

**Limits to Corporate Social Responsibility:  
A comparative study of four major oil companies**

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## Abstract

Several studies show that large revenues from extractive industries may undermine economic, political and social development in developing countries; a problem coined as the 'paradox of plenty'. This article explores whether four major oil companies accept this claim and how they have responded to this challenge. In brief, empirical evidence suggests that the companies recognise broader social concerns to varying degrees, but none of them fully accept the 'paradox of plenty' problem. There are also important differences in organisational response, pertaining most notably to transparency of investments and how social concerns are integrated in corporate management systems. There is, however, no widely accepted corporate solution to the 'paradox of plenty'. The problem calls for innovative rather than proactive corporate responses.

**Keywords:** corporate social responsibility; corporate citizenship; multinational corporations; oil industry; transparency.

## Introduction

Over the last fifty years, the oil industry has been criticised for being monopolistic, taking 'obscene profits' during oil crises and causing accidents with devastating consequences for local environments and human health. Since the late 1980s, the scope of responsibilities attributed to the oil industry has expanded to include a broader social agenda, in particular environmental sustainability and human rights.

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, reaching public attention particularly through the Ken Saro-Wiwa case in Nigeria in 1995. Since the mid-1990s, a growing number of studies have questioned whether the presence of and investments by extractive industries in general, and the oil industry in particular, in fact represent forces for good in developing countries. The set of challenges raised by these questions deepened the legitimacy crisis the oil industry was already facing in the 1990s (Estrada, Tangen & Bergesen, 1997).

Statistical indicators, for instance in terms of GDP performance, show 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. There appears also to be a correlation between rapid inflows of oil revenues and high levels of corruption, military spending, violent conflicts and civil wars. Hence, rather than a blessing, there are strong indications that oil and mineral dependence can be a curse leading to poor performance on key social and poverty-related indicators. This is often referred to as "the paradox of plenty" (Karl, 1997; Auty, 1998; Fridtjof Nansen Institute/ECON, 2000; ECON 2000:3; Ross, 2001).

This article examines to what extent four major oil companies accept the 'paradox of plenty' problem and what they do to deal with it. We have chosen to focus on the four oil 'majors' ExxonMobil, Shell, BP, and TotalFinaElf. (We will use the latter name rather than Total, since the empirical data are from before the latest reorganisation and renaming of the company). But this is not a comprehensive evaluation of individual companies. On the basis of relatively scarce empirical

evidence, we seek to identify company strategy changes and inter-company variation, with a view to understanding the direction the *oil industry* is heading. Although there is growing public awareness of the problems related to strong oil-dependence and 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 in the Saro-Wiwa case,<sup>1</sup> and the oil companies have not had much time to develop appropriate response strategies. Moreover, oil industry involvement in ‘nation building’ in host countries raises difficult normative issues.. Nevertheless, corporate responsibility for broader social and economic developments in new oil producing regions is an emerging challenge that many oil industry actors believe will become increasingly important in the years to come. Most major oil companies refer to such challenges in their business principles and codes of conduct. Their reasons are mainly twofold. First, the scale of oil exploration and production in difficult areas is widening continuously. Secondly, the revolution in communications makes it easier for potential critics to monitor activities in far-away places.

The article is structured as follows. First, we shall develop categories and indicators for comparing corporate response strategies. Second, we shall compare the four companies according to these indicators. Third, the empirical observations are then analysed according to validity, i.e. how well do the categories capture corporate strategies in this field. Finally, we discuss the findings in light of further research needs: how can we explain similarities and differences in corporate CSR strategies?

## Corporate response strategies

In the following, we refer to the new set of challenges as ‘macro CSRs’. This term refers to indirect consequences of sudden and steep rises in revenues from extractive industries for the host country and society, such as the effect of oil revenues on

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<sup>1</sup> After years of unrest, Shell closed its operations in Ogoni in the Niger Delta in Nigeria in January, 1993. In May 1994 four Ogoni leaders were murdered. Saro Wiwa and several other Ogonis were arrested for the murders. Saro Wiwa and eight other Ogonis were sentenced to death in a trial that ‘blatantly violated international standards of due process’ (HR Watch). International humanitarian organisations called upon Shell to intervene. Shell refused, considering the incident an internal Nigerian affair. Widespread consumer boycotts of Shell in Europe took place (also spurred by the planned dumping of the Brent Spar buoy). In November 1995, Shell President Herkströter pleaded for mercy on humanitarian grounds, to no avail. Saro Wiwa and the eight other Ogoni leaders were hanged.

corruption, human rights controversies and lack of democratic progress in developing countries. In contrast, 'micro CSRs' encompasses the immediate effects on local communities of the activities of a company, employment, labour conditions, local education and health care. The distinction between 'macro' and 'micro' CSR is, however, not clear cut since local corporate responses, such as employment of local people or building of new schools, can produce significant results with possible ramifications to the 'macro' level. Nevertheless, there is a fundamental difference in the risk involved. Micro CSR projects benefit both companies' reputation and community development. In contrast, corporate CSR responses directed at the macro level, such as disclosure of investments in host countries, may expose companies to risk for sanctions from host countries (Gulbrandsen and Moe 2005).

The main categories for analysing corporate response strategies are 'level of commitment' and 'degree of commitment'. Level of commitment refers to the extent to which corporations recognise and respond to demand for responsibility for developments on the macro level in host countries. Degree of commitment refers to the link between rhetoric and realities, i.e. corporate action.

Level of commitment can be conceived of as a socialisation process in which corporations recognise their social role (Preston and Post 1975). Preston and Post identify three stages of socialisation: recognition of social concerns; consideration of the company's impact on society and positive reaction by incorporation of social goals into overall business strategies. These stages are in turn related to three managerial responses: corporate philanthropy, stylistic and process responses, and citizenship and coalitions.

It is perfectly possible that a company incorporates social goals and respond managerially, but fails to live up its standards and aspirations. In this case we would say that the *degree* of commitment is low. Implementation failure may be caused by lack of willingness or ability to follow through. To some extent implementation failure may simply reflect a certain type of rhetoric that hinges on longer-term ambitions and aspirations, whose conversion into tangible action is constrained by 'real-world' complexities. Nevertheless, and owing to the reputation risks facing companies that fail to live up to their aspirations and standards, we would in general expect some degree of consistency between words and actions. Strong language and

mission statements will not only create expectations among the public at large, but also among employees, shareholders and investors. For instance, the use of value-based statements calling upon companies to increase transparency and fight corruption could make the company vulnerable to public criticism if the words are not followed by actions.

Measuring differences and similarities in current 'macro CSR' strategies is by no means a simple task. We base our comparison pragmatically on a limited set of concrete issues and actions that have been considered by the oil companies. With regard to level of commitment, we first analyse acknowledgement of the problem in light of the various socialisation stages relating to fight against corruption, human rights, transparent reporting and the 'paradox of plenty' problem. Second, organisational responses are operationalised as integration of social concerns into management systems and cooperation with Non Governmental Organisations (NGOs) and International Organisations (IOs). Degree of commitment is measured in terms of specific actions such as disclosure of financial data and withdrawal from controversial projects.

### Differences in 'macro CSR' strategies

We have examined the strategies of ExxonMobil, Shell, BP and TotalFinaElf. The selection of these companies is based on several considerations. First, we expect that the strategies chosen by these companies vary significantly. Secondly, these four 'majors' represent some of the world's largest enterprises (prior to the Chevron Texaco merger they were the four largest private oil companies). Hence, in terms of size, outreach and providers of energy to fuel the economy, these four companies are likely to be key players in the regions and countries in which they operate. Third, the selected companies can also be seen as industry leaders. Hence, our findings could plausibly indicate where the industry as a whole is heading.

The study draws primarily on secondary sources, including assessments of company literature and the web-sites of the four companies. A substantial literature search, including newspapers and journals, was also carried out. For the studies on Shell, BP and TotalFinaElf, we conducted interviews with company officials. For a



more comprehensive and detailed rundown of the strategies and statements of the individual companies, see the associated company studies (Tangen, 2003; Christiansen, 2002; Skjærseth, 2003; ECON, 2002).

## Level of commitment

### **Acknowledgement of the problem**

All companies apparently recognise broader social concerns. The company literature of ExxonMobil, Shell, BP and TotalFinaElf, however, reveals substantial differences in their strategies. Variations are identified with respect to the language used by the companies in addressing macro CSR challenges, and the amount of attention paid to particular social responsibility issues in external communications.

In general, the company literature of TotalFinaElf and ExxonMobil pays less attention to CSR than does that of BP and Shell. The two latter companies also appear to frame their sphere of responsibility in broader terms than TotalFinaElf and ExxonMobil do. For example, all companies declare their support of the Universal Declaration on Human Rights, but only BP and Shell support the Sullivan Principles (voluntary business codes).

BP puts strong emphasis on communicating to the public what it perceives as the key social issues of relevance for the business agenda. Shell's communications also commit the company to the extent that they focus on specific goals and countries, for example Nigeria. In 2002, ExxonMobil responded to the widening CSR agenda by publishing the report 'Corporate citizenship in a changing world' (ExxonMobil, 2002). The relevant sections on governments and societies are, however, amazingly sparse in clear commitments on the macro level, compared to BP and Shell. Despite the increased emphasis on social issues, TotalFinaElf's 2001 Annual Report and the company's Code of Conduct do not offer any concrete commitments on social issues beyond those already mentioned by the individual pre-merger companies.

All companies claim that their operations benefit the countries in which they operate. This implies that none of them acknowledge that they are part of 'paradox of plenty' problem. However, there are differences, most notably between ExxonMobil

and TotalFinaElf on the one hand, and Shell and BP on the other. While ExxonMobil and TotalFinaElf see their responsibility primarily in terms of providing affordable and environmentally clean fuel and investments in the countries and regions in which they operate, BP aims to be ‘a force for good’ (BP, 2001), and Shell ‘will strive to build a better world’ (Shell, 1999). Both BP and Shell aim to become industrial leaders in terms of integrating concerns for the society into their business strategies; Exxon’s literature indicates no ambitions in this regard.

We find the same pattern when it comes to goals related to *transparent* reporting of data – and calls for transparent governance in the host countries. BP and Shell both identify non-transparent financial flows in host countries as a problem. They aim to become leaders in the development of standards and methodologies for transparent reporting of the social impacts of their activities, and have also published far more data than ExxonMobil and TotalFinaElf. Both Shell and BP emphasise the need for transparent governance in countries where they operate in their company publications. ExxonMobil and TotalFinaElf barely mention the issue of transparency in their publications.

BP, Shell and ExxonMobil all claim to be actively fighting corruption. There are, however, differences between the three. While ExxonMobil emphasises that the company will stick to the rules and regulations in the country it operates, Shell and BP’s publications touch upon cases that are not so clear-cut. The publications from Shell, and particularly BP, indicate a broader concern, extending to alleged misuse of public revenues to which they contribute. Such misuse may not be illegal, but it definitely represents a grey area that appears to unease the two companies. For instance, BP undeniably set a new standard of fiscal transparency by publishing details of signature bonus payments made in developing Angola’s huge reserves of oil. And the company has banned not only straight bribery but also all facilitation payments.<sup>2</sup> ExxonMobil apparently opposes new standards of fiscal transparency. The

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<sup>2</sup> According to BP ‘Facilitation payments are small payments made to low-level officials to obtain routine levels of service’. The routine character of such payments are illustrated by this acknowledgment of the difficulty of ceasing such practices: “Action plans were implemented to eliminate these payments before the end of the year [2002]. By taking a firm stance with officials, we found that payments could be stopped without significant impact on our business. Our ethics certification exercise at the end of the year confirmed that most facilitation payments involving BP staff had been eliminated, except for a few minor items. Our aim is to eliminate these early in 2003. [http://www.bp.kz/enviro\\_social/2002.asp](http://www.bp.kz/enviro_social/2002.asp) Accessed 15 October, 2003.

company has indirectly criticised BP for ‘running into deep trouble’ in disclosing payments to the Angolan government (Skjærseth, 2003:19). There is little mentioning of corruption and facilitation payments in the company communications of TotalFinaElf, other than denials of accusations lodged against the forerunner company, Elf, in the various investigations and trials related to the so-called “*Affaire Elf*”.

### **Organisational response**

With regard to management systems and reporting, the pattern described above is repeated: Shell and BP differ from ExxonMobil and TotalFinaElf. Both Shell and BP have taken steps to some extent, or claim they have taken steps - to integrate social concerns into their management systems.

In terms of developing a corporate compliance program and management system on social issues, *BP* seeks to balance an approach based on rules and compliance with a value-based approach that is consistent with its ‘overall management ethos’. The management system takes the form of an ‘implementation model’, based upon performance targets and management commitments assigned to each of the 140 Business Units, principles for communication and training, performance monitoring and reporting. Starting in 2001, BP’s approach has become more regionally focused, as highlighted by the appointment of a regional ethics committee. This is done with the understanding that issues such as facilitation payments pose different challenges in different regions. As regards new tools and management techniques, BP claims to take new steps and seeking ‘innovative’ solutions by way of establishing self-imposed constraints and guidelines on ethical behaviour, which apply to relationships with employees and governments alike.

As a step towards translating new business principles into procedures and rules in the company, *Shell* formed a twelve member Social Accountability Committee in 1997. The remit of the Committee has been to review the policies and conduct of Shell companies with respect to the principles, a process that 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 how to tackle human right issues in terms of procedures in the day-to-day operations of the company, but it provides a

balanced introduction to the human rights issues affecting its businesses. Also a new annual 'Business Principle Letter' was introduced, which the Country Chairmen<sup>3</sup> were required to sign in order to 'confirm that the necessary procedures have been put in place to ensure that the spirit [of the Business Principles] is understood and the principles are being implemented' (Shell, 1998, p. 7). After the inclusion of human rights in the business principles of the company, the letter should also cover these issues.

A recent trend in the Shell literature is the publication of more information on the company's performance in the social area which could be seen as a strategy to regain public confidence in the company after Saro-Wiwa and Brent Spar. For example, the 2001 *People, Planet & Profit* states that "An important part of building confidence is the publication of reliable information that gives a fair picture of our performance" (Shell, 2001, p. 4). The report sets a new standard for reporting by oil companies by publishing quantitative data on Shell's use of security forces, screening against child labour and anti-bribery measures.

Except for corruption, we find few indications of *ExxonMobil* integrating social concerns into its management system. But one element of the Operation Integrity management System (OIMS) on Third Part Services – requiring contractors to provide same standards as ExxonMobil – indirectly relates to this issue. To our knowledge, *TotalFinaElf* has done little to integrate social macro concerns into its management systems; although its code of conduct states that 'the Group expects its suppliers to adhere to a code of conduct equivalent to its own' The company distributes the corporate purchasing code of conduct to its business units and main suppliers. According to the company, use of the code is reportedly now required for the evaluation and selection of contractors and service providers, although the explicit way this is done is not clear.

All four companies have worked with Non-Governmental Organisations and International Organisations on specific projects. Shell and BP have consulted NGOs on a regular basis during the formulation of company policies. Shell stands out in this regard for having developed long-term relationships with Amnesty International and

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<sup>3</sup> In each country Shell operates, one person acts as the 'Country Chairman', i.e. the executive responsible to the Shell Group.

Pax Christi during its strategic review process in the late 1990s. Shell also used NGOs as examples in the mid-1990s, e.g., when it said ‘[we] have to become as good as the NGOs at listening to the public’, summarising the company’s sentiment at the time (Jennings, 1996). Several NGOs have publicly acknowledged BP for being among the first oil trans-nationals to endorse a human rights policy, for its early position on the climate change issue, its exit from the Global Climate Coalition, and for setting new standards in areas such as transparency. BP engages regularly in stakeholder consultations, taking forms like direct informal contact, structured debates as well as more formal exercises mediated by a third party. Such stakeholder consultations involve key NGOs such as Human Rights Watch, Amnesty International, Oxfam, Christian Aid, Global Witness, IUCN and WWF. That said, BP has also received criticism from NGOs regarding its activities and investments in Columbia, Angola and China.

### **Degree of commitment**

The main focus of the four companies regarding *concrete actions* is on what we designate the micro-level: e.g. measures within the workplaces or adjacent communities. All four companies spend substantial sums on health and school projects in the local communities in the countries where they operate. Actions related to macro issues are difficult to measure in any systematic way. However, we have some scattered evidence indicating that the picture varies with level of commitment.

At one extreme is TotalFinaElf, where we have few indications of macro-directed actions. Shell and BP, on the other hand, have taken steps that fall into the macro category. The best example is probably BP’s actions in Angola. Responding to its own rhetoric and recommendations that BP ‘set a benchmark for corporate transparency and accountability in Angola’ (Global Witness, 1999), BP stated in 2001, that in addition to maintaining a dialogue with the Bretton Woods institutions over the situation in Angola, it would publish key financial data regarding its operations. They would cover total net production by block; aggregate payments to Sonangol (the Angolan state oil company) in respect of production sharing agreements; and total payments in terms of taxes and levies to the Angolan Government. The disclosure of these financial data and signature bonus payments was characterised by Global

Witness as ‘an excellent move’, while Human Rights Watch congratulated BP as setting ‘a new standard of fiscal transparency for oil companies in Angola’.

In the aftermath of the consternation caused by the execution of Ken Saro-Wiwa in 1995, Shell devoted considerable energy on improving its reputation with regard to its operations in Nigeria. In 2000 Shell claimed to have spent 55 million USD on social programmes in Nigeria alone (Shell, 2001). Steps taken in Nigeria led to the founding of a donor workshop in 2000, co-hosted with the UN Development Programme. A development project to be undertaken jointly by Shell, Mobil and the Nigerian state oil company was also planned but later ran into trouble as the Nigerian partner declined to provide its share of the investments. According to Shell representatives, these problems have now been solved and the project is running as planned (personal communication, April 2002).

Public pressure has been claimed to be one of the factors behind Shell’s decision to withdraw from projects in Columbia and Peru in 1998. 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 preparing 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 (Camisea, 2003). Shell claims that when they decided not to develop the project further it was because they were not able to complete a 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 (personal communication, March 2002).

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 (Rainforest Action Network, 1997). Because of these reactions in the local community, Shell found it too difficult to develop the project further.

With regard to ExxonMobil, one project stands out: a 3.5 billion pipeline from Chad to Cameroon. The project is led by ExxonMobil, but is supported by the World Bank. To ensure that revenues from the pipeline project are managed properly, Chad has enacted a revenue management programme where project funds are placed in special accounts subject to review and World Bank audits. The programme requires funds to be spent on health, education, infrastructure and rural development programmes. On the one hand this can be regarded as the most radical case of oil industry, in co-operation with multilateral organisations, infringement on national sovereignty. And finding ExxonMobil involved in such a project is particularly surprising given its rhetoric. However, Chad is an extremely weak state, and this model of co-operation would only be feasible in cases of a similar nature.

ExxonMobil's decision to work with the World Bank on the project has to be seen in light of the high political risks involved. Financial involvement by the World Bank was needed to get the project off the ground, i.e. loans were given to the respective governments so they could pay for their share of the pipeline. It should also be noted that questions have nevertheless already been raised about alleged misuse of the loans for arms purchases by the Chad government.

## Analysis of macro CSR strategies

The first observation to be made is that all four oil majors have — in one way or another — responded to the broadening CSR agenda. For example, all companies declare their support to the Universal Declaration of Human Rights and fight against corruption. This implies that the companies *recognise* broader social concerns beyond local community impact and programmes. But none of them accept any responsibility for the problem coined as the 'paradox of plenty'. The companies claim that their operations mainly benefit the countries in which they operate. This means that they do not fully *consider* the company's impact on the public in host countries. There are, however, significant differences in the substance, scale and intensity of how they consider impact. It may be argued that BP and Shell indirectly accept 'macro-CSR' problems by emphasising transparency of investments. All companies have to some extent included social concerns as part of their overall goals. BP and Shell have,

however, placed more emphasis on communicating such goals and framed them more broadly than ExxonMobil and TotalFinaElf.

Organizational responses reflect these similarities and differences. First, all companies cooperate with NGOs and IOs on specific projects, but BP and Shell have consulted with such organisations on a regular basis during the formulation of corporate strategies. Second, BP and Shell have taken steps to integrate social concerns into their management systems. Both companies have established committees for ethics and social concerns. BP's management system on social responsibility is assigned to all business units and the company has established regional ethics committees. These responses come close to experimental or even *innovative* solutions.

Table 1: Level of commitment: Summary of the macro CSR strategies of ExxonMobil, Shell, BP and TotalFinaElf\*

Company	Recognition	Consideration	Goals	Organisational response	Level of commitment
ExxonMobil	Yes	No	Narrow/micro CSR	Business (almost) as usual	Low/medium
TotalFinaElf	Yes	No	Narrow/micro CSR	Business as usual	Low
Shell	Yes	Indirectly, by emphasising transparency of investments	Broad/macro CSR	Social concerns (claimed to be) integrated in management systems	Medium
BP	Yes	Indirectly, by emphasising transparency of investments	Broad/macro CSR	Social concerns (claimed to be) integrated in management systems.	High

\*In relative terms

Degree of commitment is more difficult to evaluate since low *level* of commitment increases the likelihood of high *degree* of commitment. ExxonMobil, for example, displays a high level of consistency between external communication and its actions. By promising little on macro CSR, there is apparently a high degree of consistency between what ExxonMobil says and what it does. The same seems to be the case for TotalFinaElf. Shell and BP score higher on level of commitment. These companies



have also behaved in line with a higher level of commitment. BP's disclosure of financial data and signature bonus payments in Angola and Shell's withdrawal from controversial projects in Indonesia stand out in this regard. These observations are in line with our expectations: Some degree of consistency between words and actions can be expected owing to the reputation risks facing companies that fail to live up to their commitments.

The stages of corporate socialisation suggested by Preston and Post proved to be useful for understanding the extent to which oil companies recognise broader social concerns. However, organisational responses and action on 'macro-CSR' challenges go beyond their approach. Garcia and Vredenburg (2003) have argued that the stages of socialisation should be extended beyond positive reaction by including proactive strategy, which is defined as a consistent pattern of voluntary actions. Proactive strategies appear adequate for categorising corporate strategies with regard to 'micro CSR' issues. In climate policy for example, some major oil companies incorporated voluntary proactive measures such as internal emission trading (Skjærseth and Skodvin, 2003). Application of the term 'proactive' in the area of 'macro CSR' is, however, not unproblematic as it tends to connote something in the direction of the 'more (political) involvement in host countries the better'. First, as we shall see below, there is no widely accepted solution available to the 'paradox of plenty' problem, in contrast to climate change that 'simply' requires reduction in the emissions of greenhouse gases. Some NGOs argue that companies should abstain from investing in resource-abundant developing countries with reputations for poor governance, while others claim that companies should become more actively involved in the political process of sovereign host countries. We shall return to this 'paradox of solutions' in the concluding section.

An alternative way of going beyond the stage of positive reaction can be found in the emerging business environmental management literature (see, inter alia, Logsdon, 1985; Post & Altman, 1992; Roome, 1992; Steger, 1993; Ketola, 1993; Hass, 1996; Ghobadian et al., 1998). One stage frequently used in this literature is the notion of *innovative* corporate responses to new social challenges (see e.g. Steger, 1993). Innovation refers to something *new* that is introduced as new ways of combining input factors (Schumpeter, 1939:87-8). Innovation in a wide sense extends

far beyond technological innovation and can be understood as new combinations of knowledge (Eikeland, 2005). As there is no widely accepted solution available to the 'paradox of plenty' problem, innovative corporate strategies are needed. The strategy and behaviour of BP displays traces of innovative responses in this field.

## Concluding remarks

In this article, we have explored how different oil companies have responded to the emerging and widening social agenda. There are both similarities and differences in how Shell, BP, ExxonMobil and TotalFinaElf have responded. None of the companies accept responsibility for 'the paradox of plenty' problem, but they all support the Universal Declaration of Human Rights, they work with NGOs and IOs when necessary and they all claim they are fighting corruption and bribery. On the other hand, there are also some striking differences in their responses. First, BP and Shell appear to be more 'accepting' and 'responsive' than TotalFinaElf and ExxonMobil, across all our indicators. Secondly, much as a consequence of this, there appears to be a correlation between what companies say and what they are doing. Companies who publicly avow their commitment to various objectives also seem to take action on those commitments. In this sense it can actually be claimed that for all the four companies studied, words and deeds are quite consistent. Instead of pressing our conclusion further, we want to end this article with a reflection on areas for further research.

The first question that should be given further attention is why the companies do not fully accept the 'paradox of plenty problem' and what can they do if they accept a causal relationship between oil revenues and poor social performance. The answer to the first part of this question may actually lie in the second part: there are considerable dilemmas confronting the oil industry when it comes to defining the limits to corporate social responsibility, e.g. interference in domestic affairs of host countries, and investments/disinvestments in areas with poverty and unrest. For the companies claiming to have a broader social responsibility, e.g. 'a force for good' (BP) and 'building a better world' (Shell), the paradox of plenty directly affects their legitimacy as corporate citizens.

On the one hand, multinational companies were in the 1970s widely criticised for getting *politically involved* in host countries. As a consequence, most oil companies currently state that they will remain politically ‘neutral’ and not intervene in ‘party politics’. On the other hand, oil companies will in any case have to engage with political actors and bureaucracies when applying for licences and negotiating contracts. It can thus be claimed therefore that oil companies, when operating in weak states, do have political influence. Some companies recognise this; others do not. But even companies that do recognise that their operations may have unwanted effects, and wish to do something about it, find it hard to define how far they should go in influencing political actors.

Social responsibility issues are not a decisive factor for whether or not a company will invest in a country. Companies often argue that ‘if we are not investing someone else will do, and they will do worse than us with regard to social issues’. There is some truth in this. Local or smaller oil companies usually have a less developed community strategy and less concern for social and environmental dimensions of their operations. In this respect, the major oil companies will probably perform better. Still, also with regard to investment strategies, attitudes seem to be changing. For example, Shell has claimed that both economic and social reasons caused it to decide to refrain from investing in pristine Amazonian areas populated by vulnerable indigenous tribes. But the difference between not investing and disinvesting for social reasons is very wide.

It seems obvious that one company on its own cannot make a very large difference and that collective action is required. Collective action clearly can be several things. One of them is to work with international organisations, such as the Bretton Woods institutions. In theory there could also be a basis for some concerted action in the activities of the various business forums and associations. One interesting avenue for further research is the link between change in international institutions and corporate CSR strategies.

The second topic for further research is the change and differences observed in corporate CSR strategies. There are at least three possible reasons why ‘macro CSR’ strategies of major oil companies change and vary. First, the sources of corporate strategies may lie in the characteristics of the companies themselves. Secondly, such

strategies may have been influenced by the political-industrial context of the companies' home countries. Thirdly, since the companies under scrutiny are multinational, changes in strategies over time may be the result of changes in the international/institutional context in which the companies operate. These three factors can be linked to three distinct bodies of thought: business (environmental) management perspectives, theories of domestic politics and theories of international regimes.

The two first perspectives are most relevant for understanding differences in corporate strategy, whereas changes in the international institutional context is particularly suited for understanding why the companies have responded, in one way or another, to the widening social responsibility agenda. First, major oil companies are truly multinational with operations on a global scale that extend far beyond their home-base countries. Second, CSR issues constitute global challenges that are increasingly addressed at the global level. Third, there is a global regime under construction on core issues such as transparency, corruption and bribery. These institutional developments on CSR parallels in important ways the first phase of the creation of international environmental regimes. Accordingly, lessons from the foundation, operation and consequences of international environmental regimes could serve as a starting point for the study of institutional development and change in corporate CSR strategies.

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