of content analysis method is to construct abstraction. In this phase

the abstractions are constructed from the groups that were build in phase two and aim is to combine these groups into abstractions by finding the similar themes that connects them. After all these phases are completed there are theoretical abstractions that can be used to construct the results of the study (Tuomi & Sarajärvi 2009: 108-117; Janhonen & Nikkonen 2001: 26-29)

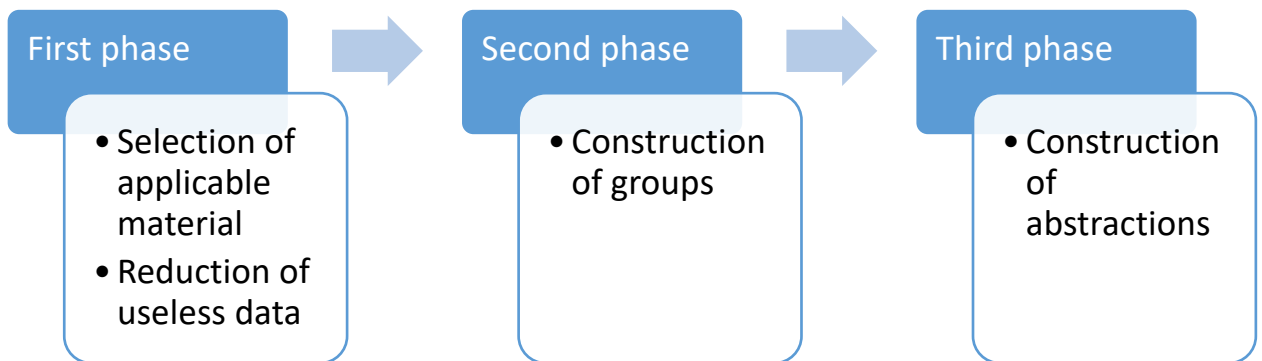


Figure 4 Steps of content analysis (Bengtsson 2016)

5 CSR in oil industry

In this section the empirical findings of the two content analysis are presented. The analysis was conducted in a following way. Firstly, in both of the content analysis, the CSR reports of 2016, 2017 and 2018 were thoroughly inspected in order to find all information that was seen as useful from the perspective of solving the research question. Second step was to construct groups by using the list of useful information created in the first step. The groups were constructed by finding out the differences and similarities of the listed policies and activities and then categorizing them in different groups based on a common theme. In the third step the produced groups were used to create abstractions. This was done by comparing the differences and similarities of the groups and based on them they were linked together to create bigger homogenous groups. These main groups were then used to describe how the companies are doing CSR.

5.1 CSR at ExxonMobil

ExxonMobil started in 1859 as a regional kerosene marketer in the USA (Exxon 2020). It has since grown to one of the biggest publicly traded companies in the world. ExxonMobil is an energy and chemical manufacturing company that operates in most of the countries in the world. Exploring natural gas and oil happens in six continents and additionally, they perform research and development to further grow their business. The company is the largest oil refiner in the world with the capacity of 4,8 million barrels of oil per day (Nasdaq 2021). ExxonMobil operates their fuel and chemical business under four brands worldwide: Esso, Exxon, Mobil and ExxonMobil Chemical (Exxon 2020). The number of regular employees varies year-by-year, but it is around 70 000.

Table 5 CSR at ExxonMobil

Responsible employer	Environment	Community	Suppliers	Compliance
<ul style="list-style-type: none"> • Working safely • Diverse and inclusive workplace • Healthy workplace 	<ul style="list-style-type: none"> • Focusing on now • Investing in the future 	<ul style="list-style-type: none"> • Investing in local communities • Human rights 	<ul style="list-style-type: none"> • Creating a responsible supply chain 	<ul style="list-style-type: none"> • Ethics and transparency • Responsible board and leadership

The core emphases of ExxonMobil's CSR are suggested to be responsible employer, environment, community, suppliers and compliance. Construction of these abstraction from the groups and the logic of it are shown in the following subtitles.

5.1.1 Abstraction of responsible employer

The responsible employer abstraction is formed together by the working safely, the diverse and inclusive workplace and the healthy workplace groups. The working safely group consists of personnel and process safety. Personnel safety aims to have zero workplace injuries and illnesses. Moreover, ExxonMobil states that their workplace injuries and illnesses have decreased by over 80% since the merger of Exxon and Mobil in 2000. Although, they state that their workplace is getting safer, fatalities still occur. In 2016 there were three reported fatalities and in 2017 there were two. The report in 2018 does not mention any fatalities but states that they had an increase of 14% in workplace injuries and illnesses. The response has been to hold safety trainings and investigate all incidents that resulted in injury or almost resulted in injury to ensure that it will not happen again. The comparison in incidents that is important to ExxonMobil is against American Petroleum Institute U.S. petroleum industry workforce benchmark. When comparing

their workforce injuries and illnesses to the previously mentioned benchmark they are well below the average. Process safety aims to enhance the safety of the facilities and minimize the possibility of release of hazardous substances. There are strict guidelines, processes and operating standards in place to identify possible risks and mitigate the risk of an event occurring. These are for example camera surveillance in manufacturing sites as well as regular inspections and maintenance of critical machinery and equipment.

The group of diverse and inclusive workplace is focused on giving females and minorities equal opportunities within the company. Recruitment practices, hiring, promotions and salary administration are governed by their Global Diversity Framework and Standards of Business Conduct. Their commitment is to provide and promote equal opportunity in every country they operate in as well as prohibit discrimination. ExxonMobil's commitment of equality and diversity can be seen in growth in executive female population as well as growth in number of executive minorities. The growth in female executive population was 2% between 2016 and 2018 and 43% since 2008. The growth in number of executive minorities was the same 2% between 2016 and 2018 but 55% since 2008. There are also different employee-led groups that promote diversity and inclusion such as women's interest network and people for respect, inclusion and diversity of employees (PRIDE). These groups are highly encouraged, and they offer mentoring and community service opportunities as well as development programs.

To ensure they keep their commitment of equal opportunity and no discrimination there are number of mandatory training programs and tools for their workforce. If a case of harassment should occur, it always leads to disciplinary action which includes termination of employment.

The healthy workplace group is an important part of the responsible employer abstraction. The emphasis is on keeping the workforce healthy and avoiding known risks by having workplace health programs in each country. The local health needs are taken into consideration in each country as the health risks vary. One of the programs is called

Culture of Health which is a driving force that enables services such as health education, fitness programs and disease management assistance. Other important programs battle diseases that include HIV/AIDS and endemic diseases such as malaria and zika. ExxonMobil was awarded for its efforts to protect its workforce from malaria and programs such-like, improving clinical skills in malaria countries and building health facilities, in 2018 by Corporate Alliance on Malaria in Africa.

5.1.2 Abstraction of environment

The abstraction of environment is divided into focusing on now and investing in the future groups. The building blocks of focusing on now group are reducing emissions and waste and being responsible land user. The main objective is to improve energy efficiency because it reduces emissions as well as costs. The energy used in ExxonMobil's operations counts for a significant amount of their total direct greenhouse gas emissions and is one of their largest operation costs. The goal is to keep reducing the energy usage and between 2000 and 2018 they had either stored, captured or eliminated 400 million metric tons worth of CO₂. The emissions have not gone down every year despite ExxonMobil's targets. The 2018 greenhouse emissions were higher than in 2017 but lower than the 2016 emissions. Despite the greenhouse emissions not going down in 2018 the company was still one of the most energy-efficient refinery companies in 2018. They use cogeneration in their processes which allows them to produce electricity simultaneously as they capture heat or steam for their industrial processes. This improves their energy efficiency, and they have the capacity for cogeneration of 5,400 megawatts globally in over 100 countries.

Methane emissions are a large part of the company's emissions. They have a target of reducing methane emissions by 15% by 2020 and it has been driven by the fact that ExxonMobil wants to be a forerunner in their industry. In 2018 their methane emissions in US were down by nearly 20% since 2016. Despite of this, the company-wide emissions did stay in the same level as they were in 2017. For them to reach their goal by 2020 they will have to continue to invest in new technology that allows them to discover leaks

faster and offer them lower-emission solutions. ExxonMobil is working with different stakeholders to further reduce methane emissions and advocating the governments to have regulation on the emissions.

Reducing plastic waste and especially plastic pellet loss is of an importance task for ExxonMobil. They are creating a global reporting standard for their operations because they see the public's concern over plastic waste. It is important for them to have one global standard as laws and regulations differ in different jurisdictions. In 2018 the global standard was still not in effect but it still they did not have any reportable plastic pellet losses to the environment which is their goal in the future as well. Their plant personnel are trained to monitor the facilities daily to ensure that there is no plastic pellet loss to the environment. ExxonMobil also encourages their third-party logistics suppliers to join Operation Clean Seep (OCS) which they have been a part of since 2008.

It is also important to them to offer their customers ways to recycle and use less plastic as well as educating them even further on the importance of the issue. They are promoting these initiatives through multiple organisations that they are part of. In the following table three examples of these organisations are provided with brief explanation of ExxonMobil's involvement and the purpose of the organisation.

Table 6 Organisations ExxonMobil is part of

The Recycling Partnership	Materials Recovery for the Future	Alliance to End Plastic Waste
ExxonMobil was the first energy company to join this organisation. A non-profit based in the United States that strives for increasing recycling in the	ExxonMobil joined this organisation in 2018. Non-profit organisation that's objective is to prove the economic and technical	ExxonMobil is one of the founding members of this organisation. The organisation's goal is to promote scalable solutions that

country. They help develop sustainable solutions and support community activities that promote recycling.	value of recycling plastic packaging in households.	have the possibility to reduce plastic waste. There are over 40 companies part of this organisation and together they've committed more than \$1 billion to the organisation's purpose.
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ExxonMobil highlights that they are the first petroleum products company that get Underwriters Laboratories' (UL) Zero Waste to Landfill Silver designation. UL's program measures and follows waste flows and how the waste is diverted away from landfills in innovative and environmentally responsible ways (UL.com 2022). The Silver designation was reached in ExxonMobil's global lubricant factories with over 90% of waste diversion rate. This meant that they were able to divert more than 50 000 tons of waste away from landfills in environmentally responsible ways. They were able to get to these levels by using innovativeness in their 14 different waste categories and trying to minimize waste generation overall.

Being responsible land user means many things for ExxonMobil. These include managing biodiversity, seismicity and spill performance. Biodiversity management affects all the areas where ExxonMobil is operating, and they are continuously examining these areas to identify possible risks related to biodiversity and ecosystems. This is crucial especially in environmentally sensitive areas where 25% of the company's facilities are located. They are tackling this by modifying their engineering and design processes as well as improving the habitats of wildlife in their properties. They also donated three million dollars in 2017 to different organisations that were focused on land conservation and biodiversity. The following figure shows the process of how the company manages environmental issues and aspects.

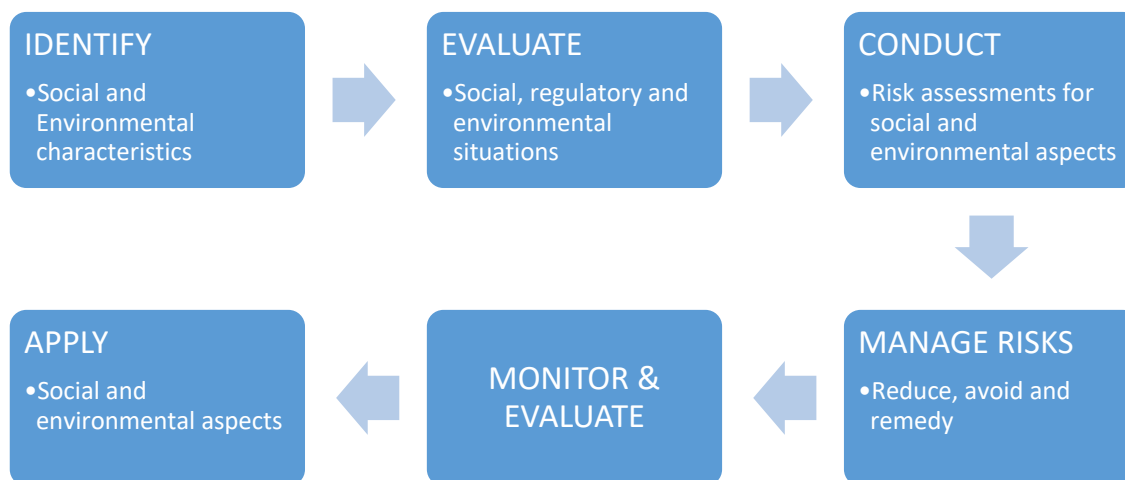


Figure 5 ExxonMobil's management process for environmental aspects

Seismicity affects some of ExxonMobil's sites as some oil and gas operations can lead to seismic activity. They support risk managing operations on these sites and have risk minimization practices in place in order to limit the risk that seismic activity would occur on their count. ExxonMobil also created a free software together with Stanford University that assesses the risk of seismic activity occurring. This tool is being used by governments and agencies that regulate operations in these sites to make sure that the risk of induced seismic activity is minimal.

Spills do occur every year in ExxonMobil's facilities. Though spills occur ExxonMobil is taking rigorous actions to prevent and further eliminate them. They have a spill response research program that ensures that if a spill happens the response is fast, and the effect is minimal to both environment and the local communities. They focus especially on remote areas such as the Arctic. In 2017 the company reported that they had been able to reduce spills bigger than one barrel by 55% since 2011. It is also mentioned in their reports that majority of their spills did not have an affect the local communities.

The group of investing in the future consists of natural gas, biofuels, carbon capture and storage and climate change policy. ExxonMobil invests one billion dollars annually in R&D across their operations and employs more than 20 000 scientist and engineers as well as collaborates with more than 80 universities globally. Natural gas is a crucial part of ExxonMobil's future strategy as they believe that it is going to be one of the most important energy sources in the future as we continue to try and reduce the global emissions. They mark that it has 60% lower lifecycle emissions than coal when used in power generation. Moreover, it can be used when other energy sources such as wind and solar energy is not available. They have made major investments in natural gas and are one of its largest produces in the world.

ExxonMobil has a broad portfolio of biofuel research, and they are investing in it continuously. One of the most promising advanced biofuels that they are researching is algae-based biofuels. They mention that using algae-based biofuels would only require minimal changes in the transportation infrastructure that we have currently. It could also be produced in lands that are seen as unsuitable for traditional agriculture and it would require less area for same amount of energy produced as the current biofuels. It would also tackle the problem that producing of ethanol has which is that it needs freshwater when algae can be grown using solely saltwater. The target is to have the capability to produce 10 000 barrels of algae-based biofuel per day by 2025.

Carbon capture and storage means that CO₂ that would otherwise end up in the atmosphere is stored in underground formations. This is a permanent storage and ExxonMobil has been practising this since 1970 and in 2018 it held 25 percent of world's carbon capture capacity. ExxonMobil was also able to capture more carbon each year between 2016-2018, when 2016 they captured 6,3 million tons of carbon, 2017 6,6 million tons and in 2018 7 million tons. They are also continuously investing in carbon capturing and storage technology to make it more affordable and commercially viable.

ExxonMobil is addressing climate change policy through their stakeholders that include for example governments and NGOs. They engage with them through trade organisations and directly with the aim to create rational climate change policies globally. They believe that free market is the solution when addressing climate change as it brings innovation and the necessary technology. Although free markets are vital ExxonMobil recognise that governments have crucial role in creating sound climate change policy that invites competition and enables innovation. These policies should be clear and in-line with other regulations to ensure that there is no distortion in markets and that the consumers would not have to pay unnecessarily. ExxonMobil believes that in order to make clear and sound policies scientific research and exhaustive understanding of the climate system is needed. The company states that they have been part of the climate change research over 35 years and its researchers are actively participating in United Nations Intergovernmental Panel on Climate Change and have been part of it since the beginning.

5.1.3 Abstraction of community

Investing in local communities and human rights are the building blocks for the abstraction of community. ExxonMobil invests' in local communities can be divided in to three major areas: fight against malaria, improving women's economic opportunities and supporting education. The reason behind this is that ExxonMobil claims that research proves that by focusing on these areas a good foundation for progress in humanity and economic wealth can be laid. Fight against malaria is an important area for the company since it concerns not only its employees but their families and communities where they operate at. It includes investing in education, research and treatment programs and ExxonMobil had contributed almost \$170 million to support this cause between 2000 and 2018. ExxonMobil also claims that in 2016 they were historically one of the biggest donation givers in private sector. Part of these investments were going to organisations such as Medicine for Malaria Venture that is creating new drugs to fight malaria and Malaria Vaccine initiative where ExxonMobil is trying to affect the policy making to be more informed against malaria vaccines.

Improving women's economic opportunities initiative started in 2005 and by 2018 ExxonMobil had invested nearly \$120 million in it. Its goal is to improve women's economic status by getting them access to technology and develop future female entrepreneurs and business leaders. This is seen at ExxonMobil as a great way to enhance and develop local communities as well as whole nations. This is especially important in developing regions as in those areas where women have more equal status a positive economic transformation, improved health, lower rates of poverty and lower infant mortality rate can be seen. In 2016 ExxonMobil started an initiative in Mozambique where the aim was to empower women farmers to achieve greater economic opportunities. In 2016 the initiative was able to reach over 400 farmers and show them both practical and theoretical applications on how to be more successful in the commercial markets of Mozambique.

ExxonMobil stated that they had contributed over \$1.3 billion to education between 2000 and 2018. They are investing in education globally as they believe it is the building block for economic growth as well as individual growth and the chance to prospect. ExxonMobil invested in USA-based non-profit organization National Math and Science Initiative (NMSI) in 2016. They invested in the College Readiness Program that helps schools to offer more Advanced Placement (AP) coursework while attracting more students to these courses. This helps students to better prepare for studies in college and the career that comes after it. ExxonMobil's investment helped NMSI to expand its program in multiple states and after only one year the qualifying rates in AP subjects in those schools rose by 51%.

Another example that ExxonMobil gives is that together with RISE International and Educate A Child they started an initiative in Angola where the goal was to build 25 primary schools. Angola faces challenges in the educational sector and one of the challenges is the lack of proper facilities where to offer education. The 25 schools that are to be built would help 24000 children who currently do not have a place to study. ExxonMobil was able to build seven schools in 2018 and in January of 2019 two more schools were completed.

Human rights are a fundamental principal of ExxonMobil's operations globally. They are ensuring that human rights are respected and understood by having trainings and implementing them in their practices and policies. ExxonMobil works closely with IPIECA to ensure their policies reflect the current international initiatives and to develop and share practices in their industry. Additionally, ExxonMobil has a framework called ExxonMobil's Statement of Principles on Security and Human Rights. This framework ensures that all ExxonMobil's majority owned companies follow the following guidelines: security for operations, facilities and personnel in a way that respects human rights. They also expect that they employees choose to work with partners and suppliers that share their view on human rights. As well as how to act if abuse of human rights has occurred or there is a claim that it has occurred by private or public security personnel. This includes reporting the incident to the host government if the incident has been serious.

5.1.4 Abstraction of suppliers

Creating a responsible supply chain that respects the same values as ExxonMobil in environmental aspects and human rights is important to ExxonMobil. They do anti-corruption due diligence and hold audits in some of the countries they operate in to ensure the suppliers are conducting rightfully.

Using local and diverse suppliers is valued at ExxonMobil and in 2017 they used more than 100 000 suppliers globally. They have developed best practices to ensure that both local and diverse suppliers are used globally. This includes data bases of local suppliers, supplier forums and business training and development centres for local businesses. ExxonMobil states that they have pursued this in for example Guyana by creating Local Business Development and supplier registration portal. The aim of this is to identify local suppliers as well as offer training to them. ExxonMobil also started microfinancing union in 2016 in Indonesia. It offers the local suppliers access to capital that they did not previously have which helps them to grow their businesses. The union had 400 members in

2016 and helps the members in other ways as well such as, management training and assistance.

ExxonMobil promotes the using of diverse suppliers. They state that diverse suppliers are minority-owned businesses; service-disabled veteran-owned businesses; small businesses; veteran-owned businesses; lesbian-, gay-, bisexual- and transgender-owned businesses; women-owned businesses; and businesses owned by people with disabilities. Figure 7 shows how much ExxonMobil grew their spending with USA based diverse suppliers.

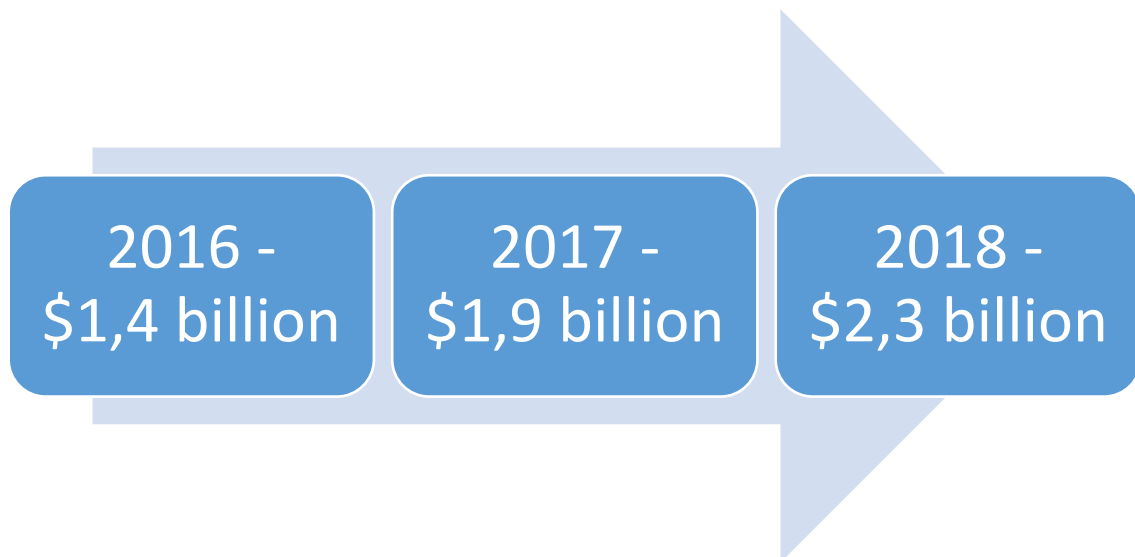


Figure 6 ExxonMobil's spending with USA based diverse suppliers 2016-2018

ExxonMobil believes that it is also important to provide training and coaching and workshops to diverse suppliers. They believe that this will give them the possibility to achieve growth and development in the future as well. They also state that these continuous efforts have resulted them getting continuously recognized in the area of supplier diversity efforts. For example, in 2016 they were able to achieve Women's Business Enterprise National Council's (WBENC) "America's Top Corporations for Women's Business Enterprise" for the 10th consecutive year. The award was given to them because they had driven innovation in support of the female suppliers.

5.1.5 Abstraction of compliance

The foundation of the abstraction of compliance is ethics and transparency and responsible board and leadership. ExxonMobil has created Standards of Business Conduct which they state that always upholds their high ethical conduct in their corporation. All the employees must sign it annually to assure that they have not only read it but also understood it and will comply with it. They also ensure that the Standards of Business Conduct are being complied with by holding internal audits regularly. Annually they are able to review all of the company's processes and activities and any noticed non-compliance and misconduct against the Standards of Business Conduct are comprehensively investigated. ExxonMobil also has around the clock hotline available for employees. The purpose of that is that if employees witness any misconduct, they can instantly report it. The reported incidents are then reviewed and investigated by a separate committee.

Transparency is seen as a continuum for their commitment to ethical conduct. ExxonMobil states that it is crucial for them that there is a transparency in the payments that happen between private companies and governments. They believe that the citizens should be able to see the revenue that the government makes and through that be aware where that money is being used. They are continuously working with governments to ensure even greater transparency in the countries they are operating in. One of the examples of this is that they are a founding member of Extractive Industries Transparency Initiative (EITI). EITI is a global organization that's purpose is to encourage the accountable use and management of oil, mineral and natural gas resources. The way EITI does this is it receives revenues and payments from both governments and private companies and then it compares them to see if there are any differences. After this is done, they publish their validated total revenues for the governments.

NGOs and Governments influence

In 2015 ExxonMobil became under investigation in US for misleading investors and public about the potential risks for their business and dangers of climate change. The investigation states that ExxonMobil knew about the risks of climate change already in 1981 and they had deliberately lied to the public and investors since then (Goldenberg 2015). Originally this was shared by Inside Climate News which is non-profit news organization. It was only after their investigations people in the US started to demand that a federal investigation should take place (Goldenberg 2015). The investigation continued in the following years and there was no mention of this in ExxonMobil's CSR reports.

After these allegations became public ExxonMobil sued Massachusetts Attorney General with the intention of getting her removed from the office. This attack was claimed to be because the Attorney General of Massachusetts had subpoenaed ExxonMobil. Additionally, ExxonMobil sent many different environmental NGOs threatening letters which stated that the NGOs should not delete any of their internal communications and communications with other NGOs and other groups (DeMelle 2016; D'Angelo 2016). Furthermore, after learning about the allegations and the threatening letters to NGOs, ExxonMobil's corporate citizenship board member Sarah Labowitz resigned. The board was appointed by ExxonMobil itself (Lynch Baldwin 2017). ExxonMobil mentioned that Labowitz had resigned and thanked for her work but did not mention about the ongoing legal case or comment it.

Additionally, ExxonMobil's algae-based biofuel project has been called a symbolic project and even greenwashing by NGOs supported by researchers. This is because ExxonMobil said that the algae-based biofuels will create less emission but at the same time as they were saying this, they were boosting their traditional oil and gas production which can be seen as counterproductive and greenwashing. Experts were also saying that the fact that it does not seem to be ever economically feasible makes it a publicity or a lobbying project (Storrow 2020; Terstein 2018).

In 2016 the US Security and Exchange Commission (SEC) proposed a law which would have made all the gas, oil and minerals report the payments made to foreign governments. ExxonMobil had previously sued the SEC for the similar law and the SEC had to rewrite it. ExxonMobil was against this rule and said that it would increase costs and cause harm to shareholders. It was said that they wanted to kill the proposed law (Greenberg 2017). This is contradicting to what ExxonMobil is saying in their reports where they state that they want to be transparent and show the payments made to governments because they believe that is good for the citizens of those governments and adds overall transparency.

5.2 CSR at Shell

Shell is an energy and petrochemical company that consists of many different subsidiaries. It was first founded in 1833 when it imported seashells from Asia and the oil transportation business started in the 1880's (Shell 2022). It has 87 000 employees and operates globally in more than 70 countries (Shell 2020). In 2021 it produced 8,7 billion cubic feet of natural gas and 1,7 billion barrels of liquids per day. Its HQ is in London United Kingdom (Nasdaq 2022).

Shell's core emphasis on CSR is suggested to be responsible employer, environment, community, suppliers and compliance. How these abstractions were constructed from groups are shown in the following subtitles.

Table 7 CSR at Shell

Responsible employer	Environment	Community	Suppliers	Compliance
<ul style="list-style-type: none"> • Working safely • Diverse and inclusive workplace 	<ul style="list-style-type: none"> • Focusing on now • Investing in the future 	<ul style="list-style-type: none"> • Investing in local communities • Human rights 	<ul style="list-style-type: none"> • Creating a responsible supply chain 	<ul style="list-style-type: none"> • Transparency • Governance

5.2.1 Abstraction of responsible employer

The abstraction of responsible employer is constructed from working safely and diverse and inclusive workplace groups. Shell's number of employees went down from 92 000 in 2016 to 82 000 in 2018. The employees work in over 70 countries globally. Shell has program called Goal Zero. The idea behind this is to cause zero harm to people and the environment. Shell has stated that personal is a key area and that it is one of the highest risk areas. They state that although they expect all of their employees and contractors to abide by their safety rules accidents do occur. When an accident occurs, they investigate the reasons behind it and try to learn from it to ensure it does not happen again. In 2017 Shell was able to have the lowest numbers in their history in injuries occurring that led to time off from work. This number grew in 2018 back to the same level as in 2016. Shell states that fatalities also occur from time to time and in 2017 and 2018 there were two fatalities each year and in 2016 there were three. Shell states that this is unfortunate but happens in harsh environments where the employees must manage and be aware of many hazards.

Diverse and inclusive workplace group is an important part of Shell's business. They state that a diverse and inclusive culture that appreciates diverse people is a key factor in improving overall business performance and safety. This is because diverse teams with diverse and inclusive leaders are the most engaged teams. Shell also states that it gives equal opportunity in recruitment, career progression, training and rewarding and this is part of their strategy of hiring the best people and then developing and retaining them. In 2018 Shell was rewarded for their diversity and inclusivity actions by Workplace Pride global LGBTI benchmark where they were one of the top three companies. They also state that Human Rights Campaign Foundation's Corporate Equality Index gave them 100% score in 2018.

The number of women in senior leadership grew gradually from 20% in 2016 to 22% in

2017 to 24% in 2018. Shell believes that measuring this and improving the opportunities women have is important. They for example provide leadership courses to women and make female leaders work more visible to ensure greater gender balance in the future. Shell also states that they were the first major oil and gas company to provide minimum 16 weeks of paid maternity leave for all its employees in 2018.

5.2.2 Abstraction of environment

Abstraction of environment is constructed from the groups of focusing on now and investing in the future. Focusing on now group consists of three areas: reducing emissions, responsible water usage and responsible land user. Reducing greenhouse emissions is important to Shell and one of the ways they do it is being as energy efficient as possible in all their facilities. All their facilities or future projects that have greater emissions than 50 000 tons of greenhouse gases are required to have a plan for their greenhouse emissions and their energy management. These plans are to be updated annually and must include options on how energy efficiency can be improved as well as how emissions can be reduced. Examples of how this is done is by installing and using more energy efficient machines and equipment and making sure that all equipment are regularly maintained to ensure greater reliability and sourcing power from renewable sources. Shell's direct greenhouse gas emissions were 70 million tons of CO₂ in 2016, 73 million tons in 2017 and 71 million tons in 2018. The changes happening were explained by opening new facilities and closing or selling current ones. Around 50% of Shell's greenhouse gas emissions come from their chemical plants and refineries.

Shell recognizes that reducing methane emissions is crucial since it is more potent than CO₂ and has a greater influence on global warming. The main sources of Shell's methane emissions were venting of gas and flaring in their oil and gas operations. Shell was able to lower its methane emissions from 123 thousand tons in 2017 to 92 thousand tons in 2018. This was mainly because of divestments and selling an operation. Minimizing methane leaks in natural gas systems is also important since they limit the environmental benefits natural gas has compared to for example oil. It is also financially beneficial as

methane is the single largest component of natural gas and the more leaks happen the less natural gas Shell can sell to its customers. To detect leaks Shell uses technology and they are for example using a drone-based technology in their Permian Basin facilities. Additionally, Shell is a founding member of industry coalition that aims to reduce the methane emissions in the gas industry. In 2018 the coalition included 17 other companies and it is supported by for example UN, World Bank and leading universities.

Shell recognizes that fresh water is one of the most important natural resources and it is crucial to manage fresh water use globally and especially in areas where it is not always available. Thus, they manage their freshwater usage and try to minimize it especially in areas where it is scarcity. Figure 7 shows how Shell uses fresh water and how they make sure that a maximum amount of water can be either reused in their facilities or returned to the environment. Some of the water must be disposed after the treatment but in areas where freshwater is a scarcity they have plans in place where they can either use a minimal amount of freshwater or alternatively use recycled treated water and sewage water that has been processed. Shell's freshwater use grew from 195 million cubic meters in 2016 to 199 million in 2018.

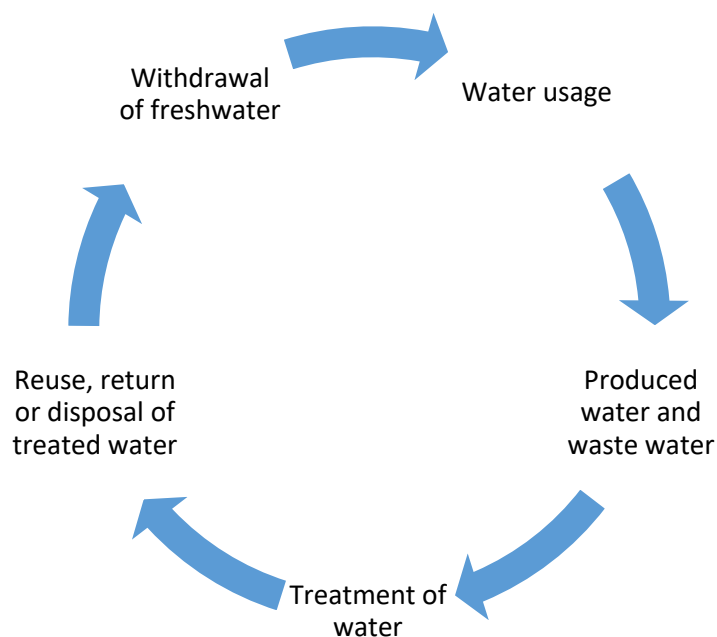


Figure 7 Water use at Shell

Being a responsible land user means that Shell seeks to understand its impact on the local environments and on biodiversity. If their facilities operate in places where it is not possible to avoid impact on the biodiversity and environment, they try to help to restore the impacted areas and make contributions on the conservation work. For example, Shell acquired an area in Australia that has rich biodiversity because they built a natural gas plant elsewhere. They are to protect the area and its ecosystem, and it was done to offset the damage the natural gas plant's building caused to the environment. When operating in areas that are classified as critical habitats because of their richness in biodiversity, Shell develops action plans to help them understand the impact their operations causes and how they can mitigate their negative impact.

Shell seeks to avoid all operational spills and has programmes in place to improve the reliability of their pipelines and facilities. It is crucial to have routine maintenance checks in place because spills that occur are caused by operational failures, unusual corrosion and accidents. The amount of oil and oil products spilled varied between 2016 and 2018. The volume of oil and oil spilled in 2016 was 0,7 thousand tonnes, 0,3 thousand tonnes

in 2017 and 0,8 thousand tonnes in 2018. Operational spills are not the only spills that occur but there is a significant number of spills and great volume of oil spilled happening because of sabotage and theft. Nigeria was the main area for theft and sabotage in all three years and in 2016 the volume was as high as 3,9 thousand tonnes and in 2017 1,4 thousand tonnes and 2018 1,6 thousand tonnes. Shell states that the reason for the spills do not matter and they remediate and clean up all the sites and if it is an operational spill, they offer compensation to the local communities. Nigerian government is included after the clean-up to make sure that it has been properly.

Carbon capture and storage, natural gas, alternative energy solutions and renewable energy are the building blocks of the investing in future group. Shell believes that carbon capture and storage is an important piece when it comes to tackling climate change globally. Thus, they are continuously investing in it and in the further research as well as in new ways to use the stored CO₂. One example of using the stored CO₂ was in 2018 when Shell was able to use the CO₂ as fertilizer in agriculture. Shell is also part of a group in Norway, that includes the Norwegian government, that is researching new technologies how they could make carbon capture and storage more affordable and thus more scalable.

Natural gas is a crucial part of Shell as it counts approximately 50% of their whole production. Shell states that what makes natural gas so important for the world is that when used to create electricity it has 45%-55% lower greenhouse gas emissions than coal and it can be used in any industry and in any home globally in multiple ways. They also mention that it is a great way to keep electricity supply steady when renewable energy is not available. Liquefied natural gas can be used instead of diesel in many heavy-duty transport industries such as in shipping.

Alternative energy solutions that Shell is investing in are biofuels and hydrogen. Shell believes that using biofuels is a great way to reduce CO₂ emissions and they are investing

in them and are one of the largest distributors and mixers of biofuels. One of the examples of this is how in Brazil Shell mixed ethanol made from sugarcane to petrol and they were able to reduce the CO₂ emissions by 70% when compared to traditional petrol. Producing biofuels has different impacts on the environment for example the water, air and soil in the producing sites can suffer. Shell states that it is important to manage those impacts and not only focus on the final product's lesser CO₂ emissions. They require all their biofuels to be produced in a way that is socially responsible. They are also working on developing biofuels further. In India for example they have a facility that is developing a method that could turn waste in to fuel and in 2018 the facility was able to do this from for example waste from agriculture and they are trying to make the project more commercially feasible and scalable.

Shell is building hydrogen infrastructure as it has a potential to greatly lower emissions in transportation and other sectors as well. They state that it is still unsure if hydrogen will reach its potential but if this would happen and if it was produced by using only renewable energy then vehicles and power plants using it would get practically emission free fuel. Shell is working together with partners in H2 Mobility Germany joint venture to build approximately 400 hydrogen charging stations nationwide in Germany. Of the total 400 to be built they had 54 open in 2018. Shell also started building a plant in Germany in 2018 where they could produce hydrogen from water, and it was the largest of its kind.

Shell is investing heavily in renewable energy. This is partly because they are planning to make electricity one of their key areas of business alongside their current one's gas, oil and chemicals. They aim to create the electricity by combining natural gas and renewable energies such as solar and wind. In Europe and USA Shell was generating electricity through their ventures in solar and wind power. Their goal is to provide 100 million people in developing countries electricity by 2030. They first entered the wind energy industry in 2001 and solar energy industry in 2018. By 2018 they had five wind farms in the USA and one in the Netherlands as well as one solar project in USA and one in Southeast

Asia. They also state that they are continuously investing in both solar and wind power either by acquiring current companies or building their own projects.

5.2.3 Abstraction of community

Abstraction of community consists of two key groups that are investing in local communities and human rights. Investing in local communities can be divided then to giving access to energy, supporting education and enterprises. Shell is adamant on the subject of access to energy especially in developing countries where people live either without energy or with unreliable power. Shell made a goal in 2018 to provide 100 million people in developing countries with reliable energy. They are planning to do by investing in both research and business that innovate. They have already invested in many businesses that provide electricity both industries and private homes. Shell also sees this as a commercial opportunity for them. This opportunity is located in Africa and Asia where Shell would build projects with already researched and proved technology that is easily scalable such as decentralised solar energy systems and mini grids.

Shell is supporting local enterprises by buying goods and services from them and by talking to governments when new legislation concerning local businesses is being designed as well as supporting the creation of new businesses through their Shell LiveWire program. The program is targeting young local entrepreneurs and helping them to start their own business. By 2018 the program had helped to create 1374 jobs and it operates in 18 different countries and 43 of those businesses were part of Shell's supply chain. The program is growing constantly into new countries and cities.

Shell supports the science, technology, engineering and math (STEM) education actively and their goal is to have a positive effect on future generation. They have a global STEM program called NXplorers that targets young people and challenges them with complex and difficult problems. The goal of this is to give the young people the skills needed to strive in the future and create future leaders and innovators who can create sustainable change.

Human rights are part of all of Shell's operations and they believe that in order to them to be a responsible business they must manage their impact on communities. Shell has had a community feedback mechanism implemented in all of their operations globally since 2012. The goal of this is to get a comprehensive view on how Shell is performing both locally and globally. They aim to great more effective connection with the communities to share the benefits of their operations. Complaints have different classification groups to help Shell recognize which areas they need to improve in both locally and in the global level. Social complaints were the ones most often made between 2016 and 2018. Benefits-related were the most common out of social complaints. Benefits-related complaints were for example allegations of unfair treatment, labour and social investment.

5.2.4 Abstraction of suppliers

In each year between 2016-2018 Shell spent over \$42 billion with over 32 000 thousand suppliers globally. Shell aims to use local suppliers either by direct employment or through their business and government partners. Shell aims to only work with suppliers that act in socially responsible way. In some countries suppliers can pose a higher risk for example for labour and human rights. These suppliers are then thoroughly analysed by using a specific set of criteria to flag high-risk processes and actions. The mechanism Shell uses to identify high-risk suppliers can be seen in figure 8.

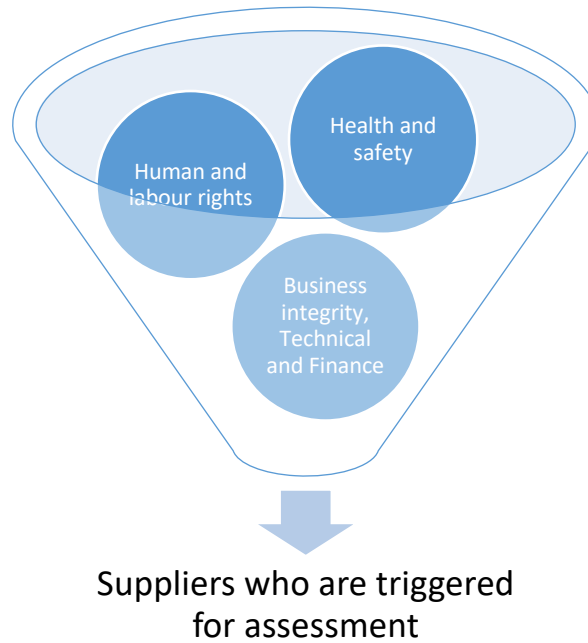


Figure 8 Shell's risk filter for suppliers

After the assessment is done the suppliers are categorized in a rating system which helps Shell choose suppliers that are able to correct the issues and the ones that did not have serious issues. Even if the issues are not serious Shell requires all of the suppliers to have a plan in place where they show how those issues are fixed to match Shell's requirements. Shell also has processes in place to continuously monitor the compliance of their suppliers. Example of this is that Shell requires all of their suppliers to ensure the supplier's employees are treated in a healthy and safe way. Shell monitors this and in some high-risk countries they require the suppliers to have welfare plans for the workers in place which includes a clause for no forced labour and ethical and responsible recruitment process.

5.2.5 Abstraction of compliance

Abstraction of compliance can be divided into two groups Transparency and governance. Transparency group focuses mostly on transparency regarding revenue and taxes. Shell states that they obey all the tax laws in every country they operate in and are transparent on the tax payments they do make. They feel that tax transparency is especially important

because then they can show how much they have contributed to the local governments. This again helps the governments to fulfil their duties of improving social development and supporting the economic growth of the country. Additionally, Shell started in 2016 to report all the indirect taxes, royalties and income taxes they pay to governments globally. The board of directors regularly examines all the taxes paid and makes sure that they are in compliance with Shell Control Framework.

Governance at Shell is supported controls, policies and standards. These affect the direction where Shell wants to go as well as all the decisions that are being made in every level of the business. The leader of the sustainability direction is the CEO of Shell and the EC. But helping the CEO there are Board Committees such as the corporate and social responsibility committee (CSRC). CSRC's duty is to bring sustainability matters to the board level and make sure they are owned and understood. Additionally, CSRC visits different facilities annually to talk to the different stakeholders. After the visits CSRC reports all of their notes to the board of directors and the management of those projects. Shell believes this is an important part of their sustainability journey and it strengthens its global operations' sustainability processes.

NGOs' and Governments' influence

In 2018 Amnesty International found that Shell had been negligent regarding their oil spills in Nigeria. This had continued since 2011 and they were able to prove that Shell was lying when it was saying that it is cleaning up spills as fast as it can and obeying government regulations which can also be seen in the CSR report. Nigerian government for example required that all spill sites must be visited within 24 hours it has been noticed but Shell did this only in 26% of the cases. Amnesty International was even suggesting that sometimes when Shell was blaming the spills to theft the actual reason might have been corrosion. The reason why Amnesty International suggested that Shell was doing this is because if the reason of the spill was not operational Shell would not have to pay compensation to the local community. Amnesty International brought all the

evidence to the Nigerian government in 2018 and suggested them to make more strict guidelines for the oil and gas industry (Amnesty International 2018).

In 2017 NGO called FollowThis led the way in persuading and advocating for Shell to have clear targets for their greenhouse gas emissions. They were able to get many key shareholders to agree with them and this led to Shell promising to have clear greenhouse gas emission targets by 2019 (Raval, Hook & Monie 2018; Tornero 2017). This was not included yet in the reports between 2016 and 2018 because the implementation started in 2019 but it shows how NGOs can have high-level of influence when they team up with actors such as stakeholders.

Dutch newspaper called The Correspondent found out in 2017 that just as ExxonMobil Shell also new about the risks of climate change and that burning fossil fuels would be a big contributor to that. The report stated that Shell was aware of this already in the mid 1990s but did not act accordingly. This is not mentioned in their reports and many NGOs including Greenpeace started advocating for more lawsuits against Shell (Carrington & Mommers 2017).

In 2018 Nigeria filed a lawsuit worth of \$1,092 billion against Shell and Eni (Shell's partner company). The lawsuit stated that the two had been involved in corruption and fraudulent practices. This dated back to 2011 when the companies acquired an oil-prospecting license in Nigeria. The claim was that the companies payments did not go to the government but it was paid via Malabu Oil and Gas. Dan Etete a former minister of petroleum, controlled Malabu oil and Gas and thus the money was allegedly used for kick-backs and bribing. This was not mentioned in Shell's 2018 CSR report and while these were allegations at this point there was great amount of negative press for Shell (Husseini 2018)

Although, Shell states that they are investing heavily in renewable energy it was found by a law charity called ClientEarth that they only used 1% of their long-term investments between 2010 and 2018 into investing in solar and wind power. It is noticeable that when Shell is saying that they are investing heavily they are not giving specific numbers and the comparison is not made to how much they are investing in their oil, gas and chemical projects (ClientEarth 2021)

5.3 Summary of the content analyses

All the CSR reports by ExxonMobil and Shell show that they have CSR strategies in place and that they want to show the work they are doing. Additionally, it is clear that in all of the reports the two MNCs are saying that they want to act in socially responsible way, and they want their stakeholders to do the same. The suggestion here is that both of the MNCs have a similar view of CSR and they have highlighted similar aspects of CSR in their reports. Additionally, their actions and emphases towards CSR in oil industry are alike. The abstractions can be thus said to be the same although, there are differences between the groups that form the abstractions. The figure 9 shows that the core emphases of CSR for both MNCs are responsible employer, environment, community, suppliers and compliance.

Both of the MNCs reports it is agreed that they operate in an industry that is a big contributor to global warming. They both agree that they need to reduce the negative impact they currently have on environment as well as take care of the future by researching and creating alternative solutions to achieve the target of reducing their negative impact on the environment and society. Thus, under environment abstraction, both focusing on now group and investing in the future group is found in every content analysis made.

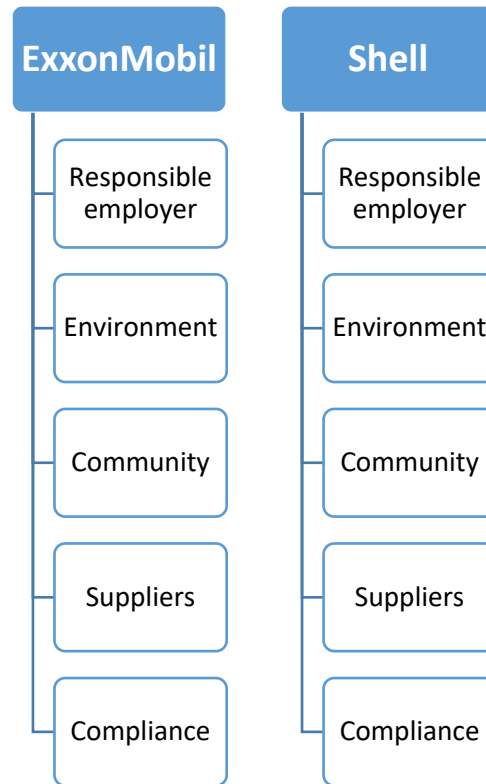


Figure 9 CSR emphasis of ExxonMobil and Shell

The main emphases of responsible employer abstraction are upholding diverse and inclusive workplace that is also safe. Both of the MNCs have policy that aims to have zero workplace injuries and fatalities because they operate in industry where the employees need to work in risky environments. They both agree that they still need to improve but they have processes in place to improve their processes and they aim to learn from every incident that happens. Diversity and inclusion focus on equal opportunity for everyone. They both want to improve the place of women in the workplace and the number of women in senior leadership roles is regularly measured.

The mutual emphasis on the abstraction of environment are being a responsible land user and reducing emissions. It noticeable that both of the MNCs see the environmental aspects as the most important aspects of their CSR reports. As mentioned previously they understand their role in the world regarding both methane and greenhouse gas

emissions and that they need to reduce them. It is stated that the reducing of their emissions is important, but they need to focus on the future and create alternatives for petrol and both are researching and creating new alternatives. Natural gas is seen to be an important part of the energy transition and both of the companies see that they are an important actor in this space now and in the future. Additionally, carbon capture and storage are being invested in heavily and it seen as a way to reduce and recycle the emission that their other processes cause.

The abstraction of community focuses mainly on human rights and improving the communities the MNCs operate in by enhancing their economic opportunities and education such as STEM. Human rights are seen as a key aspect and there are processes in place to ensure that they are being followed globally. Additionally, both of them ensure that if there have been any wrongdoings the company has a system how they can find about it and afterwards react to it. The common theme is enhancing the opportunities of the local communities by having different projects in place to increase both the financial status of the people living in the communities as well as their level of education.

Furthermore, the abstraction of suppliers focuses on having responsible supply chain. The supply chain is understood as being a potential risk and the MNCs aim to only work with suppliers that are acting in socially responsible way. They understand if one of their suppliers would get caught of wrongdoings, they would instantly be involved and they wish to avoid that. To avoid it they have strict processes where they audit the suppliers and make sure that none of the suppliers, that they are working with, are infringing their rules and frameworks. Additionally, ExxonMobil emphasises the importance of diverse supply chain and how they are trying to promote it. Diverse supply chain is seen a way to do philanthropy as well as promote ExxonMobil's own values outside the company as well.

Both ExxonMobil and Shell in abstraction of compliance mutually regard transparency as a crucial part. Transparency and the movement of capital is seen important because the

MNCs believe that the public should see what payments the governments are receiving from them. They see that the public should see this because then they are able to hold their governments accountable and see where those revenues are being used in their communities. This is also acts as a mechanism which releases the MNCs from any liability regarding possible misconducts done by the local governments.

The NGOs and Governments are both noting that both of the studied MNCs do not always act the way they are stating in their CSR reports. There are number of cases where they have either with the help of a journalist or another outside resource, been able to influence the MNCs. Governments and NGOs were also working alone when influencing the MNCs and there were cases, especially when governments were involved that MNCs was subpoenaed, sued which would have both financial and image related influence. Furthermore, it was noted that in most of the cases the MNCs did not include these allegations and lawsuits in their CSR reports, thus making their CSR efforts look better than they actually were. In cases where they had something involved regarding the allegations, lawsuits or scandals the MNCs only covered the broad topic and how they are doing now but did not yield and inform that they had done something wrong previously. This makes the organisation look better than it is if only studying the CSR report and not any news articles covering the incident.

6 Conclusions

The empirical part of this study focused on ExxonMobil and Shell and how they are practicing CSR as well to what extent NGOs and governments influence them and are part of the practices. As stated previously, both of the MNCs have similar emphasis on CSR and the reports have very similar content. One reason that would explain this is that both of the MNCs operate in the same industry and thus study what their competitors are doing and reporting and then creating similar emphasis. There have been allegations that MNCs operating in oil industry only do CSR for the PR and many times it is just greenwashing. This might explain why the emphasis between the two MNCs are so similar if the only reason why CSR is reported and these activities done, is to show the public and shareholders a good image and try to this way hide all the wrongdoings. Additionally, the numbers and figures that the MNCs give relating to their CSR efforts, are vague. There are a lot of percentages and no reflecting on how much the capital used for CSR efforts is compared to for example how much they use to operate their current facilities and how much they spend to find new places where to operate and for example drill oil.

The reason might also be that as they are both operating in the same industry and are quite similar, they truly have same needs when it comes to CSR emphasis. If the pressure to do these endeavours comes to all of the MNCs operating in the oil industry is the same, then it can be assumed that the oil industry is quite homogenous regarding CSR. This is contradicting what literature and research has said about CSR and it not being model that can be used similarly in all companies. Furthermore, if this is seen as the new movement on how CSR report is being done in large MNCs it could be valuable for other industries as well. If there would quite homogenous CSR activities in each industry, it would be possible to create nonpartizan organisations that could oversee that the MNCs, operating in their respective industries, are operating in a sustainable fashion and obeying the rules. This would cause the organisations to have clear codes of conduct regarding CSR activities and processes that oversee that they are being followed and consequences if not. The empirical findings of this study support this view exclusively.

The influence that NGOs and governments have on the MNCs is inevitable and both are using that influence for example whenever they are able to prove wrongdoings or an act of greenwashing. The influence though sometimes might not be visible even in a three-year period as for example lawsuits and proposing new laws usually take time. What can be seen in a shorter time period is the amount of news coming out on the subject when either an NGO or government has found some misconducts which can cause the image of the MNC to be damaged. It is noted NGOs needed another source to have high level of influence on the MNCs when again governments were able to influence the organisations alone which supports previous research and literature. Furthermore, both MNCs are fast on acting when for example an allegation comes public and either counter suing or giving comments where they deny the allegations or defend their actions.

The managerial implications of this study are that when operating in oil industry it is easy to benchmark competitors for their CSR practices and report them in a similarly. It can be suggested that if this is done it is important to include valid numbers with good reference points to ensure the public that the CSR practices are valid. It is also important to note that if the CSR practices and reports contradict with what is truly happening, or the reports do not include some incidents, NGOs are going to have accusations of greenwashing and they might influence others to even further cause damage to your image and even sue. Governments might change laws as well as order a subpoena. Thus, it is crucial to follow the CSR practices and report them accurately and have processes in place to ensure that this happens, to avoid backlash from the stakeholders.

Finally, the limitations of this study and suggestion for further research. Because the studied time period was only three years some of the influence of NGOs and governments could not be seen. Furthermore, the study focused only on two organisations in the oil industry and their own reports as well as news articles. As resources and time were limiting factors these limitations had to be made. Thus, it would be necessary to have a longer time period when conducting the study to see what the influence on the organisations has been in a long period.

Furthermore, the CSR practices and the extent of NGOs and governments participation can vary year to year since CSR is constantly developing and changing area. Additionally, the reporting standards and view of CSR within the oil industry might change as well as the involvement of certain NGOs that are currently focusing solely on oil industry. Thus, if this study would be repeated in a different year the results might be different. However, the research questions that were set were answered in this study.

Further research could focus on using a broader set of material such interviews with governments, NGOs and the respective organisations in order to get profounder information on both CSR practices and the influence and importance of NGOs and governments. Other stakeholders could also be included in the study and the PR perspective should be further researched to see what the negative influence that governments and NGOs have in the organisations actually does to them. Additionally, other organisations within oil industry should be studied to find out a more holistic view of the CSR practices in the industry. Private companies within oil industry could also be studied to see if there are differences on the CSR practices and reporting between private and public companies and if governments and NGOs have a different role there.

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