



THE FRIDTJOF NANSEN INSTITUTE

**Shell:
Struggling to Build
a Better World?**

By Kristian Tangen

FNI Report 1/2003



FRIDTJOF NANSENS INSTITUTT
THE FRIDTJOF NANSEN INSTITUTE

Tittel/Title Shell: Struggling to Build a Better World?	Sider/Pages 15
Publikasjonstype/Publication Type FNI report	Nummer/Number 1/2003
Forfatter(e)/Author(s) Tangen, Kristian	ISBN 82-7613-433-5
Program/Programme	ISSN 0801-2431
Prosjekt/Project Petropol	
Sammendrag/Abstract This paper discusses how Shell has reacted strategically to a broadening social agenda. Shell's definition of its own mission and also its 'new' strategy indicates that Shell defines its sphere of responsibility to encompass social issues. This redefinition of the company's mission has been accompanied by a strengthening of management and reporting systems, cooperation with NGOs and international organisations, and increased openness regarding its social performance. Shell's cooperation with aid organisations and NGOs may be seen as an indicator for the development of the company's strategy. But obviously, much will depend on how successful its current initiatives are judged after some time. If they are successful, they may pave the way for broader cooperation between the oil industry and international organisations. Currently, Shell can be seen as moving to embrace a broader social agenda. However, until now the so-called paradox of plenty has to little extent been an issue on the company's agenda, at least not in the publications it presents to the public.	
Stikkord/Key Words oil companies, human rights, Shell, Corporate Social Responsibility	
Bestilling til/Orders to: Fridtjof Nansen Institute, Postboks 326, N-1326 Lysaker, Norway. Tel: (47) 6711 1900 Fax: (47) 6711 1910 Email: post@fni.no	

Contents

Introduction.....	1
Company Background	2
Exposure	2
Major challenges.....	5
Company rhetoric	8
Management systems.....	10
Transparency.....	11
Contributions to local communities.....	13
Conclusions.....	14

Figures

Figure 1: Oil Production 2000, geographical distribution.....	3
Figure 2: Earnings 2000, operational area.....	4
Figure 3: Oil product sales, largest countries	4
Figure 4: Screening against child labour (number of countries)	12
Figure 5: Use of security personnel	13

Table

Table 1: Chronology of the Saro Wiwa and Brent Spar cases.....	6
--	---

Introduction¹

Transnational enterprises, and the major oil companies in particular, have for a long time had a rather problematic public standing. Over the last fifty years, the oil industry has been criticised for being monopolists, taking ‘obscene profits’ during oil price crises and causing accidents with devastating impact on local environment and human health. Since the late 1980s, the sphere of what the oil industry is being held responsible for has expanded to include issues relating to a broader social agenda, in particular in the fields of environmental sustainability and human rights. This set of challenges deepened the legitimacy crisis the oil industry experienced in the 1990s.²

Even though social and environmental issues have been on the oil companies’ agenda since the 1970s, the issues highlighted in this article are in many ways new. They were brought into the public spotlight particularly by the Ken Saro-Wiwa case in Nigeria in 1995. Since the mid-1990s, a growing number of studies have questioned whether the presence and investments made by extractive industries in general, and the oil industry in particular, is in fact a driver which is good for developing countries. Historical evidence, for instance in terms of GDP performance, shows that resource-abundant developing countries tend to perform markedly worse than those with a poorer resource-base. In brief, developing countries with considerable mineral and oil resources have for various reasons not converted this resource wealth into real improvements in the lives of the majority of their citizens. Moreover, there appears to be a correlation between rapid inflows of oil revenues and high levels of corruption, military spending, violent conflicts and civil wars³. Hence, rather than being a blessing, there are strong indications that oil and mineral dependence lead to poor performance on key social and poverty-related indicators in developing countries. This correlation between resource abundance and poor economic and social performance has often been termed the paradox of plenty in the academic literature.⁴

¹ This report is funded by the Petropol-programme under the Norwegian Research Council. The project is carried out jointly with Econ, Norway.

² Estrada, Javier, Kristian Tangen and Helge Ole Bergesen (1997): *Manageable or revolutionary? Environmental challenges confronting the oil industry*, London: Wiley & Sons.

³ See e.g. Fridtjof Nansen Institute/ECON (2000): *Petro-states – Predatory or Developmental?* Report 11, The Fridtjof Nansen Institute; Lysaker/ECON report..2001; Karl, Terry Lynn (1997): *The Paradox of Plenty. Oil Booms and Petro-States*, Berkeley. University of California Press; Auty, Richard M. (1998): ‘Resource Abundance and Economic Development’ Research for Action 44. UNU World Institute for Development Economics Research (UNU/WIDER); *Nature, Power and Growth*, ECON report 3, 2000. Ross, M (2001): *Extractive sectors and the poor*, An Oxfam America report, Los Angeles, October 2001.

⁴ Ibid.

Although there is a growing public awareness of the problems related to strong oil-dependence and substantial oil revenues in developing countries, there are, largely because of the relatively short time span, not that many cases where the underlying problems have ‘exploded’ to the same extent as the public outcry directed towards Shell, during the Saro-Wiwa incident in Nigeria. The objective of this report is to discuss how Shell has reacted strategically to a broadening social agenda that was very much initiated by the Saro-Wiwa incident.

Company Background

The Shell Group is the world’s second largest multinational oil company after Exxon, and as such one of the world’s largest industrial enterprises. It comprises a complex network of more than 1000 companies and as many as 2000 joint ventures at any one time, operating in over 135 countries.

The creation of the Royal Dutch/Shell Group was the result of a 60:40 alliance made in 1907 between the Royal Dutch Petroleum Company and the ‘Shell’ Transport and Trading Company, plc in UK.⁵ These two parent companies directly or indirectly own the shares in the ‘Shell’ Group Holding Companies; they appoint Directors to the Boards and receive revenues in the form of dividends.

Under a decentralised organisational structure, the Shell Group has enabled the individual Operating Companies to develop strong national identities and considerable capacity to define operating decisions. It is thus commonly heard that Shell is not one company but many. Cohesion and the formation of a group culture takes place through the continuous rotation of senior executives as well as through the creation of working committees incorporating personnel from several operating and service companies.

Shell literature explains that to achieve the use of common principles by Group operating companies, the company exercises tight controls on national subsidiaries through economic mechanisms and annual appraisals, as well as through involvement in the appointment of managing directors and board members.

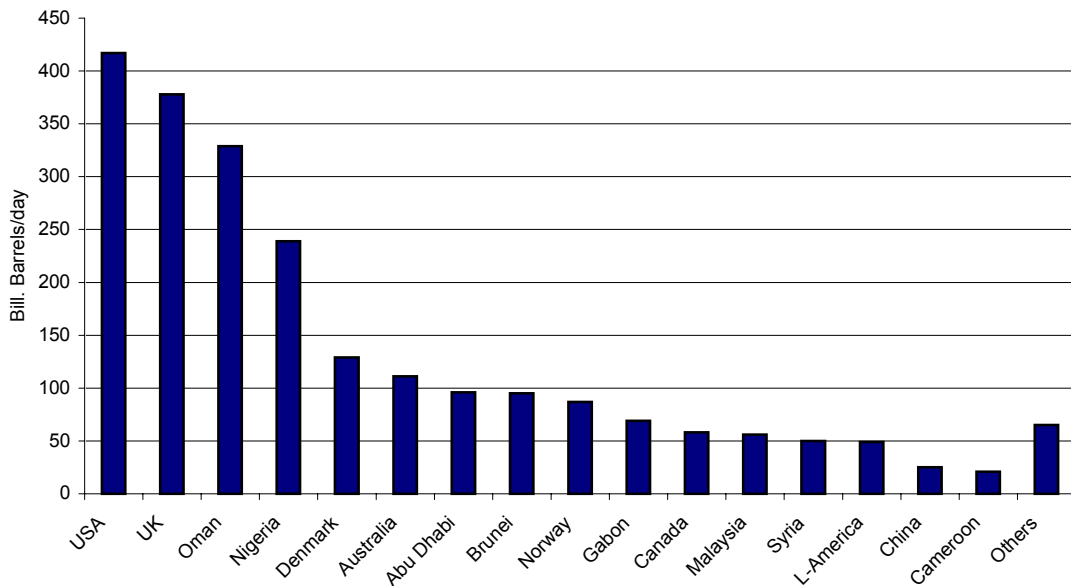
Exposure

⁵ This section builds on material presented in Kristian Tangen, Kåre Rudsar, Helge Ole Bergesen. 2001. ‘Confronting the ghost: Shell’s human rights strategy’ in Eide, Bergesen og Goyer (eds) *Human rights and the oil industry*, Oxford: Intersentia. It also contains elements from Javier Estrada, Kristian Tangen and Helge Ole Bergesen. 1997. *Manageable or revolutionary? Environmental challenges confronting the oil industry*, London: Wiley & Sons..

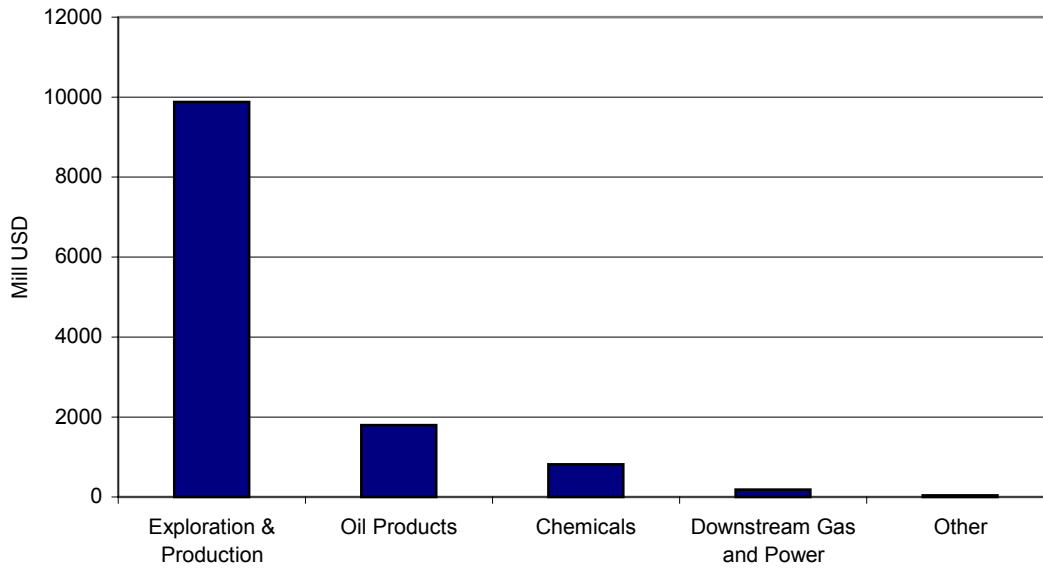
It can be argued that the structural characteristics of Shell makes the company particularly vulnerable to an emerging social agenda for several reasons. The bulk of Shell's upstream activities take place in countries known for human rights abuses, corruption and civil violence. Hence, it is inevitable for Shell, with its current upstream structure, to become involved and communicate with some of the world's worst political regimes. At the same time, Shell's downstream structure leaves the company exposed in some of the oil product markets where public sentiments have had a considerable effect on sales.

Currently Shell has activities in 135 countries, including Nigeria, Angola, Congo, Namibia, Pakistan, Peru, Colombia, Venezuela, China, Azerbaijan and Syria. Figure 1 shows the geographical distribution of Shell's upstream activities in terms of crude-oil production. As the figure illustrates, countries that are problematic in a social context, e.g. Oman and Nigeria, represent considerable shares of Shell's oil production. At the same time, crude oil production is Shell's main source of income, constituting more than 75% of the company's revenues in 2000, see Figure 2. Hence, although Shell's upstream activities leave the company highly exposed in areas with human right abuses, scaling down in these areas is not a tempting option, as they represent major economic revenues for the company.

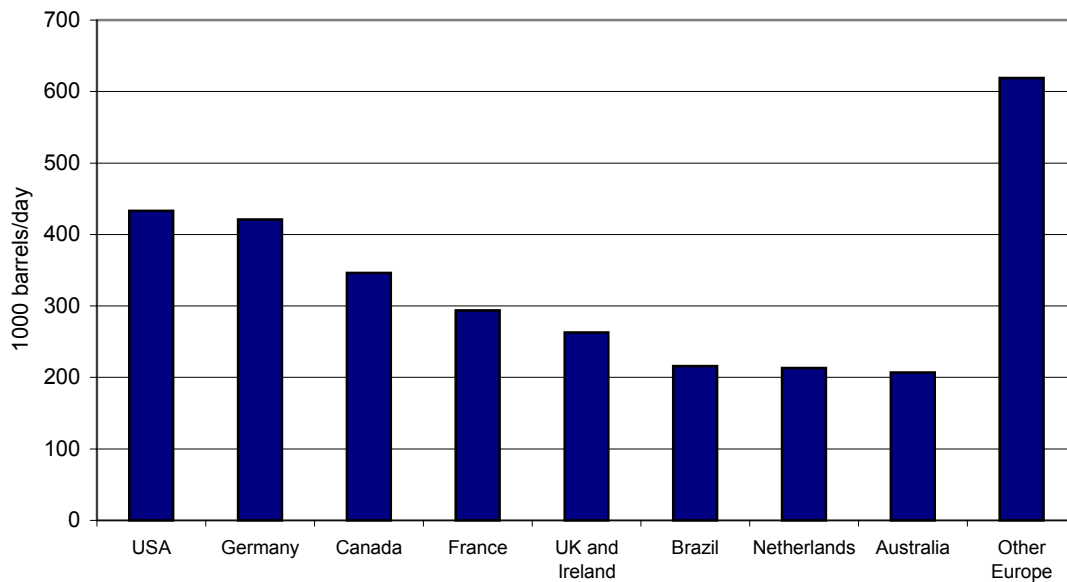
Figure 1: Oil Production 2000, geographical distribution



Source: Shell's Annual Report 2001

Figure 2: Earnings 2000, operational area

Source: Shell's Annual Report 2001

Figure 3: Oil product sales, largest countries

Source: Shell's Annual Report 2001

While upstream and refinery operations are targets hard to hit by consumer actions, gas stations are the Achilles' heel of an oil company. Compared to other companies in this study, Shell has a large share of gas stations in markets where consumer boycotts have been commonly practised, e.g. Germany and the UK, see Figure 3. Consequently, also in its downstream activities, Shell is particularly exposed to effects of an emerging social agenda.

Drawing major revenues from countries governed by violent and corrupt regimes, and at the same time being particularly exposed to consumer actions in its downstream activities, requires a balancing act that Shell has not always managed. Due to the events which took place in the mid-1990s, Shell has implemented a carefully crafted strategy to be better able to meet the growing public concerns about the effects of its operations.

Major challenges

1995 was a traumatic year for Shell. As table 1 illustrates, within a period of a few months the company was for two reasons put in the public spotlight. In June 1995, Shell's decision to dump the Brent Spar buoy was met with public opposition far stronger than anyone had expected. Also, peaking in November the same year, the public outrage against Shell in the wake of the death sentence of the Nigerian opposition leaders, was unexpected.

From the outset, despite strong external pressure, Shell declined to act on behalf of the imprisoned Saro Wiwa and his companions. The company considered the incident an internal affair in Nigerian politics and refused to intervene. As one Shell representative put it: 'it is a matter of principle. If we... [intervene] in the Netherlands everyone would be outraged'.⁶ Similar arguments were presented to human rights organisations which had been urging the company to take constructive public steps to end the human rights violations. In an answer to Human Rights Watch, the company stated: 'You have called Shell to get involved in, and to take a public stance on, several issues arising from the current situation - all of which are political. They are clearly issues where we as a commercial organization have neither the right nor the competence to get involved, and they must be addressed by the people of Nigeria and their government'.⁷

⁶ Quoted in Harry Hummels (1998) 'Organizing ethics: A stakeholder debate', *Journal of Business Ethics* no. 17, 1403.

⁷ Human Rights Watch (1999) *The price of oil*, New York: HRW, 161. See also Shell's statement to the same effect in Geoffrey Chandler's contribution to this volume.

Table 1: Chronology of the Saro Wiwa and Brent Spar cases

Year	Month	Saro Wiwa	Brent Spar
1990	Oct	Nigerian police kill 80 unarmed protesters and brings the situation in the Niger Delta to international attention.	
1991	Sept		Studies of disposal options begin
1993	Jan	Shell closes its production facilities in Ogoni after mass protests in the area.	
1994	May	Four Ogoni leaders are murdered. Saro Wiwa and several other Ogonis are arrested for the murders.	
	June	Saro Wiwa and eight other Ogonis are sentenced to death in a trial that 'blatantly violated international standards of due process' (HR Watch).	
1995	Feb		UK government approves deep-water disposal
	April		Greenpeace activists occupy the buoy
	May		Several European governments, and the European Parliament, protest against the dumping
	June		Greenpeace protests at more than 300 German Shell stations. Fourth North Sea Ministerial Conference adopts resolution against oil platform dumping. Shell Germany reports 30-50% loss in sales. The consumer boycott spreads to other countries. Shell reverses its decision on dumping.
	Nov	Shell President Herkströter pleads for mercy on humanitarian grounds. Saro Wiwa and eight other Ogoni leaders are hanged.	

Source: Harry Hummels (1998) 'Organizing ethics: A stakeholder debate'. *Journal of Business Ethics*. No. 17 and Human Rights Watch (1999) *The price of oil*, New York: HRW

However, such statements only served to intensify the pressures. After gradually realising that the company was facing another public relations disaster, only a few months after the Brent Spar uproar, the Shell President at the time, Cor Herkströter,

intervened on behalf of Saro Wiwa and his companions. On November 8, 1995, Herkströter wrote a personal letter to the Nigerian government pleading for mercy on 'humanitarian grounds'.⁸ Despite this, Saro-Wiwa and the eight other Ogoni leaders were hanged on November 10, 1995.

In Shell reports published after 1995, self-criticism is a common feature. It has been admitted that the company was ill prepared for the public reactions to the Brent Spar and Saro Wiwa incidents: Shell had not fully comprehended the consequences of its actions. Top management openly admitted that the company had focused too much on factual detail and too little on the presentation of its arguments.⁹

Consequently, in 1996 Shell started a broad consultative process involving 7500 members of the general public in ten countries and 1300 opinion leaders in 25 countries. The Brent Spar and Saro Wiwa incidents were not the sole reasons for the process. A review of Shell business strategy had been scheduled to take place anyway. However, the two incidents strongly added to the momentum and scope of the process.

The purpose of the review was two-fold. First, it was to provide Shell with a better understanding of what the public expects from transnational companies. Second, it was to explore the standing and reputation of the company. The results showed that a small but significant group of people thought that Shell was 'wanting in its care for the environment and human rights...We had looked in the mirror and we neither recognised nor liked what we saw', the company concluded.¹⁰ As a consequence, Shell management has taken several steps to improve its record and reputation and has established ambitious goals for its new strategy.

Nevertheless, new Shell projects launched since 1995 in Columbia and Peru have also been criticised. Public pressure has been claimed to be one of the factors leading Shell to eventually withdraw, in 1998, from both of them.¹¹ The Camisea project in Peru had been controversial since it was launched in 1996 because the proposed development site is located in pristine rain forests inhabited by several vulnerable indigenous populations – including two of the world's last isolated nomadic peoples. Shell made laborious efforts to prepare rules and procedures for how to act in the area. A number of NGOs were involved in this work, and detailed plans for how to handle contacts with the local tribes were developed.¹² Shell claims that when they decided not to develop the project further, it was because they were not able to complete a

⁸ Harry Hummels (1998) 'Organizing ethics: A stakeholder debate', 1403

⁹ John Jennings (1996) *The millenium and beyond - some issues that will shape our future*. London: Shell.

¹⁰ Shell Report (1998) *Profits and Principles - does there have to be a choice?* London: Shell, 2

¹¹ The Rainforest Action Network: www.forests.org/ric/wrr39/shellperu.htm

¹² See www.camisea.com

commercially satisfactory agreement with the Peruvian government. In retrospect, however, Shell employees claim the project was a great success in terms of establishing a framework for other similar projects.¹³

The Samor project in Colombia was criticised for its impact on rainforest ecosystems and indigenous peoples. This project came under intense international scrutiny after the local indigenous community threatened to commit mass suicide if Shell and its partner Occidental Oil went ahead with their exploration plans.¹⁴ Because of these reactions in the local community, Shell found no reason to develop the project further.

Company rhetoric

Shell's review and dialogue processes that started in 1996 have later been continued and strengthened by establishing better mechanisms to facilitate communication between the company and the external world. For example, Shell has a running dialogue with human rights organisations, like Pax Christi and Amnesty International. Shell reports have included 'Tell Shell' reply cards where the public can express their views; for example whether it is right to continue to do business in a country with a poor human rights record. Similarly, Shell's web site has been expanded to facilitate exchange of views between the company and the public.¹⁵

The main reason for this communication strategy appears to be the poor understanding of the public mood in the past and an attempt to do better in the future. As formulated by one of the managing directors: 'Our industry has to become as good as the NGOs at listening to the public, at understanding and taking into account their underlying fears and concerns, and at explaining our case with persuasive imagery in an acceptable and media-friendly manner'.¹⁶

In 1998, Shell published its landmark report *Profits and principles – does there have to be a choice?*, summarising how the company intends to integrate social responsibility into its overall business strategy. Compared to earlier Shell publications – and those of other petroleum companies – the rhetoric and imagery were strikingly renewed. 'This report is about values...We care about what you think...Without principles, no company deserves profit...There does *not* have to be a choice between profits and principles'.¹⁷ This last point was further elaborated in the introduction: 'We hope, through this Report and by our future actions, to show that the basic interests of

¹³ Personal communication, March 2002.

¹⁴ The Rainforest Action Network: www.forests.org/ric/wrr39/shellperu.htm

¹⁵ See www.shell.com.

¹⁶ Jennings (1996), *The millenium and beyond*...7.

¹⁷ Shell Report (1998) *Profits and Principles*...2, 3 and 48.

business and society are entirely compatible'. Shell also pledged to 'ensure that our businesses are run in a way that is ethically acceptable to the rest of the world and in line with our own values'.¹⁸

In 1999, Shell followed up with its second report along the same lines, this time entitled *People, planet and profits – an act of commitment*. Here, the rhetorical conversion to sustainable development, including human rights, was stepped up and completed: 'We believe that our commitment to contribute to sustainable development holds the key to our long-term business success...We will strive to build a better world in which current and future generations enjoy greater economic, social and environmental security...We aspire to be a leader in the economic, environmental and social aspects of everything we do; first choice for our shareholders, our customers, our employees, those with whom we do business, society and future generations'.¹⁹ In his personal introduction, the new Chairman of the Committee of Managing Directors, Mark Moody-Stuart, emphatically reaffirmed the new visions: 'We have to show...that our activities...create wealth that can benefit society as a whole...and work to ensure that our actions meet the needs of the present without compromising the ability of future generations to meet their own needs. Far from being a drag on our performance, such a commitment helps us understand the world better and improves our chances of success...Our businesses can best thrive by enthusiastically embracing this agenda...(We) are totally committed to a business strategy that generates profits while contributing to the well-being of the planet and its people. We see no alternative'.²⁰

Shell has also published several other reports and papers after 1995 presenting its human rights strategy, many with a focus on the situation in Nigeria. The company consistently refers to itself as a responsible corporate citizen: 'We are very concerned about the human rights issues associated with politically sensitive regions...Our commitments are to the communities and nations in which we operate, not just to the government of the day'.²¹

However, the publications also underline that Shell sees considerable dilemmas connected to human rights issues. The problem here is primarily when to intervene and when to refrain from doing so. In response to the criticism that has been voiced when transnational companies intervened in domestic politics in an earlier era, Shell has taken the line that the company shall not, according to its business principles, interfere in party politics. Non-interference and neutrality in host government matters is a position

¹⁸ Ibid. 3.

¹⁹ The Shell Report 1999: *People, Planet and Profits. An Act of Commitment*, London: Shell, 1.

²⁰ Ibid. 2-3.

²¹ Shell Report 1998, 38.

that, according to Shell,²² was strongly supported by international organisations as a way of preventing transnational corporations from abusing their economic power, especially in developing countries. Shell will, however, ‘speak out in defence for human rights when we feel it is justified to do so’.²³ Not surprisingly, the company finds it difficult to define precisely when intervention is justified and when it is not.

Since 1999 the strong company rhetoric has been somewhat watered down. Shell’s 2001 edition of *People Planet & Profits*, published in 2001, is somewhat more down-to-earth than the previous editions. Also, in early 2002 much of the social responsibility information was removed from Shell’s website.

Management systems

According to their revised business principles, Shell companies are committed to: ‘...conduct business as responsible members of the society, to observe the laws of the country in which they operate, to *express support for fundamental human rights in line with the legitimate role of business...*’²⁴ As a step towards translating the new business principles into procedures and rules in the company, Shell formed in 1997 a twelve-member Social Accountability Committee. The role of the Committee has been to review the policies and conduct of Shell companies with respect to the principles.

This process has led to the publication of a human rights guide for Shell managers, entitled *Business and Human Rights. A Management Primer*. The guide does not describe procedures for how to tackle human right issues in the day-to-day operations of the company, but is a balanced introduction to the human rights issues affecting its businesses. It also highlights some possible ways Shell companies might respond to human rights violations. For example, the guide proposes that companies might establish human rights goals related to their own operations and enter into dialogue with policymakers about the need to remove constraints on their ability to achieve the goals.²⁵ Shell is at the time of writing following up the management guide by testing new templates for evaluation of human right issues in e.g. South Africa.²⁶

Also a new annual ‘Business Principle Letter’ has been introduced. This has to be signed by the Country Chairmen²⁷ in order to ‘confirm that the necessary procedures

²² Shell (1998) *Business and human rights. A management primer*. London: Shell.

²³ Shell Report 1998, 32.

²⁴ *Ibid.* 14, emphasis added.

²⁵ Shell (1998) *Business and Human Rights. A Management Primer*, 20

²⁶ Personal communication, March 2002.

²⁷ In each country where Shell operates, one person acts as the ‘Country Chairman’, i.e. the executive responsible to the Shell Group.

have been put in place to ensure that the spirit [of the Business Principles] is understood and the principles are being implemented'.²⁸ After the inclusion of human rights in the business principles of the company, the letter should also cover these issues.

Shell claims that it does not collaborate with companies that fail to meet their standards on environment, human rights or child labour.²⁹ According to the company more than 95 contracts were cancelled during 1997 because contractors did not meet the company's standards.³⁰

A 1999 Shell Report defined a new 'Sustainable Development Management Framework', which is 'essentially a standard management process adapted to embody sustainable development'. The terms and the tools are familiar – demonstrate leadership, identify stakeholders, define strategy, carry out plans, monitor, measure and review performance – but the terrain is uncharted. Consequently, Shell admits a crucial problem – standard methods of verification are not easily applied to human rights issues. 'While such methods can verify certain facts and figures and the existence of processes they cannot normally make judgements on performance'.³¹

The Shell Group has on several occasions sent open letters to the Nigerian government taking up human rights issues. Despite these efforts Shell's operations in the country were still criticised,³² although leading human right organisations have been more supportive. For example, Amnesty International claims that Shell is the only transnational company operating in Nigeria that has acknowledged its 'responsibility to do all they can to uphold human rights'.³³

Transparency

A recent trend in the Shell literature is the publication of more information on the company's performance in the social area. This can be seen as a strategy to regain public confidence in the company, as stated in the 2001 *People, Planet & Profit*: 'An important part of building confidence is the publication of reliable information that gives a fair picture of our performance'.³⁴ However, the company also states that providing social information in a fair manner is difficult: 'Providing assurance on social

²⁸ Shell Report (1998) *Profits and Principles...* 7.

²⁹ According to the company: 'Shell companies employ only those people above legal working age' (Ibid. 13).

³⁰ Ibid. 13.

³¹ The Shell Report 1999, 37.

³² E.g. *Interpress Asia Intelligence Wire* 11 January 1999: 'Human Rights -Nigeria'.

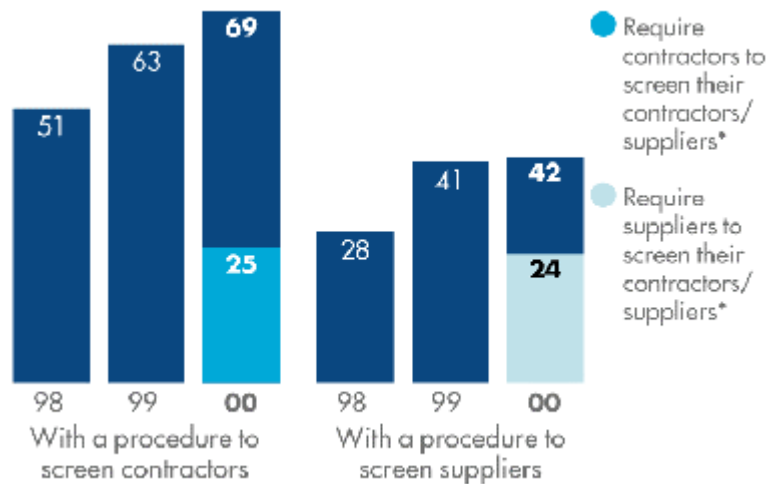
³³ Amnesty International. 1996. *Nigeria: Time to end the contempt for human rights*. London: Amnesty International.

³⁴ Shell (2001) *People Planet & Profit*, page 4.

information – such as the effectiveness of anti-bribery and corruption practices – is a less mature process³⁵.

In the latest *People, Planet & Profit*, Shell provides data that were previously not published. Shell screens for child labour among its contractors and publishes the number of countries where this procedure has been implemented. As illustrated in Figure 4, the number of countries where Shell screens for child labour has increased from 51 to 69 in the period 1998 to 2000. Also the screening of contractors that employ children is on the rise, from 28 countries in 1998 to 42 in 2000.

Figure 4: Screening against child labour (number of countries)

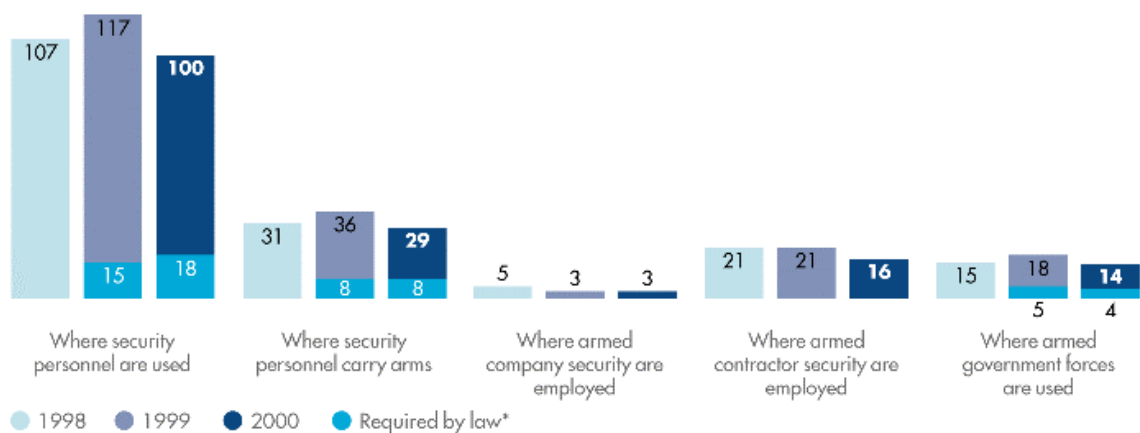


Source: *People, Planet & Profit*, 2001

The latest *People, Planet & Profit* also publishes data on its use of security forces, see Figure 5. In cases where armed forces are used, it shall confirm with the Group's guidelines on the use of force, which conform to UN standards according to Shell³⁶.

³⁵ Ibid.

³⁶ Ibid, page 21.

Figure 5: Use of security personnel

Source: *People, Planet & Profit*, 2001

Although Shell's reporting of the use of security forces and screening against child labour is done in a transparent manner, it should however, be noted that more information may be desirable. First, as long as the use of security forces is not published on country-level, it is hard to judge whether Shell is involved with the security forces in the most corrupt and violent regimes. Second, in terms of financial contribution to these regimes, e.g. sign-on fees, tax payments etc. much remains to be desired. For these issues, which are closely linked to what we have termed macro issues and the paradox of plenty, little information is available.

Contributions to local communities

In 2000 Shell spent 85 million USD on social spending, e.g. money that is used for education, medical services etc. The largest share of the money went to Africa and the Middle East (32%: 27 million USD). However, in the same publication Shell also claims to have spent 55 million USD in Nigeria alone, which is somewhat confusing.³⁷ Part of the efforts in Nigeria was a donor workshop in 2000 co-hosted with the UN Development Programme. Another output was a planned development project to be undertaken jointly by Shell, Mobil and the Nigerian state oil company. Later this project ran into trouble, as the Nigerian counterpart declined to provide its share of the investments. These problems have now been solved and the project is running as planned.

³⁷ Ibid.

Shell representatives also claim that the company played an active role in increasing the share of oil revenues distributed to local communities in the Niger Delta, from 3 per cent to 13 per cent, through the so-called Derivation Fund. Money from this fund is channelled through concrete projects through the Niger Delta Development Commission (NDDC), which is headed by Godwin Omene, a former Shell manager.³⁸ Shell indicates that the establishment of the Derivation Fund and the NDDC came as a consequence of the Nigerian Government's positive response to the dialogue the company has been conducting between various organisations present in the area, e.g. UNDP and the World Bank, and the Nigeria government³⁹. Representatives of Shell explain that while they did not push the Nigerian government to increase the contributions to the fund, their role had been pivotal in pointing out the positive effects this could have.⁴⁰

Conclusions

Shell's new 'social' strategy was to a large extent initiated by the events in 1995, e.g. the uproar over the hanging of the Nigerian author Saro-Wiwa and Shell's planned dumping of the Brent Spar buoy. In the years that have followed, Shell has carried out a large-scale review and planning process, followed by a strategic turn-around. The results of this process can now be assessed.

First, part of Shell's new strategy is on the rhetorical level. The rhetoric used by the company in its 1998-1999 reports was exceptionally strong, embracing buzzwords such as sustainable development. One sentence summarises the rhetoric at that time: 'We will strive to build a better world in which current and future generations enjoy greater economic, social and environmental security'.⁴¹ Clearly, the company defined its role as more than the creation of value for its shareholders.

This redefinition of the company's mission was accompanied by a strengthening of management and reporting systems, cooperation with NGOs and international organisations, and increased openness on its social performance. Lately the rhetoric has been scaled down somewhat and the company seems to focus more on what it actually delivers, and puts more emphasis on more open reporting of its performance.

Shell reports more than other oil companies, with the possible exception of BP. Particularly its reporting on the use of security forces, is groundbreaking. An open question is of course whether a critical public, looking at Shell's rhetoric, which is still

³⁸ <http://www.nddconline.org/>

³⁹ www.shell.com

⁴⁰ Author's interview Spring 2002.

fairly strong, will begin to require more in terms of concrete and measurable action. So far, however, few have criticised Shell for not living up to its own ambitions as they were formulated in the late 1990s.

Shell's definition of its own mission, and also its 'new' strategy indicate that Shell defines its sphere of responsibility to encompass social issues. How far will this reorientation go? Shell's cooperation with aid organisations and NGOs may be seen as an indicator for the development of the company's strategy. But obviously, much will depend on how successful its current initiatives will be judged after some time. If they are successful, they may pave the way for broader cooperation between the oil industry and international organisations.

Currently, Shell can be seen as moving to embrace a broader social agenda, which also could mean that the company in the future will evaluate how its core activities affect the economic and social structures in the countries in which it operates; e.g. the Shell contribution to the paradox of plenty. However, up to now this has not really been an issue on the company's agenda, at least not in the publications it presents to the public.

⁴¹ The Shell Report 1999: *People, Planet and Profits. An Act of Commitment*, London: Shell, 1.