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The Power of Resistance

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India's National Oil Company and International Activism in Sudan



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Abstract

In October 2002 the Canadian oil company Talisman announced that it was selling its stake in a profitable venture in Sudan. Talisman had been the target of a fervent divestment campaign orchestrated by international activists calling on the company to halt its activities on account of the detrimental influence oil development was having on a long-standing civil war in the country. Soon enough other western oil companies would follow suit and sell off their investments in the face of condemnation from activists. However, despite the influence international activists had on some oil companies, there was a noticeable difference in the reaction of others. India's national oil company, ONGC Videsh or OVL for short, would purchase Talisman's abandoned oil stake and those of other exiting western oil companies. Rather than comply with the wishes of activists OVL resisted the pressure, expanding its activities in Sudan and in the following decade it expanded its operations in the international oil industry significantly. The purpose of this study is to explain the resistance of OVL to international activists in Sudan and to explain how this reaction may have been related to OVL's fantastic ascent in the international oil industry. To answer this empirical puzzle the study constructs an analytical framework that draws from various strands of academic literature on international norms and business power. It aims to contribute to debates on the role of norms in corporate behaviour by exploring a case of corporate resistance rather than one of corporate compliance to international activists.

From its pragmatic methodological approach and in-depth empirical analysis this study sets forward three theoretical insights into the role of norms in corporate behaviour. Firstly, the resistance of OVL in Sudan demonstrates that the norms of corporate responsibility promoted by international activists do not have a uniform impact on the behaviour of multinational corporations. In Sudan, if international activists were to be successful as socializing agents they had to win the political support of influential states – mainly the US government – to overcome the economic prerogatives of oil companies. Secondly, in narrowing in on the reasoning behind OVL's resistance, this study finds that the historical development of the domestic norm of energy security in India shaped the state interests and institutions which ultimately resulted in OVL's resistance to Sudan activists. After India as a net oil importer suffered several economic shocks from sharp spikes in the international oil price following political crises in the Middle East, the state developed protective institutions of government ownership around its oil sector and later supported the interests of its national oil companies to capture foreign oil and gas assets. Finally, this study argues that OVL was able to garner significant business power through the Indian state on account of the domestic norm of energy security. As a result its competitive position in the international oil industry was significantly leveraged. Rather than multinationals influencing state and non-state actors through their control of capital and technology, it was the Indian state that was instrumental in leveraging the business power of OVL due to the social legitimacy attached to its position as upholder of India's energy security.

Altogether, this study proposes that international and domestic norms interact across international, national and firm levels to help define corporate behaviour. In particular, understanding how domestic norms influence a company in its national context is crucial in determining its response to international norms. In a world where the activities of Indian, Chinese and other non-western companies is on the rise in resource-rich yet conflict-affected countries, the importance of developing new knowledge about the complex role of norms in corporate behaviour remains urgent.

I oktober 2002 meddelte det canadiske olieselskab Talisman, at de solgte deres andel i et rentabelt foretagende i Sudan. Talisman havde været mål for en omfattende kampagne arrangeret af internationale aktivister med henblik på at tvinge selskabet til at indstille sine aktiviteter, på grund af den skadelige indflydelse, udviklingen af olie havde på den mangeårige borgerkrig i landet. Indenfor kort tid fulgte andre vestlige olieselskaber trop og solgte ud af deres investeringer i lyset af aktivisternes fordømmelse. Trods den påvirkning internationale aktivister havde på nogle olieselskaber, var der imidlertid en mærkbar anderledes reaktion fra andre. Indiens nationale olieselskab, ONGC Videsh – forkortet OVL – opkøbte de efterladte olieandele fra Talisman og andre vestlige olieselskaber, der havde forladt landet. Frem for at give efter for aktivisternes krav, modstod OVL presset, udvidede sine aktiviteter i Sudan og forøgede i det følgende årti sine operationer i den internationale olieindustri betydeligt. Formålet med denne undersøgelse er, at forklare OVLs evne til at modstå presset fra internationale aktivister i Sudan, og belyse hvordan denne reaktion kan være forbundet med firmaets markante fremgang i den internationale olieindustri. For at løse dette empiriske puslespil, konstrueres en analytisk ramme, der trækker på forskellige dele af akademisk litteratur om internationale normer og forretningsmæssig magt. Formålet er, at bidrage til debatten om normers rolle i selskabernes adfærd ved at undersøge et tilfælde, der vedrører modstand i stedet for eftergivelse overfor internationale aktivister.

Gennem pragmatisk metode og empirisk dybtgående analyse, vil dette studie videregive ny empirisk viden om den indflydelse internationale aktivister har på olieselskaber i Sudan med særligt fokus på OVL som et indisk selskab. Desuden præsenteres tre teoretiske indblik i normers rolle i selskabernes adfærd. For det første; hvis internationale aktivister skal have succes som socialiseringsagenter, skal de opnå politisk støtte fra indflydelsesrige stater - primært den amerikanske regering - for at overvinde de økonomiske fordele, som olieselskaber har. For det andet; når fokus skærpes på OVLs modstand, viser denne undersøgelse, at den historiske udvikling af den nationale norm om energisikkerhed i Indien formede statens interesser og institutioner, hvilket i sidste ende resulterede i OVLs evne til at modstå aktivisterne i Sudan. Efter at Indien som netto olieimportør led flere økonomiske chok grundet de nye højder, de internationale oliepriser nåede som følge af politiske kriser i Mellemøsten, udviklede staten en række beskyttende institutioner omkring oliesektoren og støttede senere de nationale olieselskabers interesser i at sikre aktiver i udenlandsk olie og gas. Endelig vil denne undersøgelse hævde, at OVL var i stand til at opnå betydelig forretningsmæssig magt gennem den indiske stat grundet den nationale norm om energisikkerhed. Som følge heraf blev firmaets konkurrencemæssige position i den internationale olieindustri styrket betydeligt. I stedet for at multinationale selskaber påvirkede statslige og ikke-statslige aktører gennem deres kontrol af kapital og teknologi, var den indiske delstat medvirkende til at styrke OVLs magt på grund af den stigende nationale norm om energisikkerhed.

Denne undersøgelse konkluderer, at internationale og nationale normer interagerer på tværs af internationale, nationale og forretningsmæssige niveauer, når firmaadfærd defineres. Det er især forståelsen af, hvordan nationale normer påvirker en virksomhed i dens nationale kontekst, der er afgørende for firmaets reaktion på internationale normer. I en verden, hvor aktiviteterne fra indiske, kinesiske og andre ikke-vestlige selskaber er på fremmarch i ressourcerige, men konfliktramte lande, forbliver det af kritisk betydning at udvikle ny viden om den komplekse rolle som normer spiller for selskabernes adfærd.