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Evaluating stakeholder theory in a developing country context: a case of the upstream sector of the oil and gas industry in Nigeria

by

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In the name of Allah

The Most Beneficent, The Most Merciful

ABSTRACT

Since Freeman's seminal work on stakeholder theory, there has been increased scholarly focus on developing the stakeholder concept as a theory of the firm. While the stakeholder concept is an established theory, the approach has been instrumental with much attention on the needs and responsibilities of the firm; leaving little consideration for other stakeholders (Wood, 2010). Scholarly work that focuses on the perspectives of stakeholders instead of the firm alone would help enhance the normative and strategic basis of the theory. Informed by seventy-five semi-structured interviews, this study elucidates broad and specific stakeholder perspectives using the upstream sector of the oil and gas industry in Nigeria as the context. The research finds that some of the assumptions underpinning stakeholder theory are Western-centric and cannot be applied unchanged in a developing country context. Based on the insights generated from the data collected, this research suggests a refined stakeholder framework which has society at its centre and focuses on all stakeholder objectives (including that of the firm), hence, not only focusing on that of the firm's objectives as is presently the case.

A synthesis of the findings from the stakeholders interviewed for this research revealed that focusing on the wellbeing of all stakeholders in society as the overarching goal would lead to symbiotic outcomes for all stakeholders. Also, interviewees argued that focus of all stakeholders in the society would result in an unconditional consideration of each stakeholder's rights and responsibilities, plus safeguard each stakeholder's survival. One section of the society that this research focuses on is the local community (and to a lesser extent temporary employees). This focus was informed by the empirical data, which revealed that local communities were consistently ranked as the most negatively impacted stakeholders in the oil and gas industry in Nigeria.

The limitation of assuming that stakeholders have a consensus as to what standards of values are considered to confer legitimacy is addressed, providing insights into a normative approach to understanding stakeholder theory particularly as it relates to developing countries.

This research has revealed that multinational oil companies have strong control of Nigeria's oil and gas industry via partnerships with many influential stakeholders, such as the government, some civil society organisations and the press. The drivers of multinational oil companies power (such as historical hangover and intra-stakeholder conflict) which result in the local communities' vulnerability are discussed. The imbalanced power differential informed the need to consider an alternative conceptualisation of stakeholder theory which has society at its centre.

A second research outcome is contextual. Although anticorruption laws exist both in Nigeria and in the home countries of the multinational oil companies, the opaque nature of the oil and gas industry allows high levels of corruption to thrive in the industry and has an impact on stakeholder expectation and engagement. The existence of stakeholder relativism or double standards in multinational oil

companies' practice in Nigeria, compared to their operations in developed countries, is articulated.

Thirdly, this research highlights the need to extend past academic studies, which have focused only on corporate social responsibility to include a conceptualisation of stakeholder responsibility. A theoretical underpinning of stakeholder accountability is necessary due to some stakeholders, such as some Government officials, some Naval officers and certain members of local communities being accussed of sabotaging, stealing and engaging in illegal mining of oil products from oil facilities operated by the multinational oil companies. This research has revealed that stakeholder social irresponsibility could also lead to more corporate social irresponsibility and vice-versa.

The implication of this research for practitioners and policy makers is that it offers insights into how not to allocate scarce resources in a developing country context. Another implication of this research for practitioners and policymakers is that it discusses the institutional and managerial challenges relating to engaging stakeholders and how they could be addressed in a developing country context. Also, some of the findings of this research could be useful for managers and policy makers in developed countries, if and when they experience crisis situations in their home countries (e.g. terrorist attacks, wars or natural disasters) and/or decide to expand their operations into Sub-Saharan Africa.

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List of Abbreviations

BBC – British Broadcasting Corporation

BERA – British Education Research Association

BP - British Petroleum

CBN - Central Bank of Nigeria

CEO – Chief Executive Officer

CNN – Cable News Network

CSR - Corporate Social Responsibility

DFID – Department for International Development

DPR – Department of Petroleum Resources

EIA - Energy Information Administration

EIU – Economist Intelligence Unit

FG – Federal Government

GDP – Gross Domestic Product

ILO – International Labour Organization

IMF - International Monetary Fund

MBA – Masters of Business Administration

MD - Managing Director

MNC- Multinational Corporation

MOU – Memorandum of Understanding

NGO – Non-governmental Organization

NAPIMS - National Petroleum Investment Management Services

NEITI - Nigerian Extractive Industries Transparency Initiative

NEMT – Nigerian Economic Management Team

NIMASA - Nigeria Maritime Administration and Safety Agency

NLNG – Nigeria Liquefied Natural Gas

NDDC - Niger Delta Development Commission

NNPC - Nigerian National Petroleum Corporation

NOSDRA - National Oil Spill Detection and Response Agency

NPDC - Nigeria Petroleum Development Company

OECD - Organization for Economic Cooperation and Development

OPEC – Organization of Petroleum Exporting Countries

PhD – Doctor of Philosophy

PPMC – Pipelines and Product Marketing Company

SPDC - Shell Petroleum Development Company

STP – Situation Target Proposal

TV - Television

UK – United Kingdom

UN – United Nation

UNEP – United Nations Environmental Programme

UNHDI - United Nation’s Human Development Index

US – United States

USAID - United States Agency for International Development

USA – United States of America

AUTHOR'S DECLARATION

I, Alim Abubakre declare that the thesis entitled

Evaluating stakeholder theory in a developing country context: a case of the upstream sector of the oil and gas industry in Nigeria

and the work presented in the thesis are both my own, and have been generated by me as the result of my own original research. I confirm that:

- This work was done wholly or mainly while in candidature for a research degree at this University;
- Where I have consulted the published work of others, this is always clearly attributed;
- Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
- I have acknowledged all main sources of help;
- None of this work has been published before submission.

Signed:...

Date:...............31 May 2015..

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prayer is: “My Lord bestow on them Your Mercy as they did bring me up when I was young” (Quran 17:24).

Chapter 1 - Introduction

In recent years, multinational corporations (MNCs) have wielded increasing global influence (Omoteso, 2011). This has been especially true with regard to their growing expansion into developing countries, driven by the immense opportunities that economic growth in these countries offers (Meyer, 2004; Fortanier and Kolk, 2007). With sales exceeding the gross national products of some countries (Chandler and Mazlish, 2005), major MNCs have been engines of change, generating local jobs, increasing government revenue and driving technology transfer (Blowfield and Murray,2014). At the same time, however, their operations in developing countries have also resulted in huge negative externalities, often ignored due to the weak institutional[1] structures in these countries (Chandler and Mazlish, 2005; Tan, 2009). Notable among these have been environmental degradation, the use of child labour in supply chains and a prominent role in partaking in corruption (Wiig and Kolstad, 2010; Lange and Washburn, 2012; Pedersen and Gwozdz, 2014). However, there is less research carried out on MNCs impact in developing countries compared to their impact in developed nations (Meyer, 2004; Marquis et al., 2007). In light of the different operating terrains facing multinational organisations outside their home countries, as well as the notable adverse consequences associated with their operations, there is an urgent need for a review of management theories to reflect the changing operating contexts (Meyer and Thaijongrak, 2013). Differences in cultural and institutional contexts, which distinguish practice in developing and developed countries, need to be accounted for (Banerjee, 2010).

[1] Institutional theory is the study of how institutions enforce conformity among powerful actors (e.g. Multinational Oil Companies), offers valuable insights into the behaviour of powerful actors and how they engage stakeholders in different contexts (DiMaggio and Powell, 1991; Bondy et al., 2012)

Current academy study in the field of management remains inspired mostly by data collected from the developed world (Doh, 2005; Budhwar and Debrah, 2013). This is particularly applicable to Corporate Social Responsibility (CSR), the increasingly widespread management field which focuses on the accountability of business to society. Stakeholder theory (ST) is an aspect of CSR which gives a face to the society by defining the members of the society that businesses should be accountable to and names them stakeholders (Wood, 2010). Stakeholder Theory is popular because of its pragmatic approach to management (Walsh, 2005; Jamali, 2008) and its focus on the survival of the firm (Freeman, 2010). However, the changing business landscape requires that the present conceptualisation of how business behaves in society and how it affects stakeholders needs to be re-examined. According to Freeman, Harrison and Wicks (2007:3) "the dominant models and frameworks that we use to understand business cannot easily account for these changes". While Freeman et al. (2007) attributed change to globalisation, and the emergence of new information technologies, they failed to account for the increasingly important role developing countries play globally and how this affects ST. This informs the question: what role do developing countries play globally and how does this affect our conceptualisation of ST? Developing countries are important because they are endowed with most of the world's population and natural resources; the latter provide the raw materials for industry (Banerjee, 2010). The recent shift of growth from developed countries to developing countries is underpinned by a huge disparity of income, and increased poverty (Hall et al., 2012) which has led to new stakeholder needs and expectations and explains why it is essential to consider these contextual nuances when discussing ST in developing countries. According to the IMF (2015), 70 percent of global growth comes from developing countries. Even if there is no growth in developing countries or they do not possess natural resources, what happens in those regions should still be considered because companies based in the West are involved in developing countries and sometimes have negative externalities on these societies. Instrumental ST, which is one of the three pillars of an influential classification of ST posited by Donaldson and Preston (1995) is the dominant modus operandi in a developed country context but abused when applied in developing countries (the other strands are descriptive and normative, see Chapter 3 for more details). This is because most of the data informing the conceptualisation of ST is collected from developed countries, which have a context that is characterised by strong institutions which could check the excesses of powerful organisations if they abuse their power while using stakeholders as instruments (Padgett and Galán, 2014). However, in developing country contexts, which are characterised by weak institutions, powerful firms abuse the rights of weak stakeholders while using them as instruments for achieving the firm's goals without any penalty for their negative externality[2] (Campbell, 2007). Normative stakeholder theory is the second strand of Donaldson and Preston's (1995) influential classification which recommends respecting the rights of stakeholders because it is the right thing to do, and this addresses the call for tackling negative externality. However, unlike other strands of Stakeholder theory, there has been limited research on normative Stakeholder theory (Ekici and Onsel, 2013). Blowfield and Murray (2014) contend that there are cases when there is no business case for stakeholder engagement and in such cases, particularly in developing countries, weak stakeholders could be exploited if normative ST is not considered. This is because in developing countries there are no strong institutions to check influential stakeholders. Hence, this research uses a developing country context to explore studies of ST and addresses Jamali's (2008:229) "call for more research on ST in developing country contexts due to paucity of research in such contexts". The businesses that have the power and the resources to operate both in the West and in

[2] Cost borne by groups who are not party to a transaction and exist when market forces fail to account for full cost to society for particular acts of productions or consumptions (Bondy et al., 2012:283)

developing countries are MNCs. MNCs are particularly important in studies of CSR and ST, partly because there is no international government that could regulate the activities of these very influential entities. Particularly in developing countries, which are usually characterised by voids in government (Valente and Crane, 2010), it is crucial to examine the activity of MNCs as it impacts stakeholders. Also, focus on MNCs interaction with stakeholders is instructive because the most popular and leading contributor to ST is Freeman (1984) and he focused on MNCs operating in a developed country which was characterised by interaction with multiple stakeholders. This shows that MNCs are particularly suited for studies of ST.

Even though scholars agree that context and culture affect CSR practice and stakeholder engagement (Matten and Moon, 2008), research that focuses on understanding the nuances of the context of MNCs behaviour on stakeholders in developing countries has been relatively limited (Husted and Allen, 2007; Jamali and Mirshak, 2007). Due to this relative dearth of research on CSR and stakeholder theory in developing countries (Muthuri and Gilbert, 2011), it is important to explore the features of the developing countries, particularly those in Africa, and how these features affect our conceptualisation of stakeholder theory. Africa is characterised by weak judicial systems, corruption, limited regulation, large informal sectors (Visser, 2005; Frynas, 2010 and Omoteso, 2011) and could offer valuable insights into how CSR and ST is conceptualised (Prieto-Carrón et al., 2006). Therefore the importance of considering the context cannot be overemphasised. The significance of context when studying ST is underscored by the variety of lenses through which stakeholders are viewed even among developed countries. For example, there are European (Argandona and Von Weltzien Hoivik, 2010), Scandinavian (Nasi, 1997) and American (De George, 2011) perspectives on ST, which highlight the cultural diversity and contextual multiplicity that comes into play even among the so called “developed” countries. Therefore with the very limited literature on ST in a developing country context (except that by Visser (2008), Jamali (2010), Idemudia (2009), Amaeshi et al. (2007) and Frynas (2005;2010)) there is a need to come up with refined stakeholder theories that provide solutions which reflect the complexity of the developing world. Also, the conventional conceptualisation of ST is that it is a theory of the firm (Freeman, 1984; Donaldson and Preston, 1995; Mitchell et al., 1997; Jones and Wicks, 1999; Tantalo and Priem, 2016; Bridouex and Stroelhurst, 2014). Hence research on ST has been mainly focused on attributes of stakeholders (e.g. Mitchell, Agle and Wood, 1997; Mitchell et al., 2011) while ignoring the attributes of the firm and its impact on stakeholders. Many ST academics assume that external stakeholders are influential and uncompromising (e.g. Freeman, 1984; 2010; Walsh, 2005; Fanelli and Misangyi, 2006), hence big businesses are depicted as being weak and less regulation of big business is recommended by these scholars (Blowfield and Murray, 2014). Furthermore, there is an assumption that there is a clear demarcation between business and government (Freeman, 1984; 2010), which does not address the negative consequences of a very cosy relationship between government and Multinational Oil Companies as exemplified in Nigeria's oil and gas industry. Importantly, ST assumes that big businesses have intrinsic values that are sufficient for self-regulation and ensure that business activities lead to equity and justice in society (Freeman, 1984; Michael, 2003) which is contrary to institutional theory (Doshi, Dowell and Toffel, 2013). Finally, CSR in the academic literature is defined as a voluntary initiative (e.g. Davis, 1973; Carroll, 1999; Cheng et al., 2014). The discourse so far has given an indicative synopsis of some of the limitations of previous research, gaps in the previous research and new global developments (e.g. growth of economies of developing countries). These gaps have underscored the need for more research due to the current dearth of knowledge of ST in developing country contexts. This informs the research questions:

- How do the contextual realities of a developing country impact on stakeholder theory?
- How could the limitations of stakeholder theory in a developing country context be addressed?

The solution to the challenges to ST highlighted so far which this research proposes is an alternative perspective on conventional ST that could offer fresh insights into the complex operating environments of developing country contexts through the adoption of a societal (holistic) conceptualisation of ST. A societal perspective on ST entails taking a holistic view, considering all constituents of the industry including the firm as a stakeholder and recognising a multiplicity of interests and rights of stakeholders (this approach is explained in more detail in Chapter 6). Next to be discussed is a brief summary of the details of the case (Nigeria's oil and gas industry) which is used to evaluate ST. Unlike Mitchell et al. (1997) and Freeman, (1984; 2010), this study takes a systemic view of ST and considers multinational oil companies (Multinational Oil Companies) as stakeholders in the upstream sector of Nigeria's oil and gas industry. Thus, the stakeholder attributes considered for this research include those of the Multinational Oil Companies in comparison with those of the local community and, to a lesser extent, those of temporary staff. The nature of the research objectives explored, and the insights gathered from the data collected, informed the focus of this research on the stakeholder attributes of power and legitimacy. The focus on these attributes, not other stakeholder attributes such as urgency, is because the insights derived from the respondents revealed that these two terms are most relevant to the context and the research questions of this study.

1.1 The case of Nigeria's oil and gas industry

To address the gaps in the literature and evaluate ST using an example of a developing country, a case study of Nigeria's oil and gas industry will be used. Nigeria is the world's eighth largest oil producer and is a good example for evaluating ST in the context of a developing country because of its intricate network of stakeholders affected by this industry. Oil contributes 79.5% to the Nigerian government's revenue, as of 2009 (EIA, 2014); however, the country's level of growth is not commensurate with its huge foreign earnings from oil (Gary and Karl, 2003; Sala-Martin and Subramanian, 2003). In spite of Nigeria's huge foreign earnings from oil over the years the country has a poor performance on the United Nation's Human Development Index (UNHDI), which measures a country's populace's wellbeing via their income, access to education and health care. The UNHDI places Nigeria 142 out of 169 nations (2011). It could be argued that this poor ranking of the country on the UNHDI partly highlights the poor performance of the Nigerian government, examples of which are illustrated by the term Government Social Irresponsibility and highlighted in Chapters 5, 6 and 7 of this research. Keen (1998) and Sambanis (2000) explain that oil appears to promote conflict, neglect of other sectors and poor governance in developing countries (Ross, 2003; Frynas, 2010) which is particularly true in Nigeria. Frynas (2010) argues that oil companies operations have led to fire and loss of lives in many parts of Nigeria in general and the oil producing Niger Delta region in particular. The apparent Nigerian enigma of high revenue from oil but with increasing social scourges could be appreciated by understanding the complexity of the Nigerian oil industry and some of the stakeholders involved, especially with the oil companies being major 'champions' of CSR (Frynas, 2010). In Nigeria, 98% of the oil blocks in the country are operated by the Multinational Oil Companies (Frynas, 2000), Multinational Oil Companies' operations in Nigeria, just like many other countries, are exposed to a diverse range of stakeholders who could be difficult to engage (Chandler and Mazlish, 2005). It makes sense to consider the stakeholders in the oil industry in Nigeria, as these very influential primary stakeholders affect the performance of the oil sector and the country as a whole. Hence, seventy-five semi-structured interviews with the main players in the oil and gas sector were conducted. They include managers of multinational oil companies, a former chief of the armed forces, a manager of an indigenous company, regulatory bodies, labour unions in this sector, members of the local community where the oil is found, and members of the press and civil societies, to mention just a few.

The focus of this PhD research on the oil and gas industry is instructive because oil is the world's most traded commodity, accounting for about 10 percent of total world exports in that period. This explains why changes in oil market conditions have direct and indirect effects on multiple stakeholders because it impacts; the global economy, growth, inflation, external balances, and wealth distribution (IMF, 2011). Hence, some of the stakeholder issues addressed in this research on stakeholders in Nigeria's oil and gas industry could have some impact on global commerce in general (e.g. global supply of oil which could affect other sectors of the global economy) and stakeholders in the oil and gas industry in Nigeria and beyond.

The research questions address stakeholder related issues in line with case studies' features, since case studies are particularly suited for solving issues (Stake, 1995). Issues that this research will be addressing, which are cited in literature, include: business managers' inability to effectively balance diverse stakeholder interests, corporate scandals arising from apparent corporate exploitation of some stakeholders and limited consideration of weak stakeholders' interest which have been cited in the professional business press and in academic literature (e.g. Frynas, 2005; Tan, 2009), particularly in developing countries (Yang and Rivers, 2009; Tan, 2011).

This limited consideration of weak stakeholders' interest in conventional conceptualisation of ST may explain why stakeholder engagement as practiced by multinational oil companies in Nigeria who claim on their websites that they engage stakeholders does not appear to be working. Furthermore, managers interviewed for this research claim that their stakeholder engagement approach is informed by the conceptualisation of stakeholder theory diffused from their head office in developed countries to the subsidiaries in developing countries. This informs why the problem statements that inspired this research need to be explored:

- Firstly, after over five decades of oil production, the multinational oil companies operating in Nigeria's oil and gas industry and its stakeholders have received billions of dollars in revenue, however, in the Niger Delta where the oil is found, there is widespread poverty, reducing agricultural yields, conflict and environmental degradation (UNEP, 2011; Amnesty, 2008).
- Secondly, even though multinational oil companies who operate in this region claim to have expended millions of dollars on various CSR and stakeholder engagement programmes (Shell, 2013; Agip, 2013; Chevron, 2013; Exxon Mobil, 2013; Total 2013), the Niger Delta is still economically, socially and culturally depleted with the region having the country's highest rate of unemployment (Amnesty, 2010), the Ubuntu African tradition is being lost and prostitution and other social scourges are rife.

The research questions and the research problem statements inform the aims of this research which define the research intent and the outcome. These research aims are:

- To understand how the contextual realities of a developing country impact on stakeholder theory.

- To explore how the limitations of stakeholder theory in a developing country context could be addressed.

The first key research aim is to provide insights into the limitations of stakeholder (local community and, to a lesser extent, temporary staff) perspectives through empirical data. The second aim of this research is to proffer solutions to some of the limitations of stakeholder theory when applied in a developing country context. Thus, building on Freeman (1984; 2010), Donaldson and Preston (1995), Mitchell et al. (1997) and Wood's (2010) contribution to the present conceptualisation of stakeholder theory and stakeholder attributes which were mainly conceived based on insights generated from developed countries. This second aim includes exploring whether contextual factors in a developing country context could offer a fresh conceptualisation of Stakeholder theory, focusing on the weak but legitimate stakeholders (in this case the local community and, to a lesser extent, temporary employees). The research objectives articulate how the research questions would be answered and how the aims would be achieved, next to be highlighted are the research objectives for this research.

1.2 Research objectives

- To critically assess the conventional conceptualisation of stakeholder theory and how it applies to developing countries.
- To evaluate empirically the limitations of stakeholder theory.
- To make possible recommendations to improve the conceptualisation of stakeholder theory as it applies to an example of a developing country.

Next to be discussed is a synopsis of the research contribution (a detailed overview of the research contribution is given in 7.3.4); the decision to state some of the contribution in this introduction chapter was taken so that a summary of how this research contributed to scholarship could be articulated upfront.

1.3 This research offers theoretical contributions which have practical significance.

Some of the underlying factors of a developing country context and how they affect Stakeholder theory offer insights into how organisational behaviour of Multinational oil companies varies across different operating environments. Stakeholder relativism, which is articulated in the analysis chapter, explains the differences in the way that Multinational oil companies engage with stakeholders in a developed country environment compared to a developing country. Stakeholder theory is a theory of the firm. As it is presently conceptualised, it explores how stakeholders can potentially be exploited to achieve organisational objectives with less focus on the rights of weak stakeholders, which results in reduced accountability. This research suggests a societal view which has a holistic approach to addressing the issue of reduced accountability. By taking a holistic perspective, the stakeholder social responsibilities and rights of all stakeholders are examined. Conceptualisation of stakeholder social responsibility informed by qualitative data offers fresh perspectives on the CSR discourse.

The contribution of a societal view of stakeholder theory helps provide an empirical basis to strengthen stakeholder theory and address the limitations of stakeholder theory which has not considered anything beyond the corporation's needs (Wood, 2010) or further than CSR, which this PhD research addresses by exploring stakeholder social responsibility. The consideration of stakeholder social responsibility has practical implications, because it proposes theoretical solutions that address practical challenges such as the threat to the survival of the stakeholders in society due to neglect of the rights of weak stakeholders. Table 4- provides an overview of the research contribution by depicting some of the similarities and differences. This research contributes insights into various cultural realities in developing countries versus developed countries and how these play a defining role in determining what morally responsible CSR is. The research also contributes to understanding the uniqueness of institutionalised ethical deficit and how it underscores the need for context specific stakeholder concepts such as community and government social responsibility, which this research has conceptualised. Also, the reasons for widespread stakeholder social irresponsibility in the upstream sector of Nigeria's oil and gas industry were examined. The findings revealed that stakeholders, such as executives of civil society organisations and some members of the local community who were interviewed for this research, argue that the lack of government responsibility is causative of some members of the local community acting irresponsibly. It is also highlighted in the analysis chapter that, because the central government is not responsible in a developing country, there is increased localised Corporate Social Irresponsibility, and this addresses Campbell's (2007) call for more studies into Corporate Social Irresponsibility. Next to be discussed is the structure of this research.

1.4 Research structure

The research will be structured into seven chapters.

Chapter 1 gives an introduction to the research and summarises why it is necessary for the research to be carried out.

Chapter 2 contains the contextual overview which focuses extensively on oil in Nigeria and the 'life-line' role that oil plays in the Nigerian economy. In addition, the Niger Delta where this oil is found will be discussed. This chapter gives an overview that sets the historical, social, political and economic context for understanding why the oil and gas industry in Nigeria should be used as a case-study for researching Stakeholder theory.

Chapter 3 outlines a brief introduction to corporate social responsibility, and the different perspectives on stakeholder theory. The classifications and criticisms of stakeholder theory and MNCs are covered.

Chapter 4 comprises the methodology and the research methods. The method of collection for both the primary and secondary data will be discussed. The interpretive worldview will be discussed and some of the justifications for its use as the philosophical basis for this research on revisiting stakeholder theory using a case study of the upstream sector of Nigeria's oil and gas industry will be given. The methodology which is influenced by the worldview and categorised into method, data collection, research strategy and its justification including data analysis, will be covered in this chapter. In addition, the actual research strategy (i.e. case study), data collection and how the data were analysed, will be discussed. The concluding part of this chapter will address some ethical issues relating to the research.

Chapter 5 consists of the qualitative analysis. Thematic analysis will be used to analyse the set of transcribed face-to-face interviews. This will involve selecting the key interview extracts, which are labelled codes and patterns, which then make up themes related to the research questions.

Chapter 6 consists of the discussion of the analysis. The chapter involves an attempt to 'bridge the gap' between theory and the analytical findings. This will be done by articulating the relationship between the literature, analytical findings and the research questions.

The final chapter comprises the conclusion, recommendations, suggestions for future research and limitations of the research.

Chapter 2 - Context

2.1 Nigeria

Stakeholder theory and CSR in Nigeria cannot be discussed in isolation without mentioning the strategic role that oil plays in the Nigerian economy. The Niger Delta is where oil is found in Nigeria, and the big five multinational oil companies who produce most of the country's oil are the companies that are being researched. This section gives an overview that sets the historical, social and economic context to understand why stakeholder theory and CSR in the oil sector in Nigeria needs to be researched.

2.1.1 Oil and Nigeria's Economy

Nigeria is the eighth most populous country in the world, with a population of 156,037,000 as of 2009. One in five black people is Nigerian. The country accounts for 47 percent of West Africa's population and 39.08 percent of the Organisation of Petroleum Exporting Countries (OPEC)'s total member countries' population. OPEC's member countries total population is 399,214,000. Nigeria's population is projected to *surpas*s that of the United States before the year 2050 (UN, 2013).

The country has a diverse blend of topographic regions, climate, vegetation, rivers, lakes and natural resources. According to Broek and Webb (1968), natural resources are regarded as that part of the earth that is useful to humans. Examples of natural resources include but are not limited to agronomy, air, wind, atmosphere, animals, soils and bodies of water. In Nigeria, the natural resources that directly support the economy include land and rivers (for agriculture) and mineral resources for local consumption and export revenue. Some notable mineral resources available in commercial quantities in Nigeria are coal, iron, tin, columbite, petroleum and natural gas. Of all the mineral resources present in Nigeria, oil is considered the 'goose' that lays the proverbial 'golden egg'. This is because in the year 2010, the share of Nigeria's GDP due to oil was 65 percent (EIA, 2010) while the proportion of the country's export income that came from oil was 99.6percent, making it the world's most oil-reliant country (Ross, 2003; Frynas, 2010). The export revenue figures from different sources vary, for instance Amnesty gives a slightly lower figure of oil's contribution to Nigeria's total export revenue of 97 percent, while the Economist Intelligence Unit (2011) gives the figure as 90 percent. However, there is a consensus on the huge contribution of oil to the country's economy. Nigeria has the 5th biggest GDP among OPEC members and is the 7th largest crude oil importer among OPEC countries. According to the Nigerian National Petroleum Corporation (NNPC), Nigeria produces crude oil, but due to militant attacks and sabotage on oil facilities at the Warri, Kaduna and Port Harcourt I & II refineries (whose combined capacity is 438,750 bbl. /day) local stock cannot be supplied by the refinery hence, the country imports most of the refined oil that it uses locally (NNPC, 2007). However, it is worth stating that a limitation of the NNPC's reason for the underutilisation of the country's refineries is that oil spillage due to failure of pipelines as a result of poor management (replacement of worn and rusted pipelines) also accounts for the non-availability of supply of local stock for Nigeria's refineries (EIA,2010). Perhaps, the reason behind NNPC's silence on the culpability of Multinational Oil Companies for non-availability of the supply of local stock for the refinery is because the organisation is a major shareholder in the joint venture with Multinational Oil Companies operating in Nigeria, and hence it is acting in self-interest. Nigeria provides 9.3 percent of America's oil imports (Economist Intelligence Unit, 2011), ranking 12th in the world by proven oil reserves, while OPEC accounts for 47.8 percent of total proven world crude oil reserves (OPEC, 2009). This means that if oil continues to be a major source of Energy then Nigeria and OPEC will continue to wield great influence globally. After articulating the importance of oil to Nigeria, the next section will give a brief synopsis of the discovery of oil in Nigeria.

2.1.2 Discovery of oil in Nigeria

The German company, The Nigeria Bitumen Company was the first to commence the search for oil in the South Western part of the country in 1908. Nigerian Bitumen Company's oil exploration was brought to an end when the First World War broke out in 1914. In 1937, the British colonial government in Nigeria gave Shell D'Arcy development company (a joint venture between Royal Dutch Shell and D'Arcy, British and Dutch owned) the sole concession to prospect for oil on the whole of Nigeria's 357,000 square mile land mass (Shell, 2010). However, the search for oil was temporarily halted in 1939 due to the Second World War and prospecting resumed in 1946 a year after the Second World War ended (Etikerentse, 1985). In1956, Shell D'Arcy struck oil in commercial quantities and drilled the first well in Oloibiri, then Rivers state (now Bayelsa state) (Ajomo, 1987). In 1958, oil production reached 5,100 barrels per day which was exported to Europe (Pearson, 1970). It is interesting to note that Nigeria's first export of 5,100 barrels per day in 1958 is more than Chile's 2009 total oil production of 2000 barrels/day. Since 1958, oil has been discovered in other places within the Niger Delta region. The second place where oil was discovered in Nigeria was Afam (Rivers state) also in the year 1958. At present Nigeria have over 606 oil fields, 60 percent of which are on-shore while the remaining 40 percent are offshore. Having briefly discussed the discovery of oil in Nigeria, the next section will articulate the real contribution of oil to Nigeria.

2.1.3 Real contribution of Oil to Nigeria

Between 1963 and 2000, there has been a sharp rise in crude oil earnings as a percentage of the country's total export earnings. For instance, in 1963, oil earnings as a percentage of the country's total earnings were 10.75percent, this rose to 32.39 percent in 1966 and to 73.20 percent in 1971 (CBN, 2001:89). In 1974, the share of oil's contribution to Nigeria's total export earnings was 92.6 percent, and in the years following the totals were as follows: 97.53 percent in 1982; 97.94 percent in 1992; 98.22 percent in 1996; and 95.25 percent in 2000 (CBN, 2001:89).

The contribution of the oil and gas sector to Nigeria's economy appears to be so great that during the recent global financial meltdown Nigeria experienced a positive growth as global consumption of oil was not negatively affected by the global recession. In light of this, the International Monetary Fund (IMF) put Nigeria's growth rate for 2009 at 8.3 percent. The growth rate of Nigeria (when bench marked with the IMF's global growth rate of 0.5 percent) emphasises the importance of oil to Nigeria's economy. Nigeria's impressive projected growth rate for 2009 can be explained by the global increase in the price of fuel in recent times, even though the price of oil fluctuates considerably thus making the country's projected foreign earnings quite unstable and dependent on global occurrences beyond its control.

Approximately 75 percent of oil produced in Nigeria is exported, mainly to the USA and Europe (Economist Intelligence Unit, 2011). What is more, Nigeria, Angola, Libya and Algeria account for more than 85 percent of Africa's oil output (Ghazvinian, 2007). In terms of revenue, an estimated six hundred billion dollars have been generated as export earnings from oil since its discovery in 1958 (EIA, 2010). Interestingly, Nigeria's total's oil earnings between 1958 and 2009 is more than OPEC's member countries combined revenue of 571 billion dollars in 2009. Even with the Nigerian Government's huge foreign earnings from oil, the impact of oil on the lay man in the street is very minimal.

As oil contributes 79.5 percent to the government's revenue, as of 2009, it is necessary to reiterate the position of Gary and Karl (2003); and Sala-Martin and

Subramanian (2003) who argue that Nigeria's level of growth is not commensurate with its huge foreign earnings from oil. The United Nation's Human Development Index places Nigeria 142 out of 169 nations (2011). In spite of Nigeria's huge foreign earnings from oil over the years, its poor performance on the United Nation's Development Index (which measures a country's populace wellbeing via their income, access to education and health care) aptly articulates the country's dire situation. In the same vein, Sachs and Warner (1995) and Frynas (2010) contend that oil producing countries such as Nigeria suffer from the 'resource curse'. Scholars such as Collier and Hoeffler, (1998); Collier, (2010), Elbadawi and Sambanis (2000) and Keen (1998), Ross, (2003); Frynas, (2010) explain that this resource (oil) appears to promote conflict, neglect of other sectors and poor governance. As a result of oil companies' operation, inter-community conflict, oil spillages which have destroyed farmlands and polluted rivers, and sabotage appear to have resulted in reduced output and revenue for the government (Amnesty,2008). Frynas (2010) argues that oil companies operations have led to fire and loss of lives in many parts of Nigeria in general and the oil producing Niger Delta region in particular. This challenge of underdevelopment of other non-oil sectors in Nigeria is also experienced by other oil rich nations, and is called the 'Dutch Disease[3]' (Idemudia, 2009).

The Nigerian enigma could be appreciated by understanding the complexity of the Nigerian oil industry and some of the stakeholders involved, especially with the oil industries being major 'champions' of CSR(Frynas, 2010). It makes sense to consider the stakeholders in the oil industry in Nigeria, as these very influential primary

[3] *The Economist* developed the concept in 1977 to explain the challenges of the Dutch economy. Large gas reserves had been discovered in 1959 in the Netherlands and her exports soared. But, this exports led to problems for the dutch economy. For example, from 1970 to 1977 unemployment increased from 1.1% to 5.1% and corporate investment was tumbling. The Economist explained the puzzle by pointing to the high value of the guilder, then the Dutch currency. Gas exports had led to an influx of foreign currency, which increased demand for the guilder and thus made it stronger.This made other parts of the economy less affordable in the international markets.

stakeholders affect the performance of the oil sector and the country as a whole. The main players in the oil and gas sector of the economy include the Multinational oil companies, regulatory bodies, labour unions in this sector, the local community where the oil is found, members of the press and civil societies, to mention just a few. For the purpose of the next section, the stakeholder discussed is the local community where the oil is found in the Niger Delta.

2.1.4 The Niger Delta - The 'Nerve Centre of Nigeria's Economy'

It is estimated that Nigeria has 37.2 billion barrels of petroleum, most of which is found in the southern region - popularly known as the Niger Delta, so called as it is located around the delta of the River Niger (Ashton-Jones, 1998). It was formerly called the Oil Rivers, as it was once a major producer of palm oil before the discovery of crude oil in the region (Olatunbosun, 1975). The Niger Delta boasts one of the world's most important wetlands (Idemudia, 2009) and is the main source of Nigeria's biodiversity (Clark et al., 2000). The biodiversity of the region is underpinned by its mangrove forest - the largest in the world (Ibeanu, 2000), fresh water swamp zone, lowland rain, and coastal sandy barrier ridge zone (Eweje, 2006). It has an area of approximately 70,000 km2 and accounts for about 7.5 percent of the Nigerian land mass (NDDC, 2004). The Niger Delta has a population of 32 million (2006 Census) many of whose main profession is farming and fishing. The Niger Delta comprises nine states: Abia, Akwa Ibom, Bayelsa, Cross Rivers, Edo, Delta, Imo, Ondo and Rivers State. Of the settlements there, 75 percent are slums (NDDC, 2004). It is from these states that Multinational Oil Companies like Shell, Mobil, Chevron Texaco, Total and Eni/Agip extract 'black gold' (Frynas et al., 2000). Three of the states (Bayelsa, Delta and Rivers) account for about 75 percent of Nigeria's production of oil (Aneej, 2004).

The oil industry in the Niger Delta comprises both the government of Nigeria and subsidiaries of Multinational oil companies such as Shell, Eni, Chevron, Total and

ExxonMobil, as well as indigenous companies such as Dubri, Oando, Seplat and Conoil. It is pertinent to state that the 'big five' Multinational Oil Companies account for 98 percent of Nigeria's oil production (Frynas et al., 2000). Shell accounts for more than 40 percent of the country's oil production (Shell, 2013) from more than fifty oil fields and is the country's largest oil producer. However, the recent unrest in the Niger Delta may have altered this figure. Oil exploration and production is undertaken in what are known as 'joint ventures'. These involve the state-owned Nigerian National Petroleum Corporation (NNPC) and one or more oil companies or a production sharing contract (NNPC, 2011). A joint venture is an agreement between two or more parties to form a new entity, share the expenses incurred, and the revenues generated (Kogus, 1988). The stakes invested in the business determine control. The oil joint venture in Nigeria usually involves the state owned company, the Nigerian National Petroleum Corporation (which is the major stakeholder in all joint ventures as it has more than a 50 percent share) and a multinational oil company, which manages the operation. A joint venture is a classic example of effective management of stakeholders influencing the success and continuous survival of a firm (Preston, Sach and Post 2002). The inability of many firms to manage their stakeholders may explain the high rate of failure (30-70 percent) of joint ventures (Beamish, 1985; Franko, 1971; Gomes-Casseres, 1987) and the reason they are difficult to manage. All of Nigeria's oil is sold on the global market through the Organisation of Petroleum Exporting Countries. The next section will discuss the impact of the oil found in the Niger Delta on the non-oil sector of Nigeria.

2.1.5 The Impact of Oil on the Non-oil Sector

Nigeria's economic activity is made up of five main sectors: agriculture, manufacturing, telecommunications, the financial sector and oil and gas (KPMG, 2010). Although, the oil and gas sector makes the highest contribution to the

Nigerian Government's foreign exchange earnings, all the other four sectors also make significant contributions to the Gross Domestic Product of the country. According to the Nigerian Bureau of Statistics in 2009, agriculture contributed 41.89 percent of the GDP of the country, compared to oil's share of 26.05 percent. As the non-oil-sector grew by an average of nine percent per year between 2003 and 2009 (Economist Intelligence Unit, 2011) there is still ample opportunity for growth of the economy in other non-oil and gas sectors. Such potential growth prone sectors include especially the financial services, with an estimated 80 percent Nigerians unbanked and 95 percent without insurance (Business Council for Africa, 2010). Agriculture employs 70 percent of the population, as oil and gas is more capital intensive whereas agriculture is more 'masses' orientated (Ravallion and Datt 1996; Bourguignon and Morrisson 1998).

In the 1950s and '60s, agriculture was the biggest contributor to the country's export earnings. For example, Nigeria was the world's largest exporter of peanut (groundnut) and cocoa, as well as one of Africa's largest exporters of textiles and rubber. Cotton for the textile industry and groundnut were grown in the North, while rubber was from the South East and cocoa was from the South Western part of Nigeria (Udo, 1965). The prosperity due to the global increase in oil prices in the 1970s led to challenges for the non-oil sectors as high oil prices resulted in an overvalued exchange rate. This overvalued exchange rate made the Nigerian agricultural and manufacturing exports less competitive in the international markets (Ross, 2003). The reduced competitiveness of Nigeria's exports of agricultural products and manufactured goods was because the government in the 1970s did not try to diversify the economy by investing the oil windfall and supporting the non-oil sectors with a currency devaluation policy, partly due to fear of inflation. This explains why lately, the non-oil sector accounts for an infinitesimal part of the country's foreign earnings, as these sectors have remained uncompetitive. It may also explain why the unemployment rate in Nigeria is very high, since the non-oil sector is more labour intensive compared to the oil sector which is more capital intensive. As it is, the country is a net importer of food as most of the farming done is only for subsistence; this is in stark contrast to the country's pre-oil boom years when the country was a net exporter of agricultural products. Also, inward migration of oil workers to oil producing areas could result in a rise in local food prices, promote prostitution among local communities and result in the spread of HIV and other STDs (Frynas, 2005). Having discussed the mixed impact (positive and negative) of oil on Nigeria, the next section will look at oil and Nigeria's future.

2.1.6 Outlook for Oil and Nigeria's Future

"Oil is the most traded commodity, with world exports averaging US$1.8 trillion annually between 2007–09, which amounted to about 10 percent of total world exports in that period. This means that changes in oil market conditions have direct and indirect effects on the global economy, including on growth, inflation, external balances, and poverty" (IMF, 2011:108).

Although Nigeria's daily crude oil production dropped into second position behind Angola in 2010, partly due to disruption of oil facilities by aggrieved members of the local community, Nigeria has more proven oil reserves than Angola i.e. 37.2 billion barrels as compared to Angola's 9.5 billion barrels. In Africa as a whole Nigeria's proven oil reserve is second only to Libya, which stands at 46.422 billion barrels as of 2009 (OPEC, 2009). Nigeria's high quality light bonny is sought after due to being light, sweet and having low sulphur content. It sells at a higher price than any other 'brand' of petroleum among OPEC oil producing countries. The relatively high price that Nigeria's sweet light bonny commands may not be due to the quality alone, but may be related to the cost of production of oil in Nigeria which is relatively higher compared with countries such as Libya and Algeria. The cost of production in Libya is 15.2 cents per barrel and in Algeria 25.9 cents per barrel, while in Nigeria it is 30.7 cents per barrel (Schatzl, 1969:130). However, the cost of exploiting Nigeria's sweet light bonny is not as high as other OPEC and non-OPEC countries. For example Nigeria's cost of production of 30.7 cents per barrel is considerably lower than the US's 156 cents and Venezuela's 61.5 cents (Schatzl, 1969:130).

Much as Nigeria is renowned for its oil, the reality is that it has more gas - the country is ranked the world's number eight based on its proven gas reserves which are the largest in Africa. However, 75 percent of Nigeria's total gas production and 95 percent of associated gas is flared, due to inadequate infrastructure (Eweje, 2006). The foregoing emphasises the high risk associated with the Nigerian economy, especially the possibility of oil and gas ceasing to be a major source of global energy and the price dropping. However, a Pricewaterhousecoopers report has projected that if the country's favourable economic openness and political stability post 2006 is sustained, then the country could be the largest economy in Africa and outpace many OECD countries in terms of growth (2008). It is important to state here that with Pricewaterhousecoopers' ambitious predictions for Nigeria's future; they contend that the country's per capita GDP will still be relatively low at about $11,700 (2008). This projection of $11,700 is eight times bigger than IMF's projected figure for the country's GDP per capital in 2011 which is $1,452. The limitation of Pricewaterhousecoopers' calculation is the non-inclusion of the non-formal sector of Nigeria which accounts for a large part of Nigeria's trade, services and productivity due to the large rural part of Nigeria where economic transactions are often not recorded. Also, since oil accounts for a large percentage of Nigeria's Gross Domestic Product, externalities associated with pollution and civil unrest are not countenanced. This is because punitive measures against oil companies due to the negative externalities as a result of oil production will reduce the revenue of the government from oil. One example of pollution related to the oil sector is oil spillage.

2.1.7 Nigeria's Oil Spillage in Perspective

According to the United States Energy Information Administration the amount of oil spilled in Nigeria has been estimated to be around 260,000 barrels per year for the past 50 years (2010). It appears that the quantity of oil spilled yearly in Nigeria may be more than this, due to dearth of data and the unreliable nature of the data available. For example, Friends of the Earth (2010) revealed that a recent report published by the United Nations Environment Programme on oil spillage in Nigeria was funded by Shell, throwing into doubt the independence of their findings. However, it is important to note that Nigeria's total oil spillage of 260,000 barrel per year is more than the combined daily crude oil production of Tunisia (82,400 barrels/day), Chile (2,000 barrels/day), Cameroun (75,700 barrels/day), Germany (54,600 barrels/day), France (18,200 barrels/day), and the Netherlands (25,500 barrel per day) which totals 258,400 barrels per day. The scale of Nigeria's oil spillage could be compared to Cameroon, Germany, Tunisia, Chile, France and the Netherlands shutting down their oil production for one day every year. However, the violence in the Niger Delta related to oil is even more alarming. Hamilton et al. (2004) claim that violence in the Niger Delta alone is estimated to have killed about 1,000 persons a year in the period of five years between 1999 and 2004 which is on par with the conflicts in Chechnya and Columbia (cited in Oyefusi, 2007). What is quite disturbing about this data is the limited coverage of these atrocities in the global mass media or academic journals and the almost non-existent institutional structures responsible for bringing perpetrators to justice. Problems associated with oil spillage, among others things; do not only affect the local community (loss of farms, pollution of rivers etc.). Due to these challenges, the giant oil company Shell has decided to scale down on its offshore operations while Chevron Texaco reported a loss of an estimated 750 million dollars due to community strife (Idemudia, 2009). Both examples clearly explain the impact of stakeholder management practice and how it can lead to ethical issues, violation of human rights, result in a shift of corporate strategy and adversely affect corporate financial performance. Having discussed one of the challenges of the oil sector and considering that a limitation of corporate responsibility is that it does not account for failure in the political system in this context, as the revenue from oil that goes to oil companies, estimated at 94 billion British pounds a year (Eweje, 2006) accounts for only 20-30 percent, the rest goes to the government (Frynas, 2005). To put this in perspective, the next section will briefly discuss politics in Nigeria.

2.1.8 Politics in Nigeria

It could be argued that the reason behind Nigeria's poor environmental, social and developmental track records, in spite of the huge revenue it receives from oil exports, is related to its unstable political structure. Nigeria, a former British colony got its independence in 1960, of the 51 years of its existence it has been ruled mainly by the military, apart from 1960-1966, 1979-1983 and 1999 to date, the country was ruled by the military. The Military era in Nigeria was riddled with corruption, poor implementation of the rule of law and only small elite controlling the nation's resources, as is the case in many parts of the world where dictatorial rule is the order of the day (O'Higgins, 2006). What makes Nigeria quite different to other African countries, such as Egypt, Libya or Uganda, is that no military leader has stayed longer than eight years. The country has experienced a civil war and 5 military coups, during which the perpetrators tried to seize, or successfully seized power from the government. The country started a transition to democracy in 1999 and since then has been governed by civilians. Nigeria's political system is Presidential with a bicameral legislative arm.

Due to the limited institutional structures, embedded corruption in the political system, a slow pace of reform and a weak capacity of the civil service to implement reforms, for ease of doing business, the country is ranked by the Economist Intelligence Unit (2011) as 75 out of 82 countries globally, and 14 out of 17 selected countries ranked in Africa and the Middle East. This extremely challenging and high risk business environment, especially with the under-regulation, may explain why multinational oil companies still thrive in Nigeria, perhaps at the expense of some stakeholders (Idemudia, 2009). The next chapter will discuss the relevant and extant literature related to this research.

Chapter 3 - Literature Review

3.1 Introduction

This chapter will give a brief overview of CSR. Thereafter stakeholder theory as a subset of CSR will be covered. The significance of the political-economic landscape as it applies to the timing of the publication of Freeman's seminal book on stakeholder theory will be briefly highlighted. Some applications of stakeholder theory in marketing, accounting and strategy will be briefly articulated. Shareholder theory which criticises stakeholder theory as proposed by Milton Friedman will be summarised. Other criticisms of stakeholder theory will also be articulated and a defence of stakeholder theory using different fields such as strategy, accounting, marketing and ethics will be briefly articulated. While the philosophy of ethics is beyond the scope of this research[4], the next section will focus on influential classifications of stakeholders part of which underscores the ethical basis of the theory as explained in the normative stakeholder theory strand. Thereafter, arguments against this taxonomy will also be highlighted. Discussion of a type of corporation called a MNC, and how it relates to stakeholders will be highlighted. Subsequently, MNC and stakeholders in a developing country context will be examined. The themes identified for discussion will help reveal research gaps in past literature, such that the research questions can be formulated.

[4] For philosophy of ethics as it relates to stakeholder theory, see corporate rights and effects by Evan and Freeman, 1988, for pragmatism see Freeman et al. 2010, for the normative viewpoint of businesses as moral agents (Donaldson and Preston 1995), and stakeholder applications like the Principle of Fairness see Phillips 1997 and for ethics of legitimacy of CSR and stakeholder theory see Brown and Forster,2013)

3.2 Corporate Social Responsibility

Corporate Social Responsibility (CSR) entails business voluntarily accessing and taking accountability for the impact of its activities on different groups called stakeholders towards attaining a positive net effect on society (Davis, 1973 Carroll, 1999; Cheng et al., 2014). CSR has become a mainstream study in management with an impact on policy, professionals practicing different aspects of this field and many books, specialized journals, blogs, magazines and websites are published on this subject area although with varying extent of adoption from one continent to the other (Matten and Moon, 2008). A specific pointer to the rise of CSR is that in the past decade there have been over 5000 businesses who have subscribed to the UN Global Compact call for business to engage in self-regulation to address the regulatory vacuum due to the process of globalisation (Scherer and Palazzo, 2011). Another indicator of the progress of CSR is the proliferation of different ethical certifications and standards. For example, fair trade, investor in people, ISO 26000, SA8000, the Global Compact, and the Global Reporting Initiative (Wood,2010) etc. Others are rise of code of conducts on websites and company reports with many CEOs mentioning stakeholder issues in their cover page introduction (Agle *et al.,* 2008). Furthermore, academic scholars appear to have established a link between outcomes of stakeholder related projects (corporate social performance) and financial performance (Orlitzky *et al.,* 2003, Margolis *et al*., 2007), even though there are methodological issues. However, CSR has also had a critical strand, where scholars have uncovered cases of organisations in their quest for profitability have been accused of unethical and socially irresponsible corporate behaviour, such as misleading customers, deceiving investors, abusing and sometimes assaulting employees, putting consumers at risk, degrading the environment and cheating the government (Campbell, 2007; Yusuf and Omoteso, 2015). Other scholars have argued that CSR is aspirational and hypocritical as there is a difference between what organisations claim to do and their actual actions (Christensen, Morsing, and Thyssen, 2013). Albert (1993); Crouch and Streeck (1997); Dore (2000) Roe (2003) and Campbell's (2007) contend that firms act socially responsibly only when strong institutions are present in their operating environment. Other scholars argue that organisations sometimes use flashy CSR initiatives as a means of hiding corporate social irresponsibility (Lange and Washburn, 2012, Pedersen and Gwozdz, 2014). A critical approach to the CSR enquiry is captured in the question: what are the limits of corporate social responsibility?' (Fooks et al., 2013). Fooks et al (2013) used two tobacco companies to demonstrate how CSR could be used to reduce government scrutiny and hide negative externalities. Beyond Fooks et al.'s (2013) question, another salient inquiry not yet addressed in the literature which this thesis addresses is, since Multinational Oil Companies and Corporate Social Irresponsibility is covered in the academic literature on CSR (e.g. Cordeiro, 2003; Banerjee and Prasad, 2008; Tan, 2009): 'what are the instances of social irresponsibility of other stakeholder groups, and how could their social irresponsibility be addressed?

CSR studies in academic literature could be synthesized into three key areas of research, although not exclusive: stakeholder theory, corporate social performance and motivation for CSR (Basu and Palazzo, 2008). Firstly, some CSR inquiry explores the influence of stakeholders on managerial decision in response to mainly external stakeholder pressures (e.g. civil societies, and in anticipation of government policies). Stakeholder demands could include reduction of poverty (Jenkins, 2005), creating more awareness of AIDS (Walsh, 2005), mitigating environmental impact (Frynas, 2005) or reducing global warming (Van Marrewijk, 2003). CSR research on stakeholder also includes concepts such as descriptive, normative and instrumental strands (Donaldson and Preston, 1995) and stakeholder attributes of power, legitimacy and urgency which determines the salience of a stakeholder from the manager's perspective (Mitchell *et al.,* 1997). Secondly, other research on CSR focuses on performance (e.g. Carroll, 1979, Wood, 1991, 2010). Thirdly, CSR studies have also centred on exploring organisations' motivations for adopting CSR. Some of the research on business' motivation for CSR revealed that business engage in CSR: to attain legitimacy (Suchman, 1995, Bansal and Roth, 2000, Weaver, Trevino, and Cochran, 1999; Zheng, Luo and Maksimov, 2014), for risk management purposes, (Bekefi, Jenkins, Kytle, 2006, Fombrun, Gardberg and Barnett, 2000; Husted, 2005), to develop niche customer loyalty (Sen and Bhattacharya, 2001), and to attain competitive advantage (Porter and Kramer, 2002) . A fourth area of CSR studies which is related to the three listed above is the focus on the political responsibility of corporations (Arnold, 2010; Valente and Crane, 2010, Banerjee, 2011, Mäkinen and Kourula, 2012; Rahim and Alam, 2014). For the purpose of this research, the aspect of CSR that is explored is stakeholder theory.

3.3 The Evolution of Stakeholder theory

Stakeholder theory came to prominence after the seminal work of Freeman (1984). The fundamental thesis of Freeman's (1984) stakeholder theory is that for an organisation to be successful it has to create value for different groups such as customers, government, suppliers, employees, community and shareholders among others. Freeman (1984) argues that each one of these groups is crucial to the organisation's survival and stakeholder theory is a theory of the firm (Freeman, 1984; Donaldson and Preston, 1995; Mitchell et al., 1997; Jones and Wicks, 1999; Tantalo and Priem, 2016, Bridouex and Stroelhurst, 2014). Hence, defining the purpose of a firm and figuring out how the interests of the different groups align to achieve an organisation's objective without trade-offs is the key managerial task. One of the assumptions about stakeholders is that they are influential (Freeman, 1984; 2010; Fanelli and Misangyi, 2006)

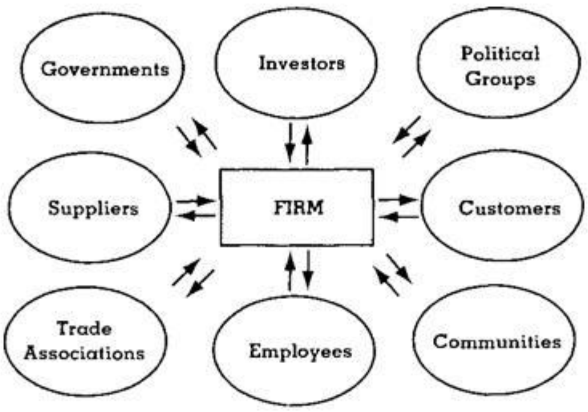
Although Freeman is considered to be the leading contributor to stakeholder theory discourse (Agle et al., 2008), there had been earlier reference to the term stakeholder by the Stanford Research Institute (1963), Jongbloed et al., (1968), Rhenman and Stymne (1965) and Ansoff (1965). Furthermore, there had been earlier mention of the principle behind stakeholder theory by Dodd (1932) in his seminal work "For whom are Corporate Managers Trustees?" Dodd (1932) posited that a good businessman who leads an organisation will consider employees, customers and the general public's benefit. Dill (1958) also referred to the influence of external actors (who could be called stakeholders) on corporate behaviour as it relates to autonomy and how these actors could impact on a firm's performance. Dill's (1958) work is one of the first stakeholder analyses that included non-shareholders (Donaldson and Preston, 1995). In addition, if Carroll's (1991) and Garriga and Mele's (2007) view that CSR is synonymous with corporations' relations with stakeholders beyond what is required by law is countenanced, then the origin of the meaning of stakeholders could be traced to the seventh century (Bowen, 1953). Since CSR could have been referenced in the seventh century, discourse about stakeholder theory which is about business-stakeholder relations (e.g. business-community relations) could be said to have originated in the seventh century (Muthuri and Gilbert, 2011). Freeman (1984) traced the emergence of stakeholder theory to the field of CSR among others. Other fields which Freeman (1984) related the history of stakeholders to, include organisational theory, systems theory and planning. However, in his most recent revised edition, Freeman (2010) disagrees with Carroll's (1991) claim that CSR is the same as the stakeholder concept or relevant to this field in the twenty first century.

Ansoff (1980), Hayes and Abernathy (2007) and Post et al. (2002) made recommendations for considering social and political issues while exploring economic matters as they argued that it could affect an organisation's ability to attain its objectives. Therefore from a political economic perspective, the timing of

Freeman's (1984) book appears to be critical. The timing of this book was vital because, firstly, it was published when the development of the academic field of strategy was still in its infancy (Philips, 2011). Also, the rising operating cost of business coupled with the public's increasing cost of living as a result of rising global energy prices controlled by the foreign oil cartel OPEC (Organisation of the Petroleum Exporting Countries) made Freeman's (1984) book a relevant solution to societal challenges. Furthermore, there was increased threat to the survival of American MNCs due to competition from Japanese organisations (Freeman, 1984). This meant that corporations needed to explore new strategies for survival in those turbulent times (Freeman, 1984). In addition, the timing was important as the book was published when the USA and UK governments of Ronald Reagan and Margaret Thatcher were reducing state involvement in matters of society (Walsh, 2005). For example, in Britain in the early 1980s, at a time of a global economic recession, the government privatised many nationalised corporations. State welfare expenditures were cut while these policies reduced inflation and resulted in a higher economic growth rate, it was at the expense of high unemployment and social unrest (Kersting, 2008). Hence, it could be argued that Freeman's (1984) stakeholder theory offered an alternative paradigm for business to step-in to fill in the public gap in society activities with business, to forestall new government regulation, safeguard the firm's survival and, perhaps, benefit society (Sternberg, 1997).

3.3.1 The notion of stakeholders

Freeman (1984:46) defined Stakeholders as those groups who 'can affect or are affected by the achievement of the organisation's objectives'. Some other definitions of stakeholders include: 'groups to whom the corporation is responsible' (Alkhafaji, 1989:36); entities that 'benefit from or are harmed by, and whose rights are violated or respected by, corporate actions' (Evan and Freeman, 1988:79) or entities that ‘might be influenced by, or are potentially influencers of, some organisation’ (Starik, 1994:90). What is common to all the stated definitions of stakeholders is that the concept focuses on the inter-relationship between business and other members of society. It also involves the implication of this interaction on both parties (business goals and societal needs) and how it helps them to create value and answers. However, the centre of analysis of the relationship between stakeholders and business is the firm (see Figure 3-1). Also, the way stakeholder theory has been interpreted from the diagram below and from terms such as ‘stakeholder management’ (Carroll and Nasi 1997) is as if firms are in control of stakeholders, which is not always the case (Rasche and Esser, 2006). Freeman’s (1984; 2010) identification of managers as representative of the firm’s interest is interesting because managers are one of the stakeholders and also have an interest in the firm’s resources, hence cannot be said to be independent while dealing with stakeholder issues. Aoki (1984) classifies managers as umpires between investors and employees.



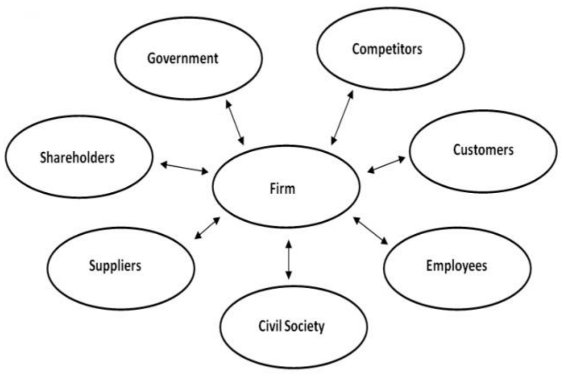


Figure 3-1 (a) Stakeholder model Figure 3-2 (b) Stakeholder model

(a) Source: Donaldson and Preston (1995) (b) Source: Freeman (1984)

The Figure 3-1a and Figure 3-1b show the dependence of a firm on its stakeholders and vice versa. The stakeholders identified in the diagrams include investors, political groups, customers, communities, employees, trade associations, suppliers and government. While the stakeholders listed are quite comprehensive it is important to state that there are other stakeholders which are not represented in Figure 3-1a and Figure 3-1b, for example the media. Another influential stakeholder not identified in the diagram is the public at large (Carroll, 1991). This shows that each organisation has a complex web of many constituents (stakeholders) that a simplified diagram may not be able to capture. Also, it is important to note that government as represented in Figure 3-1 a and b is not a single entity but comprises a vast array of organisations. For instance, government comprises the judiciary, different regulatory organisations, state, local, federal and foreign governments whose work can have a huge influence on a corporation and vice versa (Freeman et al., 2007). Recently, the stakeholder concept has been applied in many diverse fields, most notably, the areas of strategy, marketing, business ethics, corporate governance and CSR (Mainardes, 2011).

Hillebrand et al. (2015), for example, applies stakeholder theory when arguing that marketing should focus less on a single stakeholder (the customer) but focus on multiple stakeholders and the connection between these multiple stakeholders which could help the firm create value (Gummesson, 2008). Also, Webster and Lusch (2013) argue that integrating the stakeholder concept with marketing could help address the challenge of marketing being merely used for tactical decisions as this will help marketers to influence strategic decision making.

Another field where the principle of stakeholder theory has been applied is accounting. While non-financial reporting such as social responsibility and sustainability reporting are now commonplace, they do not provide enough information to make stakeholder related decisions (Greenwood and Kamoche, 2013; Riise-Johansen, 2010). Harrison, and Van der Laan Smith (2015) argue that the accounting profession should broaden their responsibility to other stakeholders beyond the investors and creditors by developing standards of reporting on information that is important to other stakeholders. Mitchell et al. (2015:853) argue that an accounting for stakeholders reporting must be inclusive of "the value-creating/risk-sharing partnership among an organisation's stakeholders".

The strategic perspective of stakeholder theory includes exploring the relationship between value created and stakeholder engagement (Garcia-Castro and Aguilera, 2015) and having win-win outcomes for firm and multiple stakeholders (Tantalo and Priem, 2016). Another application of stakeholder theory in the field of strategy was contributed by Bridoux, and Stoelhorst (2014) who provided approaches for engaging stakeholders with multiple motives. They argued that a fairness approach to engaging stakeholders to create value would be effective for some stakeholders (who care about reciprocity), while an arm's length approach of engaging stakeholder is a more effective way of engaging stakeholders who are self-serving. Also, Crilly et al. (2015) contributed to the strategy literature by contending that MNCs get support from stakeholders when they engage in 'do good' CSR as opposed to correcting the negative consequences of their externality.

While stakeholder theory has been applied in strategy, accounting and marketing as demonstrated in the preceding paragraph, its underlying core is ethics (Donaldson and Preston, 1995; Hasnas, 2013). Ethics is the study of good conduct and grounds for making judgement on what is good conduct, (Birch et al., 2002). Hence stakeholder theory, which relates to the good conduct of the firm in relation to its stakeholders, is a theory connected to ethics. Furthermore, the ethical underpinning of the concept is underscored by what it was conceptualised to address which includes the challenges of value creation and trade, managerial decision making and the ethics of capitalism (Freeman, 2010:4-5). Also, Stakeholder theory is ethical because it is all about maximising value not only for the shareholder but other stakeholders and managers do not have exclusive fiduciary responsibility to the shareholders (Hasnas, 2013). Another ethical basis of stakeholder theory is that some scholars of the theory contend that stakeholders should also be involved in the decision making process about how the value created should be distributed (Philips et al., 2003). Hence, stakeholder theory is argued to be a theory that addresses ethical issues, as the main thrust of the theory is to address issues affecting stakeholders (Garriga, and Melé, 2013).

Stakeholder theory appears attractive to CSR scholars as it appears to be a probable replacement for the dominant economic paradigm-shareholder view (Freeman, 1984; Walsh, 2005).

3.4 Shareholder perspective

The classical theory of the firm is the foundation of the stockholder theory which posits that the key objective of the firm is to maximise returns for investors (Levitt, 1958; Davis, 1973; Mintzberg, 1983).The key assumption of classical theory of the firm is that the firm's sole motivation for existing is to maximise profits for shareholders and that organisations have perfect knowledge (Cyert and March, 1963). Although renowned scholars such as Levitt (1958), Davis (1973) and Mintzberg (1983) have been champions of the classical view of the firm, the most cited scholar on stockholder perspective is Milton Friedman, the 1976 economics Nobel Laureate. Milton Friedman was not only influential in economic circles as demonstrated by his Nobel Prize, he was an active player in the political space via his work as an adviser to President Reagan of the United States of America in the early 1980s (Krugman, 2007).

Friedman in his influential New York Times Article of September 13, 1970 entitled 'The social responsibility of business is to increase profits' argued for shareholder supremacy. The basis of Friedman's argument was that managers of corporations, who are agents of the principals (shareholders), are only responsible to the shareholders. Friedman's shareholder supremacy argument is that the shareholders (principals) invested their money in the corporation and entrust it to managers to maximise profits for the organisation. Friedman argues that it would be ethically wrong for a corporation to have any other responsibility other than to its shareholders. Hence, he contends that only individuals have responsibilities and they should only practice these responsibilities as individuals, not as a representative of the corporation i.e. managers. Furthermore he posits that the corporation is not an individual and therefore should not have responsibility:

> "Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but "business" as a whole cannot be said to have responsibilities" (Friedman, 1970).

He argues that it would be irresponsible for managers to tax shareholders by reducing their profit, employees by reducing their wages and customers by increasing the price of the product in order to attend to societal issues (Friedman, 1970). For Friedman, addressing social issues includes using corporate resources to address environmental issues more than is legally required, or employing hard core unemployed as opposed to those who are more qualified. He argues that all these unauthorised actions by managers will result in reducing the shareholders' wealth. Friedman (1970) further explained that even if these social issues enhance shareholder wealth via enhanced good-will it cannot be said to be corporate responsibility but corporations acting in self-interest i.e. pursuing profitability under the guise of corporate responsibility. He recommended that these unauthorised actions by managers (i.e. managers collecting tax and deciding how it should be spent) are the remit of politicians. Freeman (1970) concludes by quoting his earlier publication of 1962 ‘Capitalism and Freedom’:

> "There is one and only one social responsibility of business–to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970).

3.5 In defence of stakeholder theory

Goodpaster and Matthews (1982) disagreed with Friedman’s position that an organisation should not be responsible to any other entity other than shareholders, and to some extent government, customers and employees. They sum up Friedman’s (1970) position thus:

> “Organisational agents such as corporations should be no more and no less morally responsible (rational, self-interested and altruistic) than ordinary persons” (Goodpaster and Matthews, 1982:3).

They addressed the issue of the difference between an individual (a person) and a corporation (whom Friedman calls an artificial person) by drawing upon the similarities that they have. Goodpaster and Matthews (1982) argued that individuals and corporations are both accountable, need to follow rules and make decisions. Therefore, they argued that what applies to a person applies to an artificial person (a corporation). Goodpaster and Matthews (1982) posited that managers of corporations are not only accessed by principals i.e. shareholders based on economic performance alone, shareholders sometimes questions corporations based on issues related to morality. A recent example of this is the post crisis consequence of the News of the World phone hacking scandal which resulted in some shareholders of the conglomerate questioning the suitability of one of the senior executives' (of a subsidiary which was involved in the scandal) continued representation on the board of the overall group. This query was caused by morality issues associated with the scandal of the subsidiary managed by these senior executives even though the corporation was performing well financially.

Jones' (1995) position on Friedman's (1970), Navarro's (1988) and Galaskiewicz's (1997) call for shareholder maximisation was that stakeholder theory actually ensures that corporate objectives are achieved. Jones (1995) argues that stakeholder engagement reduces agency costs as managers focus more on long term performance, since corporate level contracting with 'patrons' is improved because better stakeholder engagement is based on trust and cooperation. Blowfield and Murray (2010) argue that perhaps Friedman's position may have been relevant to the 1980s since most investors at that time were keen on long term value maximisation. They posit that at present investors are keener on short term returns, employees are more mobile and managers are rewarded for short term returns irrespective of the impact on other stakeholders and the long term wellbeing of the firm (Blowfield and Murray, 2010).

De George (2011), and Crane and Matten (2007) are other notable scholars who have defended the consideration of other non-shareholding stakeholders. De George (2011) and Crane and Matten (2007) argue that managers should not only consider shareholders' wealth without also considering other stakeholder interests. The premise of their argument is on legal grounds and the firm's impact on stakeholders called externality. De George (2011) and Crane and Matten (2007) argue that short term shareholder maximisation could encourage a company to go against Friedman's (1970) recommendation that the law should be obeyed. Recent examples of short term profit maximisation at the expense of the law include Enron, Arthur Andersen and the BP mishap in the Gulf of Mexico. The cases of Enron and Arthur Andersen led to losses of shareholder wealth, as these businesses ceased to exist after the scandals. Not only were the businesses not acting according to the 'rules of game', it also resulted in the loss of shareholder wealth.

Another scholar who contributed to the debate on shareholder focus as opposed to stakeholder focus is Jensen (2002). Jensen (2002) prescribes that there should be an enlightened stakeholder theory. Jensen's (2002) enlightened stakeholder theory recommends that stakeholders' interests should be considered only if it leads to long term shareholder wealth maximisation. Jensen's (2002) position on long term shareholder maximisation as a criterion for considering stakeholder interest is because he believes that long term shareholder wealth maximisation leads to enhanced long term firm value and improved sustainable welfare of society. However, Jensen's (2002) proposition is difficult to actualise, because it could be challenging to accurately estimate future earnings that may accrue to a firm due to its practice of stakeholder principles. Freeman (cited in Agle et al., 2008) argues that Friedman (1970) is a stakeholder theorist whose focus is different from his. Freeman argues that Friedman's (1970) position is more about how markets work under certain circumstances, which is valuable knowledge, and is applicable in some cases. Friedman explains that stakeholder theory is about how people create value and what good management is. Freeman (cited in Agle et al., 2008) even suggests that Friedman is a stakeholder theorist who could be said to believe that:

> "The primary responsibility of an executive is to create as much value as possible for stakeholders because that's how you create as much value as possible for shareholders. Where there's conflict between stakeholders and shareholders, executives have to rethink the problem so the interests go together. No stakeholder interest stands alone here. Where interests conflict,

> the job of the manager is to figure out how to redefine things so as to create more value for both. Sometimes this involves making trade-offs in the real world. When that happens, the executive has to figure out how to make the trade-offs and figure out how to improve the trade-offs for both sides. Managing the stakeholders is about creating as much value as possible for stakeholders without resorting to trade-offs, or fraud and deception" (Freeman cited in Agle et al., 2008).

Having introduced the concept of the stakeholder, and the differences of opinion regarding the relationships and differences between the shareholder and the stakeholder concept, this section has shown that there is a diversity of ideas of what this concept is, and, as Agle et al. (2008) contend, there is need for more research to help further development. The next section will discuss the classification of stakeholders.

3.6 Classification of stakeholders

Since Freeman's (1984) influential book on this subject was published, stakeholder theory has been divided into polarised strands, which may explain why it is often criticised as ambiguous (Kaler, 2003) or vague (Fassin, 2007). The taxonomy of stakeholders has been diverse (Frooman, 1999; Pesqueux and Damak-Ayadi, 2005; Phillips, 2003; Winn, 2001). The classification of stakeholders includes primary and secondary, direct or indirect, generic as opposed to specific. Other classifications include legitimate versus derivative, strategic and ethical, descriptive, normative and instrumental, to mention a few. Gilbert et al.'s (1988) important question - how do you identify and classify or prioritise competing stakeholders' needs? - was answered by Mitchell et al.'s (1997) work.

3.6.1 Identification and Prioritisation of Stakeholders

Mitchell et al. (1997) answered the question 'how do you identify and classify or prioritize competing stakeholders?' through their stakeholder salience model. The stakeholder salience model posits that organisations identify and prioritise stakeholder interests based on the stakeholder attributes that managers perceive a stakeholder to possess. These attributes include how powerful, legitimate and urgent managers consider a stakeholder to be. The main thesis of the stakeholder salience theory contributed by Mitchell et al. (1997:584) is defined as "the degree to which managers give priority to different competing stakeholder claims". Other researchers such as Agle et al. (1999), Eesley and Lenox (2006), Knox and Gruar (2007), Magness, (2008) and Parent and Deephouse (2007) have supported the work of Mitchell et al. (1997) with empirical foundation. While Driscol and Starik (2004) contributed to the stakeholder salience theory with a fourth attribute that managers consider when prioritising stakeholders - proximity. The next section will highlight the three stakeholder attributes (power, legitimacy and urgency) that Mitchell et al. (1997) addressed in their influential article on stakeholder salience and identification.

3.6.1.1 Power

The stakeholder attribute 'power' can be defined as "the probability that one actor within a social relationship would be in a position to carry out his own will despite resistance" (Weber, 1947:152). Power is also defined as the ability for an organisation to attain its objective even though there is resistance (Zeitlin, 1974, Hymer, 1976, Cowling and Sugden, 1998, Pitelis and Sugden, 1986). Another definition of power is the "potential of stakeholders to impose their will" (Parent and Deephouse, 2007:2). One of the explanations of the definition of power contributed by Weber is espoused by Dahl (1957), who contends that power entails an entity's ability to fulfil its will by getting another entity to do its bidding. Dahl (1957:203) explains that "A has power over B to the extent that he can get B to do something that B would not otherwise do". Some of the research on power has concentrated on MNC power and how it is used to bargain when dealing with diverse stakeholders (Fagre and Wells 1982; Nebus and Rufín 2010). Others have focused on power struggle between MNCs and subsidiaries (Hymer, 1976, Yamin and Forsgren, 2006) and politics and power within MNCs (Geppert and Dörrenbächer 2014). Another seminal research on power was contributed by French and Raven's (1959) classification of power into: reward, coercive, referent, legitimate and expert. Reward power is the ability for 'A' to get 'B' to do something based on B's perception that 'A' has power to reward him/her, Coercive power is the ability for 'A' to get 'B' to do something based on the perception that 'B' believes that 'A' could met out punishment on 'B' or through manipulation (Elg and Johnson, 1997). Referent power is based on the power of 'A' to get 'B' to do something based on the respect and admiration of 'A' by 'B'. Legitimate power is the power that 'A' has over 'B' is based on the recognition that 'B' has of the position that 'A' has. While the expert power is the Power that 'A' has over 'B' based on the competence that 'B' believes that 'A' has. However, there has been limited focus on the drivers of how culture and history have contributed to the power of MNCs (Perrow, 2002, Banerjee, 2006, 2010). Also, while Cobb (2015) focused on income inequality and stakeholder power in his research, he called for future research on the drivers of power differentials. The next stakeholder attribute to be discussed is legitimacy.

3.6.1.2 Legitimacy

Legitimacy is defined as a "generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed systems of norms, values, beliefs and definitions" (Suchman, 1995:574). In their paper, Mitchell et al. (1997) adopted and explained Suchman's (1975) organisational perspective on legitimacy. Mitchell et al. (1997) stated that legitimacy is "a desirable social good… it is something larger and more shared than a mere self-perception... it may be defined and negotiated differently at various levels of social organisation". Santana (2012) extended Mitchell's et al. (1997) work on legitimacy and contributed to the extant literature on stakeholder legitimacy by classifying legitimacy into three: legitimacy of stakeholder, legitimacy of behaviour and legitimacy of claim.

The next section will cover urgency of claim which is the third stakeholder attribute as classified by Mitchell et al. (1997).

3.6.1.3 Urgency of claims

Mitchell et al. (1997) argue that consideration of power and legitimacy as stakeholder attributes only demonstrate a static model of stakeholder salience and identification. They contend that the consideration of urgency of claim will introduce dynamism to the stakeholder salience and identification model (Mitchell et al., 1997).

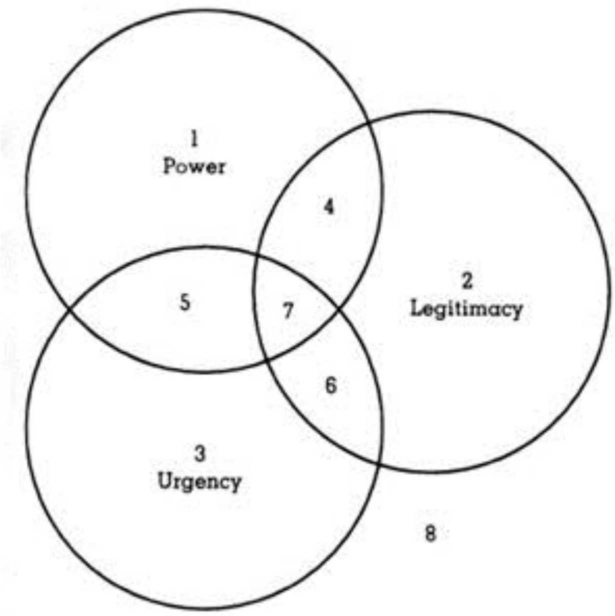
Mitchell et al. (1997:864) define urgency as "the degree to which stakeholder claims call for immediate attention". Mitchell et al. (1997) derived the concept of urgency of claim from the crisis and issue management field. Mitchell et al. (1997) argue that urgency comprises two strands, which are time sensitivity and criticality of claim. Mitchell et al. (1997:867) define time sensitivity as "the degree to which managerial delay in attending to the claim or relationship is unacceptable to the stakeholder", and characterised criticality as "the importance of the claim or the relationship to the stakeholder".

Mitchell et al. (1997) then aggregated these three stakeholder attributes into seven categories:

> "Seven types are examined-three possessing only one attribute, three possessing two attributes, and one possessing all three attributes. We propose that stakeholders' possession of these attributes, upon further methodological

and empirical work, can be measured reliably. This analysis allows and justifies identification of entities that should be considered stakeholders of the firm, and it also constitutes the set from which managers select those entities they perceive as salient" (Mitchell et al., 1997:873).

The more attributes (i.e. power, legitimacy and urgency) a stakeholder has, the more important managers consider them to be. When a stakeholder has all three power attributes, it is numbered 7 and definitive, and this is when organisations give attention to this stakeholder (see Figure 3-3).



Stakeholder Type

Latent:
1. Dormant 2. Discretionary
3. Demanding

Expectant:
4. Dominant 5. Dangerous
6. Dependant

Highly salient:
7. Definitive

Figure 3-2 Stakeholder salience model. Source: Mitchell et al. (1999)

3.6.2 Criticism of Mitchell et al.'s (1997) taxonomy on salience and identification

This section will highlight some of the criticism of Mitchell et al.'s (1997) taxonomy on salience and identification which is relevant to this research.

An important point to note about Mitchell et al.'s (1997) model is that the focus was on managerial perception of the attributes that stakeholders possess and not on the actual attributes that stakeholders possess (Harvey and Schaefer, 2001). It is understandable that managerial perception is important as stakeholder theory as conceptualised by Freeman (1984) is a managerial tool. However, the reality as regards the actual stakeholder attribute is equally as important as the gap between managerial perception, and the reality of stakeholder attributes could be very expensive for the firm if ignored. Furthermore, a criticism of Mitchell et al.'s (1997) salience framework is that it considers legitimacy from the perspective of the relationship of the stakeholder to the firm and not from the claim of the stakeholder. Hence, Benerjee (2010) argues that the legitimacy definition is very narrow and focuses on mainly economic considerations. Also, it could also be argued that Mitchell's (1997) framework does not recognise that a legitimate claim, irrespective of whether it is urgent or not, should be countenanced because it is the right thing to do. Furthermore, Suchman's (1995) widely cited and seminal definition which was adopted by Mitchell, et al. (1997) has been criticised as ambiguous and problematic (Suchman, 1995; Hybels, 1995; Banerjee, 2001; Driscoll and Starik, 2004; Phillips, 2003). This is because both Suchman's (1995) and Mitchell et al.'s (1997) typology on legitimacy do not distinguish between the legitimacy of the stakeholder and the claim (Eesley and Lenox, 2006).

Also, research findings on the most salient stakeholder attributes that are considered by organisations have varied. For example Agle et al. (1999) suggested that among all the stakeholder attributes, which are: power of the stakeholder to influence the firm; the legitimacy of the stakeholders' relationship; and the urgency of the stakeholders' claim on the firm, managers perceive urgency to be the most critical. However, Parent and Deephouse's (2007) study revealed that power was the attribute that managers consider to be most important. Furthermore, Parent and Deephouse (2007) posit that Mitchell's (1999) stakeholder salience model is more limited in practice than in theory.

Furthermore, the focus on Mitchell et al. (1997), Agle et al. (1997), Deephouse's (2007) conceptualisation of stakeholder salience does not consider organisations as stakeholders in an industry (an exception is Flemming and Spicer, 2014). Flemming and Spicer (2014) focused on a literature review of the extant organisational power but not within the stakeholder nexus. Flemming and Spicer (2014) propose that future research should focus on how powerful organisations capture socio-economic stakeholders which includes the organisational power relative to that of stakeholders such as government. Many academic scholars appear to focus on the stakeholder attribute instead of that of the organisation relative to the stakeholders. For example Goodstein and Velamuri (2009) and Yoo and Lee (2009) discussed the power of government on business. Consideration of an organisation as a stakeholder within an industry means that the organisation's attributes as a stakeholder should be examined. Therefore, organisations attributes of power, legitimacy and urgency relative to other stakeholders within an industry should be explored.

In addition, Parent and Deephouse's (2007) research revealed an outlier to Mitchell et al.'s (1997) widely generalised proposition on stakeholder attributes. Parent and Deephouse's (2007) empirical study of the organising committee of a sporting event revealed that managers did not consider entities possessing only the stakeholder attribute of urgency as salient.

Neville, Bell and Whitwell (2011) critiqued that Mitchell et al.'s (1997) taxonomy on stakeholder salience and identification based on the attributes of power, legitimacy and urgency is flawed. Neville, Bell and Whitwell argued that on the basis that the definition of power and legitimacy includes potential power and potential legitimacy respectively, a claimant who has only an urgency claim without any power or legitimacy does not have any potential power or legitimacy. Thus, Neville, Bell and Whitwell argue that such a claimant, with only urgency of claim, "does not possess sufficient attributes to be identified as a stakeholder" (2011:363). Neville, Bell and Whitwell (2011) excluded entities with only the attribute of urgency of claim from being a stakeholder.

After highlighting the features and some of the criticisms of Mitchell et al.'s (1997) widely cited classification of stakeholders based on their attributes which they posit determines the stakeholder salience, the next section will cover another classification of stakeholders.

3.7 Social Scientist or Separation Thesis vs. Integrated Approach

The scholars that favour a classification of stakeholder theory into distinct areas (Goodpaster, 1991; Jones, 1995; Donaldson and Preston, 1995) are called separationists or social scientists (Freeman, 1994). While other scholars favour an integrated approach to stakeholder theory (Freeman, 1994; 1999; Kaler, 2003). This section will articulate some of the influential discussions on the argument for and against the separation and the integration thesis.

Goodpaster (1991) posed important questions about the competing value base of strategic and ethical stakeholder considerations that managers face. He argues that if managers did not consider shareholders' interest as their fiduciary responsibility, the managers would be acting in an unethical way on behalf of the firm. However, Goodpaster (1991) argues that a manager's mission would be ethically wrong if manager's consideration of shareholders' welfare was at the expense of the rights of stakeholders. However, Greenwood (2007) argues that stakeholder theory is morally neutral; he explains that because an organisation engages stakeholders, it does not mean it will not act in self-interest. Goodpaster (1991) suggests the liberal capitalist approach as a probable solution to the challenge of organisations acting in self-interest. Liberal capitalist believe that government intervention will give stakeholders an equally important consideration (not necessarily equal to the fiduciary responsibility of shareholders). A limitation of Goodpaster's (1991) position is that his submission cannot be applied universally. For example in a developing country context, which is sometimes characterised with failure of government, there are limited institutional structures which could ensure that companies consider other non-shareholding stakeholders.

Goodpaster's (1991) suggestion of more government regulation is similar to Jensen's stance (cited in Agle et al., 2008) on solving the challenge associated with the voluntary approach to stakeholder interest. Jensen (cited in Agle et al., 2008) posits that the voluntary approach to stakeholder interest is not well founded and that there is a need for more government involvement in regulating business activity to reduce externality. Jensen says:

> "this also means by the way that the government must somehow stop the human beings who run the government at the local, state, and national levels from 'renting out' the police powers of the state to private parties who wish to use such powers to steal from others in the system" (Jensen, cited in Agle et al., 2008).

The challenge with Jensen's use of government is that it is quite vague, who he is referring to. It is also a conundrum that he recommends that government should check those that run it. Does he argue that the legislative should check the executive? If this is his position then his argument is context dependent. For example in the USA there is a clear separation of power between the executive and legislators. However in the UK the separation of the legislators from the executive is not that distinct, since all government ministers in the UK are members of parliament.

Also, Freeman's (1994) position is different from Jensen's (2002) stance and Goodpaster's (1991) position about the stakeholder theory paradox. Freeman (2010) argues against the Jensen's (2002) position on the basis that the concept of stakeholder theory is to enable organisations to create value for stakeholders, thus reducing the government's need for regulation. Furthermore, Freeman (1994) labels Goodpaster's work classification as the separation thesis, i.e. the separation of ethics from business. Freeman (1994:4) explains that 'there is always a context to business theory and that context is moral'. Freeman's (1994) explanation is that stakeholder theory is a genre which explains how business should live, and it is by living it and refining how it lives, that the ethical core of business is improved. Hence Freeman (1994) argues that we cannot separate the moral community from the value adding work of business. Freeman's (1994) descriptive view that morality is integrated into business could be critiqued as lacking empirical foundation, since many organisations have be found to be lacking in one area of morality or another. Another critique of Mitchell et al (1997) classification is that the typology does not consider the culture of the organisation (Jones, Felps and Bigley, 2007). Jones et al, (2007) argue that unlike Mitchel's (1997) classification, an organisation with a moralist culture will consider stakeholders with legitimacy but with no power as salient.

Another influential classification of stakeholder theory was contributed by Donaldson and Preston (1995).

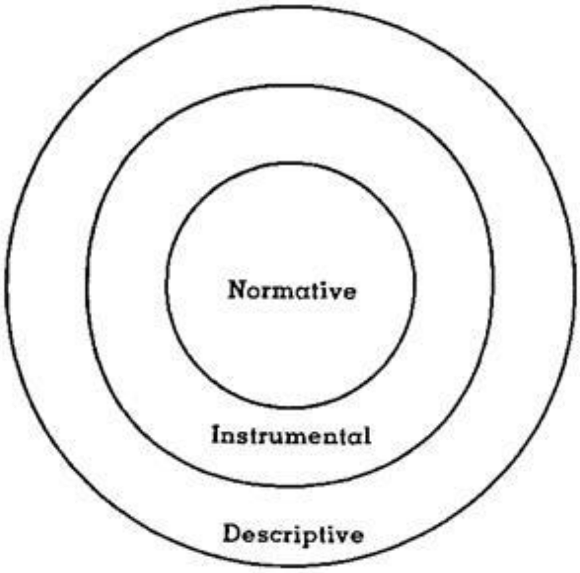


Figure 3-3 Classification of stakeholder theory into descriptive, instrumental and normative. Source: Donaldson and Preston (1995)

The stakeholder theory of Donaldson and Preston (1995:66) consist of three distinct classifications as displayed in the diagram above, they include descriptive, instrumental and normative components. Of the three components, the normative strand is considered to be the core.

3.7.1 Descriptive stakeholder theory

Donaldson and Preston (1995) and Jones (1995) purport that a descriptive theory is one that defines the actual firm's characteristics and behaviour; hence a descriptive stakeholder theory articulates the actual organisation's performance as regards stakeholders (Swanson, 1999). This framework could be said to be practical as it is testable with empirical findings on claims made by the stakeholder concept (Donaldson and Preston, 1995).

3.7.2 Normative stakeholder theory

The normative stakeholder theory foundation is based on categorical ethical/philosophical considerations of how business should relate to stakeholders. Normative stakeholder scholars posit that managers ought to consider stakeholders as ends, and not means to an end (Boatright, 1994; Clarkson, 1995; Goodpaster, 1991; Goodpaster and Holloran, 1994; Quinn and Jones, 1995; Mellahi and Wood 2003, Wood, 2010). Companies must categorically 'do good' because it is the right thing to do (Donaldson and Preston, 1995). Donaldson and Preston (1995) substantiate the normative classification of stakeholders with the definition of stakeholders below:

> "Stakeholders are persons or groups with legitimate interest in procedural and/or substantive aspects of corporate activity. Stakeholders are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them" (Donaldson and Preston, 1995:67).

Donaldson (cited in Agle et al., 2008) aptly articulates this view in what he calls the 'normative revolution'. Donaldson argues that the normative revolution does not discard the view that investors' wealth should be maximised (Goodpaster, 1991). However, he explains that other non-shareholding stakeholders should be accorded an intrinsic worth, not determined by the value that corporations can derive from them. He argues that non shareholding stakeholders who can be human beings or sometimes non-humans (e.g. the natural environment) with non-financial stakes in an organisation (Driscoll and Starik, 2004), have value in their own right. These rights existed before the firm's 'operations' began. Hence, this non shareholding stakeholders' right should be respected, regardless of whether it creates financial value for the firm or not (Evan and Freeman, 1993). The question that antagonists of the normative thesis may ask scholars such as Donaldson, Boatright, Clarkson et al., is how an organisation does or its managers quantify these intrinsic values/rights of stakeholders? Their most probable answer may be large enough to allow these owners of stakes to carry out their stakeholder functions (Brummer, 1991). O'Fallon and Butterfield (2005) argued that many organisations have a culture of ethics which influences managerial decision making. Philips (1997) provided ethical explanations for the stakeholder concept based on the principle of fairness. That is, organisations that engage in voluntary transactions with stakeholders must act fairly (Philips, 1997). Wicks et al. (1994) and Burton and Dunn (1996) justify stakeholder theory based on the principle of care, which emphasises the importance of a firm's network of relationships with stakeholders.

3.7.3 Instrumental stakeholder theory

The instrumental stakeholder theory explores the connection, or lack of one, between corporate-stakeholder activity and corporate objectives (Donaldson and Preston, 1995; Berman et al., 1999; Moore, 1999; Hillman and Keim, 2001; Jones, 1995; Waddock and Graves, 1997). Eccles, Ioannou and Serafeim (2014) argue that organisations engage stakeholders solely for the benefit that they could offer the firm or help the firm to achieve. Particularly, the instrumental stakeholder theory posits that organisations that apply the stakeholder principle will perform better financially than those who do not (Donaldson and Preston, 1995, Moura-Leite, Padgett and Galán, 2014; Eccles, Ioannou and Serafeim; 2014). Also Jensen's (2002) enlightened stakeholder theory, explained earlier, could be said to be instrumental, in as much as Jensen (2002) did not classify the enlightened stakeholder theory as instrumental, it can be argued that his recommendation implicitly articulates this. This is because enlightened stakeholder theory, proposed by Jensen (2002), recommends that stakeholders should be engaged only if they could be used as an instrument towards maximising total firm value in the long term. Donaldson (cited in Phillips, 2011) explains that the instrumental theory has a conditional prescription, which is that only managers who are interested in maximising financial returns should explore applying the stakeholder principle as a means to achieving this objective (i.e. maximized financial returns). This means that its only managers who are interested in achieving a firm's objective (e.g. growth, increased profit and superior competitiveness) that would engage stakeholders to achieve the objective of the firm. Schreck, van Aaken, and Donaldson, (2013) argued that the instrumental basis of economic considerations for engaging stakeholders could be used to achieve normative end. They argue that the instrumental stakeholder theory offers insights into how, when and why organisations can engage in CSR which would result in normative ends such as stakeholder engagement.

Jones (1995) combined fields such as stakeholder concept, economic theory, behavioural science and ethics into an advancement of an understanding of corporate-stakeholder relationships. Jones (1995) argued that businesses that build trust and have cooperative relationships called contracts with stakeholders will be able to solve the challenges associated with opportunism. He posits that trust and good relationships between firms and stakeholders could help firms develop a competitive advantage (Arago´n-Correa and Sharma, 2003; Buysse and Verbeke, 2003; Jones, 1995; Sharma and Vredenburg, 1998; Waddock and Graves, 1997). Hence, a corporation's good relationship with stakeholders is an instrument (means) of achieving corporate objectives (ends), one of which is competitive advantage. Jones' (1995) work filled the gap in the literature on stakeholder concept and related fields by providing a testable predictive theory on performance. Building on Jones (1995), Henisz, Dorobantu and Nartey, (2014) and Kujala, Heikkinen, and Lehtimäki, (2012) explores instrumental stakeholder theory using a conflict lens by examining how business-stakeholder conflict if not well managed could negatively affect the objectives of the firm.

Although there are still methodical issues related to these studies (Wood, 2010), Margolis et al. (2007) and Orlitzky et al. (2003) provided empirical data that shows a connection between application of stakeholder principles and corporate financial performance. Also, Clarkson (1995) posited that a firm's survival was dependent on key stakeholder involvement in the firm. While Goll and Rashid's (2004) study revealed that when a manager has more freedom to make decisions as regards stakeholder matters, there is a stronger positive correlation between the application of stakeholder principles and corporate performance. However, Cennamo et al. (2007) argue that the results on the connection of corporate application of stakeholder principles to financial performance are inconclusive. At least, it could be argued that application of stakeholder principles could help enhance a firm's performance on each project. A critique of the instrumental classification of stakeholders could ask what happens when engagement of stakeholders does not contribute to an organisation objective? Should these stakeholders' rights or needs be ignored? Another critique of the instrumental stakeholder perspective is that organisations are limited in their ability to predict the consequence of engaging stakeholders, on their performance (Blowfield and Murray, 2014). It could be argued that a limitation of Schreck, et al (2013) submission on using instrumental stakeholder theory) as a tool for achieving normative and CSR ends is that positive economics may not be able to completely predict CSR behaviour. This is because positive economics such as the instrumental stakeholder have been criticized for lacking sufficient moral basis for analysing CSR (Scherer, Palazzo and Baumann, 2006).

3.7.4 Response of Freeman to Donaldson and Preston's (1995) classification

Freeman (cited in Agle et al., 2008) argues that the integrative approach focuses on bringing together theories about business and ethics about how human beings are, or could be. Freeman (1999) argues that the categorisation of those who can affect a firm as stakeholders and not constituencies, or interests, or members of the public, queries the supremacy of stockholders. Thus, Freeman (1999) posits that the concept of 'stakeholders' already has values embedded in it, and there is no need to reduce the term into classifications such as descriptive, instrumental or normative. Freeman (1994; 1999) argues that the focus should be less on the reductionist approach, and more on narratives. However, critics of the narrative approach may argue that, there is no set standard for assessing the quality of narratives (Jones and Wicks, 1999). Also, proponents of the separationist stance may further contend that such integrative narratives, if not backed with data, may not reflect how business operates (Jones and Wicks, 1999). Freeman (1999) argues that the social scientist/separationist view is trying to silence debate and create a consensus. Hence, narrative advocates, such as Freeman, may argue that social scientists that seek a consensus are less academic, since scholarly studies should involve accommodating divergent pedagogical views. In summary, the difference of opinions among the integrated scholars and social scientist on whether to split stakeholders into different strands or have an integrated study of business and ethics underscores the need for more research on stakeholder theory. The next section will highlight some more criticism of stakeholder theory.

3.8 Critique of stakeholder theory

Freeman's (1984) work has been widely cited in management literature (e.g. Agle et al., 2008; Gibson, 2000; Wolfe and Putler, 2002; Friedman and Miles, 2006) and there appears to be a consensus that Freeman is the leading contributor to stakeholder theory literature (Donaldson and Preston, 1995). Freeman's (1984) work has been extolled for its simplicity and powerful graphic presentation (Fassin, 2007), however his work on stakeholder theory has also been critically reviewed. For example

Donaldson (1989) argues that the theory lacks criteria for identifying stakeholders and an ethical basis. Donaldson and Preston (1995) and Laplume (2008) argue that the literature on stakeholder theory lacks structure and applies material from other fields without stating the source:

> "A striking characteristic of stakeholder literature is that diverse theoretical approaches are often combined without acknowledgement" (Donaldson and Preston, 1995:72).

In the same way as Freeman's work was critically examined, Donaldson and Preston's (1995) scholarly contribution has also been critically reviewed. Donaldson and Preston (1995) and Jones' (1995) work have been applauded for contributing to the development of stakeholder theory (Wood, 2000; Hendry, 2001) by providing insights into how to classify stakeholders, however there has also been criticism of their work by scholars such as Trevino and Weaver (1999) who argue that the stakeholder concept does not possess empirical backing or the utility required for it to be classified as a theory (Bacharach, 1989). They explain:

> "If managers generally do not act as if stakeholders have intrinsic value (i.e., descriptive stakeholder theory is false), it seems less important, and less feasible, to empirically study what would happen if they did (i.e., instrumental stakeholder theory loses relevance). Also, if all that links descriptive and instrumental theories is the common stakeholder concept, rather than a shared understanding of how managers act, there is only a minimal level of theoretical integration, even among empirical stakeholder theories" (Trevino and Weaver, 1999:223).

The basis of Trevino and Weaver's (1999) claim is that the description of how organisations behave as it relates to stakeholders as stated by descriptive stakeholder theory does not really reflect what happens in the 'business world'. Trevino and Weaver (1999) were able to coherently present their argument, but a limitation of their position is that their work lacks robust empirical backing. For example Trevino and Weaver (1999) posit that the basis of their claim that the descriptive stakeholder position does not reflect what really happens in business, is based on insights derived from a review of MBA papers which describe MBA students' ethical dilemmas at work. The important question to ask Trevino and Weaver (1999) is how representative is this data and could this data be said to be a purposeful sample? This question is informed by Yin (1994) and Miles and Huberman's (1994) submission. According to Yin (1994) and Miles and Huberman (1994) purposeful sampling and a representative sample are important criteria for making generalizable theoretical claims. Also, Mainardes et al. (2011) argue that many studies of stakeholder theory in the literature are still theoretical and lacking in empirical support.

Another criticism of stakeholder theory was contributed by Orts and Strudler (2009). Orts and Strudler (2009) argue that stakeholder theory (which according to Freeman has ethics integrated in business activities) may be used for unethical justification of management decisions. Ambler and Wilson (1995) posed the question, "what rights do non-shareholding stakeholders have to make claims as shareholders do?" Philips (1997) contended that the definition of stakeholder was too broad. He argues that the definition of stakeholders posited by Freeman (1984) could also include terrorists who could affect firms' activities (Philips, 1997). In the same realm, Metcalf (1998) argued that stakeholder theory's principles are not relevant at present as the world has changed since it was conceived, and it should only be applied when society had imbibed stakeholder norms and values. Changes to the world since stakeholder theory was developed include, "breakthroughs in information technology and more liberalised markets" (Freeman et al. 2007: 26). For example Facebook and Twitter have empowered stakeholders while Web 2.0 has enhanced businesses capacity to deal with the ‘flatter world’ due to the increased power social media offers stakeholders. Freeman (2005) criticised the application of stakeholder theory which depicts stakeholders as static actors even though in reality stakeholders are dynamic and change.

On the application of stakeholder theory in strategy, the framework has also been critiqued for its inadequate logical rigour when applied to strategic organisational or managerial issues (Wolfe and Putler, 2002; Fassin, 2008; Sternberg, 1997).

> “Although originally proposed as a way of improving strategic planning in business, and more recently as a way of making business conduct more ethical, stakeholder theory in fact wholly precludes the activity of business as it has traditionally been understood” (Sternberg, 1997).

Jensen (2000) argues that stakeholder theory does not provide a conceptual model for how to trade off the diverse needs of stakeholders. Freeman’s (2010) response to the question of ‘trade-offs’ of stakeholder needs, economic and ethical (Reynolds et al., 2006), is that this is an opportunity for value to be created via innovation (Freeman, 2007). Freeman’s (2010) position could be understood from the perspective that corporate strategy is synonymous with creating direction, and not in the detail (Johnson and Scholes, 1997), hence if the firm’s direction/strategy is to trade-off divergent stakeholder needs, then managers could add value by figuring this out based on the actual context, and their strength and weaknesses, which vary among different organisations. However, it is the strategic motivations of stakeholder theory that Goodpaster (2002) and Philips (2003) criticise, stating that stakeholders are not classified on moral grounds but only on business grounds (see Figure 3-2; Mitchell, et al, 1999 and Freeman, 2010).

Having discussed some criticism of stakeholder theory as it relates to the firm, the discussion thus far has revealed a broad range of limitations to this theory, which emphasises the need for more research to be carried out to strengthen the theory. The next sections will focus on a type of firm called a MNC. It is important to discuss MNCs because Freeman's (1984) work focused on this type of business. Therefore MNCs and how they relate to stakeholders will be examined in later sections.

3.9 Multinational corporations (MNCs)

The qualitative impacts of MNCs on our lives cannot be over emphasised, from politics to culture, economics to innovation, many of the drivers of change in the world could be credited to these organisations' activities (Chandler and Mazlish, 2005). The recent scandal of Vodafone Egypt, which supported the tyrannical government of the ousted leader of Egypt by sending telephone text messages on behalf of the government, is an example of a MNC having a negative impact on society in one of its overseas operations. Other stakeholder related issues include harm to local communities due to hazards created as a result of MNCs operation, reduced quality of employees' job and cuts in employees' remuneration and cost minimising supplier firms (Chandler and Mazlish, 2005; Tan, 2009). Aitken and Harrison (1999) studied the impact of multinational firms in a developing country (Venezuela) and revealed negative results, defined in the literature as Corporate Social Irresponsibility (Lange and Washburn, 2012, Pedersen and Gwozdz, 2014). However, there are instances of MNCs providing valuable services to society in times of crisis. Examples include Twitter and Facebook whose services empowered oppressed members of society (a set of stakeholders) in North Africa to communicate their grievances globally, which led to the toppling of dictatorial regimes in some North African countries. The case of Twitter and Facebook is reflected in the results of an empirical study showing MNCs' positive impact on a developing country (Estonia) contributed by Sinani and Meyer (2004).

Even with MNCs mixed track records overseas, they possess immense resources to tackle stakeholder related issues in host countries. For example some MNCs are estimated to be richer than most of the developing countries where they operate (Muthuri and Gilbert, 2011). Also, Chandler and Mazlish (2005) cited the United Nations statement that MNCs account for 50 percent of the world's largest Gross National Product. However Blowfield and Murray (2011) argue that the calculations of the wealth of MNCs are based on complex and false arithmetic foundations which raise questions about the actual worth of MNCs. Even though there are differences of opinion as regards the actual worth of MNCs, what there is no dispute about is that MNCs are very influential (Korten, 2001).

Although MNCs are influential, international business scholars do not appear to have a consensus on how to define these powerful entities (Aharoni, 1971). Examples of definitions include an organisation whose ratio of foreign assets to total assets is greater than one percent (Kwok and Reeb, 2000), based on foreign sales and earnings plus top management nationality (Aharoni, 1971), parent organisations which engage in international trade through their foreign affiliates, and have some form of control over these affiliates (Root, 1994). For the purpose of this work a synthesis of the United Nations (1973) definition of a MNC will be used, which is, an organisation which has income generating activities in many countries at a time. These activities could include 'assets, sales, production, employment, or profits of foreign branches and affiliates' (United Nations, 1973:4). These entities called MNC could be traced to the 17th century and the operation of British (established in 1600) and Dutch (established in 1602) East India Companies, with operations outside their home countries in Europe (Britain and Netherlands) in the Indian subcontinent (Chandler and Mazlish, 2005).

However, it is important to state here that there is no unanimity as to whether corporations operating in multiple countries are truly multinationals (Doremus et al., 1998). The basis of Doremus et al.'s (1998) criticism is based on the home countries strong influence on MNCs operations overseas. Other rationales for their scepticism about the multinational nature of these corporations include the composition of the management board of MNCs which comprise mainly nationals from the home country, and larger investment in home countries compared to overseas operations (Doremus et. al., 1998).

MNCs operations in many countries are exposed to a diverse range of stakeholders who could be difficult to engage (Chandler and Mazlish, 2005). Hence, it is important to explore their motivation for engaging these stakeholders. Arago´n-Correa and Sharma (2003), Buysse and Verbeke (2003), Jones (1995), Sharma et al. (1998), Waddock and Graves (1997) and Cenamo (2007) have all argued that engaging stakeholders is a means of enhancing the resources of an organisation such as brand and productivity (Cennamo, 2007). Frynas (2005) argues that another corporate motivation for imbibing stakeholder related initiatives is to acquire social licence i.e. a licence to operate. The next section will highlight the increasing interest of MNCs in operating in developing countries.

3.9.1 Multinational corporations in developing countries

According to Peng (2001) and Prahalad and Kenneth (1998), Prahalad (2007) developing countries will soon be a key growth area, and competition in international business will be more prominent in these countries. As a result, MNCs are increasingly exploring these huge opportunities for overseas operations. They aim to develop a competitive advantage by providing services to the world's poor (Prahalad and Hart, 2002, Prahalad, 2007)

However, international business academic studies on MNCs' stakeholder engagement practice have focused mainly on MNCs activities in their home countries, with less research being conducted on MNCs' operations in emerging countries (Meyer, 2004; Marquis et al., 2007). The research focus on MNCs home country activities is understandable, as earlier studies have shown that MNCs are more profitable in their headquarters partly because they possess advantages such as understanding the culture and customs, compared to foreign competitors (Dunning, 1977; Brakman and Garretsen, 2008). Hence, the focus of the research of international business scholars has been how to manage a MNC at the headquarters or the activities of subsidiaries in developed countries (Meyer, 2004). Exceptions include scholars such as Feinberg and Majumdar (2001), Buckley et al. (2002), Chung and Law, (2003) and Cordeiro, (2003); Banerjee and Prasad, (2008); Tan, (2009). However studies carried out by some of these scholars (e.g. Feinberg and Majumdar (2001); Buckley et al. (2002) and Chung and Law, (2003) have only considered the economic perspective of MNCs, with little focus on the role of MNCs with regards to their external stakeholders in developing countries (Meyer, 2004, Banerjee, 2010). Interestingly, as mentioned earlier, understanding MNCs' impact on stakeholders (either at home or overseas) could be a means of enhancing a multinational's future financial performance (Wood, 2010). The premise of Wood's (2010) submission is based on the aforementioned empirical studies that show a correlation between corporate social performance and corporate financial performance (Margolis et al., 2007; Orlitzky et al., 2003). Therefore, it could be argued that measuring a MNCs' impact on stakeholders in developing countries could facilitate improvement in corporate social performance and economic performance, which scholars such as Feinberg and Majumdar (2001; Buckley et al. (2002) and Chung and Law, (2003) focused on. However, Harrison (cited in Philips, 2011) argues that rather than corporations concentrating on financial performance alone, during a merger and acquisition many of which involve MNCs, they should also focus on measures of performance that are important to stakeholders. Harrison's recommendations are of critical importance to gain insights into multinational subsidiaries' relationships with stakeholders in developing countries which are relatively under-researched (Harrison, cited in Philips, 2011).

The dearth of data on multinational-stakeholder relations in emerging markets (Tan, 2009) coupled with the limitations of data released by multilateral organisations such as the World Bank and IMF (Stiglitz, 2002) raise important questions regarding the quality of information available about emerging markets. For example World Bank figures on Gross National Product of developing countries do not include the informal sector which is very significant in these countries (De Soto, 2000), although the internet and mass media have provided access to scant information about these under-reported areas (Falkenberg, 2004). Perhaps due to limited information available, corporations do not seem to understand the operating terrain in developing countries; this may explain why they appear to still have an imperialist approach, where they try to extend their global economic reach by engaging local stakeholders according to the terms of the MNCs (Banerjee, 2010). In addition, MNCs appear to have differing standards when engaging stakeholders overseas compared to their practice at home (Cordeiro, 2003; Tan, 2009). Limited institutional structures may explain the disparity in practice of MNCs at home and internationally in emerging markets (Cordeiro, 2003; Husted and Allen, 2007; Jamali and Mirshak, 2007, Julian, and Ofori-dankwa, 2013). Although it is important to reiterate that business practices that succeed in the developed world may not be suitable for developing countries and vice versa (Prahalad and Kenneth, 1998). For example, micro-lending was successful in a developing country context, but failed woefully in developed countries (Buntin et al., 1996, London and Hart, 2004). In addition Frynas (2005) explains that, in spite of multinational organisations increasing budgets for stakeholder related activities, in developing countries this has not always translated to better social license (Frynas, 2005). Wood (2010) challenges the way stakeholder theory is applied at present which involves a focus on how stakeholders could be used by corporations to achieve their ends. She recommends that the focus of measuring corporate-stakeholder impact should not be on how stakeholders affect business, but how businesses affect stakeholders and society. Donaldson and Preston (1995) submitted that stakeholder theory adoption varies from country to country, and cultural differences come into play in influencing stakeholder management practice. The points discussed with regards to the opportunities in the developing countries and the limited international business literature on effective stakeholder practice in these regions emphasises the need for more research to be carried out in this field.

3.9.2 Multinational Corporations and Stakeholder theory in developing countries

The stakeholder framework posited by Freeman (1984) was published at a time when the competitive terrain of the USA was very intense, with the entry of the Japanese MNCs into the American market. Hence, the stakeholder theory of Freeman (1984) was aimed for the benefit of the managers of multinational organisations mainly in the USA. However, some scholars have depicted stakeholder theory as a universal concept that could be applied to any organisation, irrespective of its size (Carroll, 1999). Thus it has been assumed that the concept could be transferred from MNCs to small businesses (Henningfield et al., 2006).

While the contribution to the stakeholder discourse has been so far germane, the changing nature of the world, due to globalisation in the twenty first century, has also impacted on the stakeholder concept as it relates to MNCs (Matten and Moon, 2008). For instance, when stakeholder theory was conceived in the 1980s, Western countries drove global growth, and the activities of MNCs in underdeveloped countries were at best limited compared to their activities in developed ones. However, many of the world's developed economies are shrinking and this correlates with an ageing population. Developing countries offer immense opportunities with their booming economies, increasing young population, untapped markets of over four billion people with many unmet basic needs, and vast natural resources. However, with the increased involvement of multinational organisations in developing countries, they are involved with a diverse range of stakeholders some of whom may not be connected directly to their overseas subsidiaries. Hence, it is important for their stakeholder relations, ethical footprint and liability to be considered (Tan, 2009) especially because there have been limited research that has examined the relationship between stakeholders and the ethical behaviour of firms (Ekici and Onsel, 2013). Also, the concept of stakeholder theory was conceived through empirical and theoretical data mainly from Europe and America which is quite different from developing countries. Therefore, this concept may not be totally applicable to a developing country context which has different stakeholder needs particularly due to a dissimilar socio-economic and cultural ambience in these countries compared to that found in the developed world (Visser, 2005; Muthuri and Gilbert, 2011).

At present, there are European (Argandona and Von Weltzien Hoivik, 2010), Scandinavian (Nasi, 1997) and American (De George, 2011) perspectives of stakeholder theory, which emphasise the cultural diversity that comes into play even among the so called "westernised" countries. Therefore with the very limited literature on stakeholder theory in a developing country context (except that by Visser (2008), Jamali (2010), Idemudia (2009), Amaeshi et al. (2007) and Frynas 2005;2010) there is a need to come up with refined stakeholder theories that provide solutions which reflect the complexity of the developing world. Some examples of the complexity of the operating terrain of the developing world have already been mentioned, they include a weak judicial system, corruption, limited regulation, and a large informal sector, among others (Omoteso and Mobolaji, 2014). Other potential influencers of stakeholder theory applied to developing countries (which are relatively difficult to quantify) include cultural differences. These difficult-to-measure influencers of stakeholder theory (if applied in a developing country context), reflect Freeman's (2010) criticism of the way corporate planning applies to stakeholder theory. Freeman et al. (2010) argue that although the concept of stakeholders is used in corporate planning in, for example, Ansoff' s (1965) work, it only considers aspects of strategy that could be quantified (Freeman, 2010).

Another caveat to the stakeholder framework as it applies to developing countries was identified by Freeman (2010) and labelled 'pitfalls for using the stakeholder concept'. Freeman (2010:188) argues that one of the requirements for the stakeholder concept to work is that the organisation must be an 'open' system i.e. willing to unearth difficult issues that may not necessarily have a solution. This principle appears to be contrary to the operating terrain of developing countries where many multinationals now operate, which is marked by a lack of transparency (Wiig and Karlstad, 2010). Since, multinational subsidiaries are not independent of this operating environment, and their organisational culture is sometimes influenced by the operating culture (Hofstede, 2007), this may explain why these foreign companies shroud some of their operations, that may negatively impact the society, in secrecy, or simply do not report them (Wood, 2010). This culture of secrecy among multinational subsidiaries may not be unrelated to the adverse legal consequences of some of their activities if reported in their home country.

It has been demonstrated thus far that MNCs are very influential and their decisions affect multiple nations, stakeholders and social institutions sometimes across various continents (Stern and Barley, 1996). Institutional theory which is a study of how institutions enforce conformity among powerful actors (e.g. Multinational Oil Companies), offers valuable insights into the behaviour of powerful actors and how they engage stakeholders in different contexts (DiMaggio and Powell, 1991; Bondy et al., 2012). While an in-depth discourse on Institutional theory is beyond the remit of this research, it is important to give an abbreviated overview of the concept particularly as it relates to MNCs and ST. Institutional theorists believe that institutions are powerful actors that interpenetrate organisations and set the cultural definitions (beliefs and norms) under which they are built, operate and are understood (e.g. Campbell, 2007; Meyer and Rowan, 1977; Granovetter, 1985; March and Olsen, 1989; Scott, 2001). Interestingly, institutions such as civil society and regulatory organisations are stakeholders. While ST as conceived by Freeman (1984; 2010) is more concerned with the survival of the firm, the focus of institutional theory is on social conformity of actors due to pressure from these institutions or stakeholders.

Institutional theory takes into consideration "interdependencies and interactions between stakeholders which could lead to the diffusion of the instutionalisation process of stakeholder engagement and CSR practices" (Matten and Moon, 2008:3). Diffusion of instutionalisation of CSR and stakeholder engagement practice occurs due to MNCs' foreign direct investment (FDI) and international trade activities (Husted and Allen, 2006; Lund-Thomsen and Nadvi, 2010); when there are trained professionals, shift in opinion and codification into law (Meyer, 1991, Bondy et al, 2012).

Another strand of institutional theory which is relevant to MNCs interaction with stakeholders in developing country contexts is institutional entrepreneurship which is credited to DiMaggio (1988). DiMaggio defined the process of forming new institutions by institutional entrepreneurs as the product of institutional entrepreneurship. “New institutions arise when organised actors (institutional entrepreneurs e.g. MNCs) with sufficient resources see in existing institutions an opportunity to realise interests that they value highly” (DiMaggio, 1988:44).

Institutional entrepreneurship is defined as “activities of actors (institutional entrepreneurs) who have interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones” (Maguire, et al., 2004: 657). The concept of institutional entrepreneurship is a paradox, as both root terms have conflicting outcomes namely stability and change respectively. Also, they have divergent streams in the literature: “sociology-based institutional theory and economics-based institutional economics” (Pacheco, 2010:974). Thus institutional entrepreneurship deals with the process of how conformity and change unfold and how the process could be achieved strategically. MNCs in developing countries are very powerful and tend to have resources to transform existing institutions (stakeholders such as the civil society and the media). However, all four features proposed by Matten and Moon (2008:406) about ideal contexts for institutionalisation of CSR and stakeholder engagement appear not to hold to a large extent in Africa. Functioning market, government and legal actors act on behalf of society to address instances of market failure. Market actors do not absorb institutions and institutions do not absorb market actors and civil society addresses social issues to which government and market forces respond. This explains why Corporate Social Irresponsibility is widespread in the continent (Matten and Moon, 2008) and some of the assumptions around Stakeholder Theory and CSR needs to be refined to reflect these contextual nuances of Africa (Visser, 2005; Frynas, 2010). Some of the assumptions around Stakeholder Theory that needs to be developed include the basis of stakeholder theory is that it is a theory of the firm and the main focus is achieving the firms objective (Freeman, 1984; 2010; Donaldson and Preston, 1995; Mitchell et al., 1997; Jones and Wicks, 1999; Tantalo and Priem, 2016; Bridouex and Stroelhurst, 2014). Focusing mainly on using stakeholders to achieve the firm's objectives encourages an instrumental approach to engaging stakeholders at the expense of the normative strand of the theory and could lead to neglect of weak stakeholders(Blowfield and Murray,2014). This is particularly true in developing countries where regulators and civil societies are weak (Matten and Crane, 2008). The assumption is that external institutions or stakeholders are influential and uncompromising (Freeman, 1984; Walsh, 2005; 2010; Fanelli and Misangyi, 2006), hence big businesses are depicted as being weak and less regulation of big business is recommended by these scholars (Blowfield and Murray, 2014), but this does not apply in developing country contexts. Another assumption of stakeholder theorist (e.g. Freeman, 2010) which does not reflect the reality of a developing country context is that there is a clear demarcation between business and government (Freeman, 1984; 2010), which does not address the negative consequences of a very cosy relationship between government and Multinational Oil Companies as exemplified in Nigeria's oil and gas industry. Furthermore, stakeholder theory assumes that big businesses have intrinsic values that are sufficient for self-regulation and ensure that business activities lead to equity and justice in society (Freeman, 1984; Michael, 2003) which is contrary to institutional theory (Doshi, Dowell and Toffel, 2013). Finally, CSR is defined in the academic literature as a voluntary initiative (e.g. Davis, 1973; Carroll, 1999; Cheng et al., 2014). Unlike CSR in the West, however, CSR in Nigeria, which is an example of a developing country context, addresses infrastructural deficit (Frynas, 2010).

After articulating some limitations of stakeholder theory particularly as it relates to developing country contexts, the review has revealed that that there are limited research on stakeholder theory in developing country contexts (Prieto-Carrón et al., 2006, Muthuri and Gilbert 2011, Jamali, 2014). Furthermore, as the literature on stakeholder theory has been predominantly developed country focused many of the assumptions guiding the research direction are more relevant to these contexts at the expense of its applicability to developing country contexts (Prieto-Carrón et al., 2006, Muthuri and Gilbert 2011, Jamali, 2014). For example, there has been a neglect of the responsibility of stakeholders, while this research area is not relevant to developed countries, this theme is relevant in a developing country context. Also, the gaps in the literature have revealed that there is no consensus as regards the usefulness of stakeholder theory in its present form due to breakthroughs in information technology and increasing growth in developing countries. The latter is because stakeholder theory was conceived in a developed country and the differences in culture, economic development and institutional structures raise the question of whether the concept is transferable from the developed to developing countries. For example, there has been limited focus on the drivers of power differentials (Cobb, 2015) and there has been a neglect of how culture and history have contributed to the power of MNCs (Perrow, 2002; Banerjee, 2006; 2010; Ekici and Onsel, 2013). Also, the debate regarding the relevance of stakeholder theory as it is today in other contexts are still on-going. Therefore the research questions below will address the gap on the applicability of stakeholder theory to a developing country, particularly as it relates to MNCs operations. The research questions are:

- How do the contextual realities of a developing country impact on stakeholder theory?
- How could the limitations of stakeholder theory in a developing country context be addressed?

Next to be discussed is the methodology chapter which articulates the procedure for collecting data and how the data was analysed.

Chapter 4 - Methodology

4.1 Overview of chapter

This chapter gives a synopsis of the philosophical assumptions that underpin social science research, and the worldview adopted by this research. The concept of worldview encompasses the proposed epistemology, ontology, and axiology of the research in addition to the methodology of the research design (Creswell, 2003). First to be addressed is the research design, classified into qualitative, mixed and quantitative methods, and the justification for using qualitative and case study methods in the research design will be outlined. Then the methodology, categorised by methods, data collection and research strategy, and its justification and data analysis will be addressed.

4.2 Worldview

The process of designing research is not complete without the researcher understanding the philosophical assumptions which define the implicit and explicit assumptions of how they view the world and how it should be researched (Burrell and Morgan, 1979). These philosophical assumptions affect their actions and are called the research worldview (Guba, 1990). Aspects of the worldview include the research paradigms (Mertens, 1998), epistemologies and ontologies (Crotty, 1998) and the research methodology (Newman, 2000). The worldview is the researcher's orientation towards the world, which informs the research methods and methodology (Creswell, 2003). The research worldview could be classified into three interrelated considerations, namely questions of epistemology, ontology and axiology (Bryman and Bell, 2011).

4.2.1 Ontology

Ontology is the philosophical classification that is concerned with the nature of the social realities investigated (Guba and Lincoln, 1979) and the researcher's view of how the world functions. Ontology can be categorised into objectivism and subjectivism (Bryman and Bell, 2007). Objectivism is the ontological position that assumes that realities exist external to the social actors (Guba and Lincoln, 1979). Subjectivism implies that realities are influenced by actors' experiences, and the meanings they give to it.

4.2.2 Research epistemology

The second philosophical characterisation entails assumptions about on what grounds knowledge is valid and informs how knowledge is acquired and shared (Burrell and Morgan, 1979:1). The research epistemology shows the relationship between the researcher and the research (Guba and Lincoln, 1994). It involves the question of "what is (should be) considered acceptable knowledge in a field" (Bryman and Bell, 2011:15) and can be classified broadly into two positions, positivism and interpretivism. The positivism epistemological position is based on the assumption that knowledge is acceptable when it can be quantified and observed (Collis and Hussey, 2003). Positivists believe that research is conducted to test theories and that results are independent of the researcher's values or experiences; hence it is considered objective (Saunders et al., 2007). Conversely, an interpretive epistemological position considers knowledge to be valid when the researcher considers the perspectives and experiences of the actors involved and the meanings they (the actors) give to an occurrence. The interpretive position has a subjective stance because researchers try to understand the meanings behind the individual's actions.

4.2.3 Axiology

The third philosophical classification deals with the researcher's value judgements when carrying out research. To relating the epistemology classifications (interpretivism and positivism) to axiology assumptions, the positivist researchers attempt to be value free when conducting research, however, the interpretive researcher believes that research is value-laden.

4.2.4 Application of Ontology, Epistemology and Ontology to this Research

This research will explore the subjective conceptualisation of the diverse experiences and interpretations of the perspectives of each of the key stakeholders in the upstream sector of the oil and gas industry in Nigeria. Thus, the philosophy employed for this study is interpretive, subjective and value laden.

The next section will briefly discuss the methodology of the study; how it relates to other classifications of the worldview; the paradigm selected for this research and its justification.

4.3 Methodology

This is defined as the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method(s) adopted (Saunders, et al. 2009). The methodology entails how knowledge is obtained in research (Guba and Lincoln, 1979). The research methodology is influenced by the ontology, epistemology and axiology (Guba and Lincoln, 1979). For example, a research approach with an objective ontological and positivist epistemological inclination (value free axiology) is likely to have a scientific approach to obtaining knowledge which focuses on an analysis of relationships and symmetries between various elements which it encompasses of (Guba and Lincoln, 1982). Research with a subjective ontological and interpretive epistemological stance will tend to be conducted and acquire knowledge in a way that reflects the different or relativistic nature of the understandings of the way a person creates, changes and interprets the world that they find themselves in" (Guba and Lincoln, 1982). According to Alvesson, et al. (2008) an influential classification of research worldview was that propounded by Burrell and Morgan (1979).

4.3.1 Burrell and Morgan's (1979) classification of paradigms of social theory.

The diagram below depicts Burrell and Morgan's (1979) influential classification of social theory where "each of the paradigms has similar features to their 'neighbours' on the horizontal and vertical axis but are differentiated in the other dimension" (Burrell and Morgan, 1979:23). For example, the radical humanist and radical structuralist on the horizontal axis share the same features of the sociology of radical change, but differ based on their ontological orientation i.e. they have subjective and objective orientations respectively. In addition, the interpretive and functionalist approaches, on the horizontal axis share a belief in the sociology of regulation but are inclined to subjective and objective assumptions respectively. Also, the radical structuralist and the functionalist paradigms which are jointly located on the vertical axis have objective features while the radical humanist and interpretive worldview have subjective ontological assumptions. The Figure 4-1 represents Burrell and Morgan's (1979) classification of paradigms of social theory.

THE SOCIOLOGY OF RADICAL CHANGE

SUBJECTIVE	Radical Humanist	Radical Structuralist	OBJECTIVE
	Interpretive	Functionalist	

THE SOCIOLOGY OF REGULATION

Figure 4-1 Four paradigms for the analysis of social theory

Source: Burrell and Morgan (1979:22)

4.3.1.1 Functionalists

Functionalists have an objective stance; they believe that human behaviour can be understood by rationalisation. Functionalists conduct research in a deductive way. Their research relationship between theory and data is deductive because organisational behaviour is conceptualised by reviewing literature, identifying variables and investigating their relationships, whilst theory is developed via hypothesis testing and research outcomes are universalised (Bryman and Bell, 2007). Moreover, the functionalists have a positivistic paradigm, which means that they believe that scientific models can be applied to human affairs or knowledge acquired can be applied (Burrell and Morgan, 1993).

4.3.1.2 Radical humanists

Radical humanists have a subjective view and believe in liberating humanity from social constraints that they believe inhibit human prospects. The radical humanist advocates radical change of dominant ideologies. Radical humanists believe that the status quo should be overthrown; focus should be on liberation, potentiality and human consciousness beyond the ideological limits imposed by the social world where humans live their lives (Burrell and Morgan, 1993).

4.3.1.3 Radical structuralists

Radical structuralists have an objective ideology and are interested in radical change from an objective and positivistic stance; they emphasise structural conflicts and paradoxes within society. They believe that these structural conflicts within society can result in change due to political and economic challenges (Burrell and Morgan, 1993).

4.3.1.4 Interpretive worldview

Researchers who take a subjective stance believe that human behaviour should be understood from continuous processes and the world should be conceptualised as it is. The researcher that applies the interpretive paradigm believes that the social world is an evolving process, which should be understood from individuals' perceptions, and the frame of reference should be that of the participants and not that of the observer (Burrell and Morgan, 1993).

4.3.1.4.1 Application of Burrell and Morgan's (1983) philosophical classification to this research

In order to apply Burrell and Morgan's (1993) philosophical classification as stated above, the philosophical underpinning adopted for this research will be articulated. The philosophical approach taken for the research is interpretive. The reason for this is to grasp subjective meaning of social action based on the diverse views of social actors (stakeholders) localised in the context (Bryman and Bell, 2011). Thus, the diverse experiences and perceptions of the stakeholders involved in Nigeria's upstream sector of the oil and gas industry guide the conceptualisation of stakeholder theory. Furthermore, unlike Freeman's (1984) conceptualisation of stakeholder theory which has the limitation of not considering firms as stakeholders within the industry that they operate, this research considers multinational oil companies as stakeholders of the upstream sector of Nigeria's oil and gas industry. Hence, the approach taken in this research expresses the perspectives of the multinational oil companies as stakeholders in the industry.

According to Deetz (1996) and Rose (1997:4), Burrell and Morgan's (1979) "framework is increasingly hard pressed to cope with the developing complexity of philosophical positions and some more up-to-date evaluation is overdue". A more recent classification of researchers' worldviews similar to Burrell and Morgan's four matrix classification of paradigms was contributed by Creswell (2009).

4.3.2 Creswell's classification of worldview

Creswell (2009) classified worldview into a matrix comprising four approaches: positivist, interpretive, advocacy/participatory and pragmatism (see Table 4-1). Under each classification Creswell (2009) explained the features of each worldview located in the matrix.

Postpositivism/Positivist	**Interpretive**
Determinism Reductionism Empirical observation and measurement Theory verification	Understanding Multiple participant meanings Social and historical construction Theory generation
Advocacy/Participatory	**Pragmatism**
Political Empowerment issue-oriented Collaborative Change oriented	Consequences of actions Problem-centred Pluralistic Real-world practice oriented

Table 4-1 Recent classification of worldviews. Source: Creswell (2009:6)

For example, Creswell (2009) defined the features of the worldview classified as pragmatism to include an emphasis on the consequences of actions. Researchers who take a pragmatic worldview focus on problems. In addition, Creswell (2009) outlined the features of interpretive research to include understanding the meaning that multiple participants give to a social reality based on historical and social construction and generation of theories from this interpretation. While the worldview classified as positivist focuses on determinism, reductionism, empirical observation and theory verification. Finally, the worldview classified as advocacy is underpinned by a political worldview, collaborative in outlook and focuses on issues and empowerment. Although Burrell and Morgan (1979) and Creswell's (2009) frameworks are widely cited in management literature (Alvesson et al., 2008), their frameworks can be critiqued for their classification of worldviews into "mutually exclusive dichotomies" (Chue, 1986:626). This researcher will use the features of the particular column of Creswell's (2009) classification of worldview, that applies to the research (interpretive in this case) to further explain some of the assumptions underpinning the worldview of the research.

4.3.2.1 The application of Creswell's (2009) classification to define the worldview taken for this research

During this research, it was assumed that human beings acquire meanings of the world based on their interactions. In addition, this research explored the inter-relationship between the contextual attributes, such as cultures of a country (i.e. Nigeria) and the social phenomena, which in this research are stakeholder-multinational interactions (Walsham, 1995). The worldview applied to this research suggests that the context shapes the phenomena and findings on a phenomenon may differ based on differences in context. This exemplifies the interpretive worldview which emphasises the importance of understanding historical and social impacts on culture and actors' social interactions and interpretations, and how these affect knowledge (Creswell, 2009).

Ontology	Subjective
Epistemology	Interpretive
Justification	The research entails Interpretation of the contextual nuances of the oil and gas industry in Nigeria. The interpretation of the contextual nuances is based on the understanding/experiences of the different participants (stakeholders).

Table 4-2: Philosophical lens applied to this research and justifications

After outlining some of the assumptions underpinning the worldview adopted by this research and giving justifications for applying this worldview, the next section will discuss how the research was designed.

4.4 Research design

The importance of a carefully designed study was articulated by Bryman and Bell (2011:40) and defined research design as “a framework for the collection and analysis of data”. Bryman and Bell (2011) explain that the research design includes a set of procedures that is used in building a research structure which enables the research question(s) to be answered through the collection and analysis of data (Bryman and Bell, 2007). Yin (1989) emphasises the importance of process in research design; he explains that the research design is a coherent structure of enquiry. Yin (2003:21) defines it as a “blueprint of research, dealing with at least four problems: what questions to study; what data are relevant; what data to collect and; how to analyse the results”. Creswell (2009) classifies research design into three points on a continuum, they are: qualitative, mixed and quantitative methods respectively (see Table 4-3).

Qualitative	Mixed Method	Quantitative
a) Narrative research b) Phenomenology c) Ethnographies d) Grounded Theory studies e) Case Study	a) Sequential b) Concurrent c) Transformative	a) Experimental b) Non Experimental designs

Table 4-3 Continuum of Research design Source: Creswell (2009:12)

The next sub-section will highlight the three different classifications of research as depicted in Table 4-3.

4.4.1 Classification of research design

Creswell (2009) classifies research design into quantitative, qualitative and mixed methods. Quantitative research relates to numbers and/or closed-ended questions, in the form of relationships among measurable variables often represented through statistical procedures (Creswell, 2009) (see Table 4-3 for varieties of quantitative research). Mixed method research is a blend of both qualitative and quantitative research design (Eisenhardt and Graebner, 2007) (see Table 4-3 for examples of mixed methods). Qualitative research includes data in the form of words rather than quantification (Bryman and Bell, 2007) and open-ended questions; it consists of how questions are created and meanings given to them (Eisenhardt and Graebner, 2007). Table 4-3 articulates the types of qualitative studies while the concluding part of Section 4.5 addresses some of the caveats of classifying case studies as a solely qualitative research design.

Qualitative data "captures and communicates someone else's experiences of the world in his/her or own words" (Patton, 2002:47). The qualitative sources for this research comprised of semi-structured interviews and secondary sources (see section

4.6 for more details). However, it is important to mention the position of Gorard and Taylor (2004) who argue that no study can be classified as wholly qualitative or quantitative because every study entails some use of both numbers and words. For this research, a qualitative method was selected; the next section will articulate some of its justifications and limitations.

4.4.2 Justification for using qualitative data for this research and addressing some of its limitations

Qualitative methods are particularly suited for this research for two reasons. Firstly, while quantitative data is an established and widely accepted data collection method in its own right and is renowned for parsimony and precision (Denscombe, 2007), it can be criticised for "missing major factors of importance that cannot be easily quantified" (Patton, 2002:59). For example, the large informal sector and limited institutional structures in developing countries cannot be easily quantified and may account for why there is presently sparse data on developing countries. This explains why quantitative data alone may not provide the full picture of contextual issues (Desoto, 2000). Qualitative data collected via semi-structured interviews allow for an in-depth understanding of the thoughts, motivations and viewpoints of participants (Bryman and Bell, 2011). However, due to the vested interest of each interviewee, the researcher used other sources of qualitative data (e.g. official publications, public documents and press releases) to verify the data collected; this is known as triangulation (Greene et al., 1989). Triangulation is "the use of more than one method or source of data in the study of a social phenomenon to cross check findings" (Bryman and Bell, 2007:733) or substantiate constructs (Eisenhardt, 1989). Furthermore, because some of the interviewees were accessed via gatekeepers who had an interest in the topic being investigated, the researcher was appropriately sceptical about the responses given by interviewees and sought clarifications via follow-up questions. In order to minimise the possibility of bias due to the interest of the gatekeepers, the researcher approached other relevant interviewees directly and triangulated the responses (see section on 'sampling' for more details). Moreover, the critical incident technique was also used as an interview strategy. Through critical incident techniques, the interviewee was asked to recall his/her thoughts and feelings about a recent incident identified by him/herself (Bryman and Bell, 2009). Critical incident techniques were used to limit the chances of the interviewees making up stories since he/she was asked to recall an incident impromptu. Questions that were asked included questions about the implications of the incident, the context, how it was managed and the consequences. To reduce the chance of error due to loss of memory, interviewees were asked to recall critical incidents that happened in recent times.

Secondly, qualitative data was chosen because semi-structured interviews are compatible with the epistemological and ontological assumptions adopted for this research. As highlighted, this research takes an interpretive epistemological, and a subjective ontological stance to help answer the research questions. Hence, qualitative data would allow the different voices of the stakeholders and the multinational oil companies to be 'heard' and is particularly compatible with answering the research question:

How do the contextual realities of a developing country impact on stakeholder theory? Answering this research question will offer insights into the different perspectives of stakeholders on contextual issues and how they affect their interactions with multinational oil companies in Nigeria, which will provide fresh insights into the conceptualisation of stakeholder theory. The next section will discuss a sub-division of the research design; case studies.

4.5 Case Studies

Yin (1994:3) classifies case studies to include descriptive, exploratory and explanatory. Yin (2003:13) defines a case study as an "empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident". However, case studies are not only limited to research on topics that are happening in the present; they are sometimes used in historical studies (Eisenhardt and Graebner, 2007). Yin's (2003) definition of a case study highlights the importance of intricate details, interconnection of the actors and focusing on the systemic view of the study. The approach taken for this research is explanatory which means using existing theory to explain what is happening in a case. It also means making complicated concepts "understandable by showing the connection between component parts based on rules" (Miles and Huberman, 1994:90). These rules are theories – in this case stakeholder theory.

Yin (2003) particularly underscores that many case studies focus on current topics as the phenomena occurs within a context; this clearly articulates what this current study is about i.e. using the upstream sector of the oil and gas industry in Nigeria (context) to revisit stakeholder theory (a current phenomenon). Furthermore, since this research is focusing on the natural setting and not a controlled environment, this is another reason why a case study method was chosen for this work, as it is more attuned to a real-life study (Yin, 1994). Thus, case studies "allows the researcher to retain the holistic and meaningful characteristics of real life events" (Yin, 2003:2). Another definition of case study is that it is an in-depth study of one or more (though few) cases (Bryman and Bell, 2007). One can infer from Bryman and Bell's (2007) characterisation, that a case study research design does not necessarily prescribe a specific research method of collecting data so long as it answers the research questions, offers rich data and focuses on few cases. In addition, Weick (2007) aptly articulates the importance of richness of data in a research design. He emphasises the importance of "detail, for thoroughness, for prototypical narratives, and an argument against formulation that strips off what matters" (Weick, 2007:18). Richness of data is particularly suited for an interpretive worldview which is the approach taken in this study. This is because richness of data allows for understanding multiple participants' meanings, and the social and historical construction which the interpretive paradigm entails (see Table 4-1). However, it is important to reiterate that scholars such as Campbell and Stanley (1966) questioned the usefulness of case studies that focus on a single case. They critiqued the validity and usefulness of a single case study because they believe it lacks any basis for comparison and recording differences (Campbell and Stanley, 1966). Nevertheless, Patton (2002) states that single case studies contain many smaller cases, which offer valuable insights and could be a basis for comparison across cases. Moreover, Dubois, and Gadde (2002) contended that conducting single case studies (with the same resources that could be used for multiple case studies) has the disadvantage of lesser breadth (Yin, 2003; Eisenhardt, 2007; Miles and Huberman, 1994) but single cases offers the advantage of more depth. Flyvbjerg (2011) argues that "criticising single case studies as being inferior to multiple case studies is misguided, since even single case studies are multiple in most research efforts because ideas and evidence may be linked in many different ways " (Flyvbjerg, 2011:310).

Yin (1994) posits that one of the strengths of a case study is that it affords the researcher the opportunity to conduct an in-depth study. For this reason, a case study method was chosen for this research since this enquiry requires rich data and intensive analysis that may not be attained using quantitative data. This is because quantitative data may not capture the large informal sector in Nigeria in general and the country's upstream sector of the oil and gas industry in particular. An in-depth study will enable insights to be drawn from the research with regards to the theme 'using the upstream sector of the oil and gas industry in Nigeria (context) to revisit stakeholder theory'. Hence, this study is able to highlight the complexities of a developing country and the upstream sector of the oil and gas industry in this context. This will provide insights into how stakeholder theory as it is theorised today may need to be modified. Understanding what is happening in a developing country context i.e. limited institutional structures, large informal sectors and corporate-stakeholder conflict, will help one comprehend why there may be a need for stakeholder theory, applied to this context, to be modified.

Furthermore, carrying out a case study is very valuable as it affords the researcher the opportunity to combine multiple sources of data, i.e. interviews, company reports and studies undertaken by multilateral organisations (Teddlie and Tashakkori, 2003). Case studies allow for the combination of two different research designs. Contrary to Creswell's (2011) classification of case studies as a qualitative research (see Table 4-3), Bryman and Bell (2011:60) argues that "this identification with qualitative research is not appropriate". The explanation for Bryman and Bell's (2011) position is that case studies have also sometimes been used in mixed and quantitative research designs (Yin, 2003).

Hence, this research which entails 'revisiting stakeholder theory whilst considering the nuances of the upstream sector of the oil and gas industry in a developing country' may offer insights into how to potentially address some of these issues. Multinational oil companies-community issues include human rights problems (Desoto, 2000), environmental degradation and conflict with the local community (Tan, 2009). Table 4-4 provides a synopsis of the justification for selecting a case study as the research strategy.

Elements of research	Justification for using case studies
Refined stakeholder theory: 'How could the limitations of stakeholder theory in a developing country context is addressed?' The approach taken for this research as informed by various interviewees is that the stakeholder framework with the society at the centre is a better alternative to Freeman's stakeholder theory of the firm (Freeman's stakeholder theory has the firm at the centre of the stakeholder framework) for the upstream sector of the oil and gas industry in Nigeria?	This aspect of the research which addresses the research question 'how could the limitations of stakeholder theory in a developing country context be addressed?' is in response to stakeholder related issues; case studies are particularly suited for solving issues (Stake, 1995). Issues that this research will be addressing, which are cited in literature, include: business managers' inability to effectively balance diverse stakeholder interests, corporate scandals arising from apparent corporate exploitation of some stakeholders which have been cited in the professional business press and in academic literature (e.g. Frynas, 2005; Tan, 2009) particularly in developing countries (Yang and Rivers, 2009; Tan, 2011) The research question is addressing contemporary matters; case studies are particularly suited for contemporary studies (Yin, 2003)
Research Question: How do the contextual realities of a developing country impact on stakeholder theory? And, how could the limitations of stakeholder theory in a developing country context be addressed?	The research question shows that there is no clear distinction between the context and the phenomenon that is researched. Case Studies are particularly suited for research that is not distinct from context (Yin, 2003)
Interpretive worldview	Case studies are not prescriptive of how data is collected; they focus on richness of data from various sources (Weick, 2007) allowing multiple perspectives of stakeholders to be considered.

Table 4-4 Summary of the elements of research that justify the use of case studies

The next section will apply Cook and Campbell's (1979) and Denscombe's (2007) suggestions on what should be considered when selecting cases in research. Denscombe (2007) explained that it is important to justify the reasons why a case is selected, and there is a need for ample information about the context (Cook and Campbell, 1979). Therefore, after articulating the research design and its types in this segment, highlighted next are the general, specific and theoretical justifications for selecting the case studied in this research.

4.5.1 General justification for selecting the case

The first justification for selecting the oil and gas industry is because this sector is dominated by subsidiaries of multinational oil companies who interact with various stakeholders. Although these multinational organisations have a globalised operation, there is no universal consensus regarding their codes of practice. Moreover, new individual country's laws such as the UK's Bribery Act, the USA's Foreign Corrupt Practices Act and the UN Global Compact (Moran, 2009) have underscored the importance of accountability of multinational company operations overseas as it relates to their interactions with stakeholders, particularly with the global impact of the 2008 economic recession. Hence, the upstream sector, which has multinational oil companies interacting with various stakeholders, offers the opportunity to address the aforementioned contemporary issues. In addition, the case (oil industry) is revelatory (Bryman and Bell, 2007) because it explores the activities of multinational oil companies and other stakeholders within the upstream sector of the oil and gas industry in Nigeria, which is a relatively under-reported part of the world, using qualitative data, which is seldom used. After highlighting the general reasons for selecting the upstream sector of Nigeria's oil and gas industry in this research, the next section will discuss the specific justification for selecting this case.

4.5.2 Specific justification for selecting Upstream Sector of Nigeria's oil and gas industry

The case was selected because it is in line with the worldview applied in this research. This is because the upstream sector of the oil and gas industry in Nigeria is characterised by multiple perspectives for understanding stakeholder-multinational interactions, which is a feature of the interpretive worldview. These polarised perspectives on multinational oil companies' impact on stakeholders, and vice versa, in Nigeria. This reveals that the upstream sector of Nigeria's oil and gas industry would provide good examples of the stakeholder-corporate challenges which this research is investigating. Finally, since Nigeria's economy is very reliant on the oil and gas industry, an understanding of the specific local context vis-à-vis stakeholder issues would help provide insights into one of the research sub-questions: 'could contextual issues in the upstream sector of Nigeria's oil and gas industry offer fresh insights into Freeman's (1984) conceptualisation of stakeholder theory?'

Next to be discussed are some of the theoretical considerations for selecting the upstream sector of the oil and gas industry in Nigeria as the case to be studied in this research.

4.5.3 Theoretical considerations for selecting the upstream sector of Nigeria's oil and gas industry as the case to be studied

Careful theoretical consideration was given to choosing the upstream sector of Nigeria's oil and gas industry as the case to be researched, to ensure that it possesses features of what Layder (1993) calls ingredients for building theory. As previously detailed, this research is focusing on whether stakeholder theory should be 'adapted' or not to reflect the nuances of developing countries since the concept was originally formulated from data generated from developed countries which have more robust institutional structures and different cultures compared to a developing country, hence research findings from different contexts (developing and developed) may not be totally transferable. The argument for revisiting stakeholder theory in the developing country context was corroborated by Lincoln and Cuba's (1985) research. Lincoln and Guba (1985: 39) explain that 'social realities are wholes that cannot be understood outside their context'. In this research, the social reality is stakeholder theory and the context is Nigeria, which is an example of a developing country. Moreover, multinational oil companies that are studied operate in developing countries and it is their stakeholder practice in developing countries that is examined. Therefore, this research will explore if the social reality (stakeholder theory), which was conceived, based on findings from another context (developed countries) needs to be revisited to reflect a developing country setting.

4.6 Data collection

To put the data collection into perspective, it is important to recap that one of the research aims is to revisit stakeholder theory using data collected from a developing country. Hence, for this study, a combination of documentary information (e.g. newspaper articles and reports on the industry), direct observation of environmental and social conditions of case sites during the two field trips to different cities, towns and villages in Nigeria. During the first two field trips a total of seventy-five semi-structured in-depth interviews were employed (i.e. fifteen for the pilot field trip and sixty for the second field trip see Table 4-5). While the third field trip was to validate the preliminary themes generated from the analysis of the data collected from the first two field trips. Also, documentary information were collected from reports published by organisations such as the United Nations Development Programme, United Nations Environmental Programme, World Bank, Amnesty International, and Friends of the Earth and publications from Multinational Oil Companies amongst others, were used to develop the contextual background to the study. In addition, the aforementioned documentary information was utilised for cross-checking/filling in the gaps in the semi-structured interviews that could result from loss of memory of interviewees. The semi-structured interview questions were tentatively defined, albeit broadly, before data collection in the field began; this was to help create some focus and direction for the research (Eisenhardt, 1989). As data collection progressed, additional adjustments were made to the interview protocol to further probe emerging themes (Harris and Sutton, 1986). Moreover, open-ended interview questions were utilised so as to collect rich data and give meanings to the different actors' worlds (Patton, 2002). It is important to reiterate that giving meanings to the different actor's worlds is in line with the interpretive worldview. Hence, the choice of a blend of semi-structured interviews with other documentary sources of data is in line with the philosophical assumptions of the research, mentioned in Section 4.21, which favours multiple perspectives. Gatekeepers such as religious organisations and the researcher's personal contacts were used, in order to reach senior managers in stakeholder organisations and multinational oil companies in the upstream sector in Nigeria (see below for the limitations of using gate keepers). There is a specific justification for using semi-structured interviews as the main source of qualitative data for his research, supported by other archival secondary data. Semi-structured interviews were used as the main source of qualitative data because while some of the past studies on CSR/stakeholder theory in developing countries have used qualitative data many studies on CSR in developing countries have used secondary qualitative data (e.g., Muthuri and Gilbert, 2010; Julian, and Ofori-dankwa, 2013; Amaeshi and Amao, 2009; Jamali, 2014), an exception is Jamali and Mirshak (2007). Specifically, one of the previous researches in the area of stakeholder-multinational oil company interaction in Nigeria which used secondary data i.e. codes of conduct which were collected from websites of oil companies was conducted by Amaeshi and Amao (2009). A key strength of a code of conduct issued by, for example multilateral organisations such as the UN, OECD or ILO, is that it helps drive CSR practice among multinational oil companies (Matten and Moon, 2008). However, codes of conduct have been widely criticised for their questionable reliability, as they are often symbolic with little impact. For example, at times, companies do not implement codes that they place on their websites (Adams et al., 2001; Sims and Brinkmann, 2003; Schwartz, 2001; Weaver, 1993; Wotruba et al., 2001). This raises the epistemological question of how reflective of corporate behaviour the information gathered solely from secondary qualitative sources such as codes of conducts is.

The next subsection will highlight the sampling method used to collect qualitative data via semi-structured interviews.

4.6.1 Sampling

The research sample is "the segment of the population which is selected for research" (Bryman, 2007:182). The population referred to here could be human or nonhuman and "is the full set of cases from which the sample is taken" (Saunders et al., 2009:21). It can be classified into probability or non- probability sampling (Bryman and Bell, 2007). A probability sample is a research selection whereby the inclusion of a unit of a population occurs entirely by chance and the likelihood of choosing each unit is known (Bryman and Bell, 2007; Saunders et al. 2009) while non-probability sampling is a non-random choice of people or events (Denscombe, 2007). Therefore, for a non-probability sample it could be inferred that some parts of the population have a higher likelihood of selection than others (Bryman, 2007). Non-probability sampling can be classified into: quota, purposive, snowball, self-selection or convenience (Saunders et al, 2009).

4.6.1.1 Purposeful sampling

Purposive sampling involves "selecting cases for study (e.g. people, organisations, communities, culture, events etc.) because they are information rich, illuminative and offer useful manifestations of the phenomenon of interest" (Patton, 2002:40). Purposive sampling was used when selecting the case sample (i.e. the upstream sector of the oil and gas sector in Nigeria) because of the quality of insights into stakeholder theory (Eisenhardt, 1989). In-depth study in this context could help "illuminate the research questions under study" (Patton, 2004:6). Purposeful sampling helped to illuminate the central research question explored:

> "How do the contextual realities of a developing country impact on stakeholder theory? And, how could the limitations of stakeholder theory in a developing country context be addressed?"

In addition, purposeful sampling helped to inform where data was sought (Glaser and Strauss, 1967). For instance, interview samples of stakeholders, such as local communities, were selected based on the local communities' occupation (Denscombe, 2007). The occupation of some stakeholder groups were taken into consideration while choosing interviewees from the local community because the impact of oil companies' activities could be better accessed if the consequences for the local communities' livelihood was considered. Moreover, the impact of Multinational oil companies' activity varies from one occupation to another, for example an oil spillage or gas flare may impact on a fisherman in a different way to a farmer. Again, the importance of considering the practicalities of the local context is in line with the sub-research questions: How do the contextual realities of a developing country impact on stakeholder theory? And, how could the limitations of stakeholder theory in a developing country context be addressed? Purposive sampling of interviewees was continued until theoretical saturation was reached (Strauss, 1987). Theoretical saturation can be said to have been attained when further interviews consistently provided no new information or when the additional data collected was not relevant to the study (Bryman and Bell, 2011). The next sub-section will discuss how the sampling helped to address some data quality issues.

4.6.1.2 Using sampling to address quality issues in data collection

Quality issues in qualitative research could be enhanced by sufficient explanation of the sample used and the methods for how the sample was selected and engaged

(Thomas and Harden, 2008). The "sample must be appropriate, consisting of participants who best represent or have knowledge of the research topic" (Morse et.al, 2008:18). The sampling took into consideration issues of data quality such as forms of bias and generalizability or external validity (Gibbert et al., 2008; Saunders et al., 2009). It was important that potential forms of bias were anticipated and addressed to enhance construct validity.

4.6.1.2.1 Construct validity

Construct validity is the quality of the conceptualisation of the relevant concept (Gilbert et al., 2009). Since case study researchers have been criticised for using subjective judgement (Yin, 1994), Bryman and Bell (2011) contend that various forms of bias should be addressed via sampling. Potential forms of bias were corrected for via sampling because all the stakeholders interviewed in this research had a vested interest in this topic. Thus, at least two key management employees in each multinational oil corporation, government officials, members of the community and executive employees of NGOs were interviewed, to gain different perspectives and validate the information collected (e.g. interviewees where asked to comment on preliminary insights from analysis of data). Other stakeholders that were interviewed to cross check the responses of the primary stakeholders (multinational oil corporations, government officials etc.) included editors of three Nigerian national newspapers and a TV channel, the immediate past Chief of Staff in the Nigerian Army and an oil industry expert (see Table 4-5 for a composition of the interviewees). It is important to state here that other stakeholders that were interviewed, such as members of the press, military and an oil industry expert cannot be referred to as independent parties as they also have stakes in the oil and gas industry in Nigeria. Hence, additional secondary data were sought from multilateral organisations such as the United Nations Development Programme and World Bank. Moreover, taking into consideration the different perspectives of stakeholders is in line with the researcher's worldview which is interpretive, and entails the assumption that knowledge is valid when different subjective views are considered (Creswell, 2003).

4.6.1.2.2 Generalizability

The advice of Patton (2002) was applied when choosing a sample size and in addressing issues of generalizability. Patton (2002) recommends that the researcher should be flexible when determining the sample size for a qualitative enquiry. He explains that a researcher should consider the purpose of the enquiry, the information richness of the cases selected, the credibility of the research and the available resources when deciding on the sample size. However, the total number of interviewed participants for this research, seventy five (i.e. fifteen for the pilot field trip and sixty for the second field trip see Table 4-5), was not representative of the total population of the upstream sector of the country's oil industry and its stakeholders in Nigeria. Yin (1995) explains that case studies are generalizable to theoretical prepositions and not to populations. The objective of a case study is neither to represent a sample nor to observe frequencies but to expand and generalise theories within a case. Stake (1995) contends that particularisation is the key focus of case studies. Particularisation entails knowing and understanding a particular case, saying that "the emphasis is on uniqueness and not primarily how it differs from others" (Stake, 1995:8). However, by knowing the case well, how the case differs from others is learnt but again the first emphasis is on understanding the case itself (Stake, 1995). Weick (1969) contends that it is the particularisation and situation specificity of case study that makes it difficult for findings from this kind of research to be generalizable. Thus, the generalizability that the findings of this research explore is theoretical, because the outcome of this research was related to other studies relating to stakeholder theory (Bryman and Bell, 2007). Comparing the current research findings with those of other studies on stakeholder theory which were carried out in different settings enable the researcher "to make extrapolation of patterns for potential transferability and adaptation in new settings" (Patton, 2002:41), therefore enhancing theoretical generalisation. In addition, to improving theoretical generalizability, secondary sources such as photographs, official publications and reports were used to augment the qualitative data collected.

Stakeholder group	Stakeholder role	Number of interviews
Field trip1		
MNOC	Public Affairs Officer	1
Community	Youth leader	2
	Women leader	1
	Chief	1
	Farmer	3
	Fishermen	2
	Elder (retired)	1
Government	Regulator	2
	Legislator	1
Civil society	Director of NGO	1
Field trip 2		
MNOC	Senior managers	10
	Employees	5
Community	Reverend father	1
	Kings	2
	Chiefs	3
	Women leader	2
	Farmers	5
	Fishermen	3
	Youth leaders	3
	Beauty queen	1
Government	Senior legislative staff	1
	Executive	1
	Regulators	6
Media	Editors (newspaper)	4
	Editor (television)	1
Civil society	Director/managers	10
Military	(Former) Chief of Army staff	1
Other	Oil industry expert	1
	Total:	75

Table 4-5 Composition of Interviewees from first and second field trip.

After a synopsis of how data were collected and the composition of the data collected in this section, next to be addressed is how the data was analysed.

4.7 Data Analysis

Stake (1995) defines analysis as a combination of breaking down and synthesis of an area of study. Qualitative analysis entails "concentrating on the instance, trying to pull it apart and put it back together more meaningfully" (Stake, 1995:75). Bogdan and Taylor (1975:79) define data analysis as "a process which entails an effort to formally identify themes and construct ideas as they are suggested by data and an attempt to demonstrate support for those themes and ideas". The analysis of this research was organised using Miles and Huberman's (1994) three step analysis. First, data reduction was completed from the interview transcripts and other data sources such as websites, company documents, and reports. Thereafter, themes were extracted and represented as codes. These codes were informed less by a prior theoretical framework and more by the empirical data. Secondly, in the data display stage, key findings were explained and discussed through tables and figures as they relate to the overarching research question. The last stage of data analysis (conclusion and verification) presents a collective logical story from integrated key findings to achieve the two research aims. In addition, the conclusion of findings was related to existing relevant literature and similarities and differences were highlighted.

4.7.1 Analytical Assumptions

The research analysis is guided by the assumptions that the researcher makes about the relationship between theory and empirical data (Bryman and Bell, 2007). In academic literature, analysis is usually classified into deductive and inductive approaches (Parkhe, 1993). A third classification which is less mentioned in academic literature is abductive (Suddaby, 2006). The deductive approach involves research conducted by testing hypotheses/propositions, generated from a review of literature before data collection begins and the latter is used to verify the former (Saunders et al., 2007; Parkhe, 1993). The inductive approach involves the development of theory from empirical data (Parkhe, 1993). Thus, the main difference between the inductive and deductive approach is based on the paradigm underpinning the research (Perry, 1998). The deductive approach tends to have a positivist approach to conducting research while the inductive approach tends to have a phenomenological (interpretive or critical theory or realism) approach (Easterby-Smith et al., 1991). The abductive approach is a combination of the induction and abduction approaches i.e. the process of forming an explanatory hypothesis (Suddaby, 2006:639). Abduction involves iteration between existing theories in the literature and what happens in reality to develop new theoretical models and concepts (Dubois and Gadde, 2002).

For the purposes of this research, the researcher used an abductive research process which involved a very basic preliminary review of the literature to generate the initial research questions and to generate a theoretical focus (stakeholder theory) after which a pilot data collection field trip was conducted (Dubois and Gadde, 2002: 555). The approach taken for this research is consistent with Glaser and Straus' submission (1997). Glaser and Strauss (1997) contend that it is not realistic to have a purely inductive approach that entails no reference to prior theory. "Starting a research study from scratch without reference to prior theory is neither practicable nor preferred" (Perry, 1991:788). Moreover, Richards (1993) and Miles and Huberman (1994) argue that in reality, no research can be totally inductive, i.e. theory emerging from data without any reference to prior theory. Richards (1993) and Miles and Huberman (1994) explain that in any study, induction and deduction take place simultaneously or are linked together. Therefore, in this research, the systematic iteration between the two sets of qualitative data, collected from the longitudinal field trips and the existing literature, helped to develop and refine the contextual influence on the conceptualisation of stakeholder theory through the analysis and interpretation of the data. Specifically, the initial research questions and interview questions, which were generated from the existing stakeholder theory, were modified after the initial analysis of the pilot data. Thus, the second set of field data was reflective of some of the insights generated from the preliminary analysis of the pilot data collected. It is important to mention that there was a slight iteration of data collection and analysis via the use of field notes and memos, which involved the researcher articulating a running conscious commentary of impressions and what was deemed important, based on observations and inferences (Eisenhardt, 1989). In the next section, the unit of analysis will be discussed.

4.7.2 Unit of analysis

The unit of analysis is defined as "the fundamental problem of defining what the case is" (Yin, 2003:22). Miles and Huberman (1994) explain that a case is the study of a phenomenon within a bounded context. In this study, the case is the comparison of multinational oil companies attributes of power and legitimacy to the local communities' attributes of power and legitimacy within the context of the upstream sector of Nigeria's oil and gas industry. Situating the case within the upstream sector of Nigeria's oil and gas industry will offer deeper comprehension of the context and fresh insights into answering this study's second research sub-question, which focuses on leveraging on contextual issues to extend stakeholder theory: To what extent could institutional and contextual issues in the upstream sector of Nigeria's oil and gas industry influence the conceptualisation of Freeman's (1984) stakeholder theory?

After giving the analytical assumptions underpinning this research and the unit of analysis, the next section will outline the procedure used to analyse the data collected.

4.7.3 Analytical Procedure

The qualitative data collected were analysed using guidelines provided by Braun and Clarke (2006), Sheppard and Sutcliffe (2011), Eisenhardt (1989; 2007) and Miles and Huberman (1994). First, the researcher wrote a report on what could be recalled after the interview sessions; this helped to capture the implied details and observations that could potentially be lost if not recorded whilst still fresh in the mind of the researcher (Miles and Huberman, 1994). After reading, familiarising and highlighting interesting parts of the data, the next stage of the analysis was the generation of initial codes. Codes are defined as “the most basic elements of the raw data that could be assembled in a meaningful way” (Braun and Clarke, 2006:18) and are part of the analysis process (Miles and Huberman, 1994). Coding entails organising data into meaningful groups (Tuckett, 2005). Since there is some very partial reference to the theory, the codes generated for this research were inspired partly by the literature and the modified research objectives informed by the data. The coding for this research process involved choosing codes from extracts of interviews and collating codes to be less broad and specific. After collating the codes, a broader set of codes were sorted into patterns and themes using visual aids such as tables and matrixes.

Miles and Huberman (1994) argue that when analysing qualitative data, it is important to identify which patterns and themes occur and determine what patterns, or lack of them, contributes to answering the research questions; this approach is called thematic analysis (Holloway and Torres, 2003; Braun and Clarke, 2006). Themes “capture something important about the data in relation to the research question, and represent some level of patterned response or meaning within the data set”

(Braun and Clarke, 2006:10). Thus, thematic analysis “involves searching across a data set – be that a number of interviews or focus groups, or a range of texts – to find and make inferences of repeated patterns of meaning” (Braun and Clarke, 2006:16). Specifically, in this research, analysis entailed organising sections of the data (interviews and archival data) into recurrent themes (Campbell and Schram, 1995). In summary, themes were generated sometimes from codes which were produced from direct quotes of interviewees, inferences made from interview transcripts, plus patterns (which are a collection of codes) based on conceptual terms in the field of stakeholder theory (Miles and Huberman, 1994).

Braun and Clarke (2006) suggest that themes are not based on how prevalent a certain idea is but rather, how relevant it is to the research area that is being explored. The researcher checked for discrepancies in patterns in the empirical data and whether it captured important insights related to the overall research questions. Where there were relationships, explanations for inconsistencies were explored while the discrepancies were taken as an opportunity to clarify evolving conclusions from analysis. Essentially, where findings from interviews and other sources were contradictory, further probing of the deeper meaning of the differences was carried out (Eisenhardt, 1989). Furthermore, Miles and Huberman (1994) explain that it is important to explore whether there are any informative narratives to be found in the qualitative data collected. Beyond the informative narratives, the researcher explored inferences with latent insights which included probing for “underlying ideas, assumptions, conceptualisations and ideologues” (Braun and Clarke, 2006:10) which are gleaned from the interpretation of the deeper meanings of the descriptions made by interviewees. Importantly, the researcher also asked how the inferences related to answering the overall research questions (Patton, 1990). During research, the presence or lack of patterns informs the decision to collect more data or stop collecting data. It also serves as a guide to reframing the research questions (Miles and Huberman, 1994). The suggestions of Braun and Clarke (2006) about questions that the researcher should consider whilst reviewing emerging themes, were taken into consideration. Some of these questions are: What does this theme mean? What are the assumptions underpinning it? What are the implications of this theme? What conditions are likely to have given rise to it? Why do people talk about this thing in this particular way (as opposed to other ways)? What is the overall story the different themes reveal about the topic? (Braun and Clarke, 2006:24). The themes were presented in the form of definitions of these themes and were illustrated via quotes which were then explained. Quotes used in the analysis chapter of this research are selected based on how representative they are of what interviewees said and how relevant they are to the questions the research is exploring (Miles and Huberman, 1994). Quotes that were also poignant and help explain complex nuances of the participants' views or help illustrate the research findings were selected (Bryman and Bell, 2013). Sometimes, the choice of words of the participants offered valuable insights into their assumptions (Barnett-Page and Thomas, 2006). Furthermore, quotes were selected based on the patterns which informed the emerging themes (Saini and Shlonsky, 2012). However, quotes were also selected if they served as exceptions or offered alternative perspectives to the general view given by most interviewees (Miles and Huberman, 1994; McPherson, and Thorne, 2008). For an example of an exception, see page 91: "Nevertheless, it is important to articulate that a manager of Exxon Mobil appears to have a different view to that of the three stakeholders quoted above about the conduct of government officials tasked with managing the oil and gas industry in Nigeria… The excerpt below expresses this". Importantly, the quotes were used as a means of establishing the audit trail with the intent of strengthening credibility (Corden and Sainsbury, 2006). However, the researcher is also aware that while quotes are important as a source of evidence, the view that meticulous development of themes, the linkages and the interpretation made based on other factors was given more attention (Braun and Clarke, 2006). Next to be presented is Figure 4-2 which provides an overview of the data analysis procedure discussed so far and used in this research.

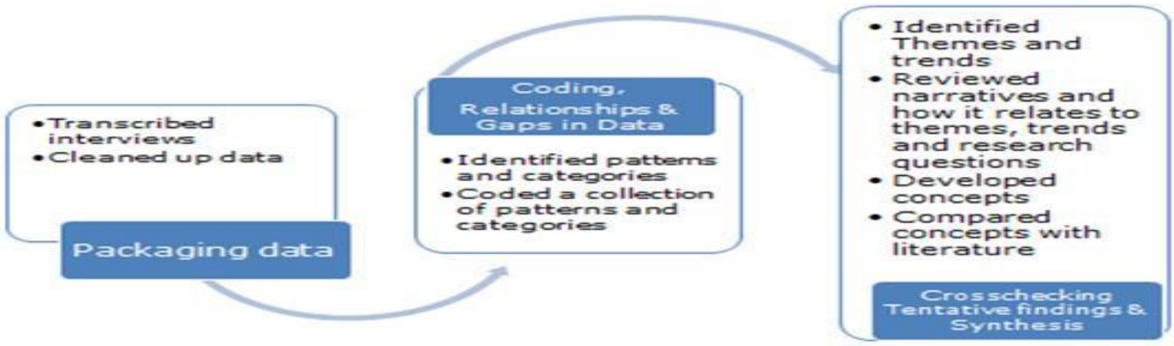


Figure 4-2 Overview of the data analysis procedure used in this research.
Source: Adapted from Miles and Huberman (1994)

The Figure 4-2 shows the stages of data analysis while the Table 4-6 shows the stages of theory building and the rationale behind each process. This includes defining the research question, selecting the case, collecting and analysing data and completion (Eisenhardt, 1989). Particularly, the analysis process (see demonstration of this in the analysis chapter) included "iterative tabulation of evidence for each construct to sharpen constructs definition, validity and measurability" (Eisenhardt, 1989:533).

It is important to note that while Eisenhardt's (1989) procedures, as expressed in the Table 4-6, are helpful as a guide, it is necessary to reiterate that in practice, the process of theory generation was iterative and may not follow the linear procedure outlined figure 4-2 and table 4-6. The next section will provide a synopsis of how the collected data was organised to enhance the analytical rigour via display.

Step	**Activity**	**Reason**
Getting started	Definition of research question	Focuses efforts
	Possibly a priori constructs	Provides better grounding of construct measures
Selecting cases	Specified population	Constrains extraneous variation and sharpens external validity
	Theoretical, not random, sampling	Focuses efforts on theoretically useful cases – i.e., those that replicate or extend theory by filling conceptual categories
Crafting instruments and protocols	Multiple data collection methods	Strengthens grounding of theory by triangulation of evidence
	Multiple investigations	Fosters divergent perspectives and strengthens grounding
Entering the field	Overlap data collection and analysis, including field notes	Speeds analyses and reveals helpful adjustments to data collection
	Flexible and opportunistic data collection methods	Allows investigators to take advantage of emergent themes and unique case features
Analysing data	Within case analysis	Gains familiarity with data and preliminary theory generation
	Cross-case pattern search using divergent techniques	Forces investigators to look beyond initial impressions and see evidence through multiple lenses
Shaping Concepts	Iterative tabulation of evidence for each construct	Sharpens constructs definition, validity and measurability

	Replication, not sampling, logic across cases	Confirms, extends and sharpens theory
	Search evidence for "why" behind relationships	Builds internal validity
Enfolding literature	Comparison with conflicting literature	Builds internal validity, raises theoretical level and sharpens construct definitions
	Comparison with similar literature	Sharpens generalizability, improves construct definition and raises theoretical level
Reaching closure	Theoretical saturation when possible	Ends process when marginal improvement becomes small

Table 4-6 Theory building from case studies. Adapted from Eisenhardt (1989).

4.7.4 Data display

"Display can be defined as a visual format that presents information systematically so that the user can draw valid information from the data and take needed action" (Miles and Huberman, 1994:91). The core of a valid analysis is the display, as it makes it easy for the researcher to make comparisons and draw and verify valid conclusions. Thus, displays allow "the viewing of the full data in the same location arranged systematically to answer the research questions at hand" (Miles and Huberman, 1994:92). The tools used for display include tables, and flow charts to preserve the qualitative data to avoid loss of the meaning of the data due to intensive coding (Eisenhardt, 1989, Miles and Huberman, 1994). The final stage of data analysis (conclusion and verification) entails presenting a logical story from integrated key findings of the overarching research question. Furthermore, the conclusion of findings is matched with existing relevant literature. The next section will provide a précis of some of the ethical issues that were considered whilst carrying out this research.

4.8 Ethics

One of the criticisms of the case study research strategy relates to ethical considerations (Williams, 1996). Ethical concerns, such as taking informed consent of interviewees, were taken into consideration (BERA, 2004). To address this, the researcher collected a letter of introduction from the university, introducing him to gatekeepers and agencies that possess relevant information. This research respects all confidentiality requests of all interviewees. This section will cover some of the ethical considerations on the following: recruiting participants, informed consent, confidentiality and anonymity, protection from harm, deception and ethical issues. Also this segment will articulate the reflections of the researcher on the procedures and precautions that he took to ensure that respondents' rights were protected. Reflexivity entails a "process whereby researchers place themselves and their practices under scrutiny, acknowledging the ethical dilemmas that permeate the research process and impinge on the creation of knowledge" (McGraw, Zvonkovic, and Walker, 2000:68)

Participants were informed about what the research entailed such that they could make up their mind whether to participate or not (Hurd, 1996). The researcher had to cancel two interviews because the respondents were not keen on the interviewer tape recording them and the researcher naively thought that an interview not tape recorded would lose its validity.

Minors, people who could not understand the communication and mentally disabled respondents were not interviewed. Actually, aside from the ethical considerations there was no need for the aforementioned participants, as this class of participants were unlikely to contribute any insight to the data collected.

To avoid harm to the interviewer, trusted gate keepers were used to gain access to local communities which have had reported incidents of kidnaping in the past. Where the integrity of the gate-keeper could be vouched for, the interview would be cancelled. For example, a driver of one of the NGOs that the researcher interviewed offered to grant an interview to a notorious ex-militant. The driver could not confirm the venue for the proposed interview and the interviewer had doubts about the integrity of the driver (based on the researcher's interaction with the driver). The risk to the safety of the interviewer was high, and hence the researcher cancelled the interview. Adequate precautions were also made to ensure that the researcher's movements were not publicised e.g. information about the accommodation where the researcher resided was not disclosed. Also, while it is a Nigerian culture to offer guests drinks, the researcher had to politely turn down these refreshment in such a way that the feelings of the host were not hurt. This was to forestall any potential issues such drugging of drinks, which could lead to the compromised safety of the researcher.

The researcher removed names and actual roles of respondents from quotes in interviews and used only generic roles. Also, when conducting subsequent interviews and triangulating what other earlier respondents had said, the researcher made sure that the names of those respondents were not mentioned during those interviews to ensure that confidentiality of the earlier interviewee was respected (Tolich, 2002).

The interviewer made sure that he did not intrude on the time of the interviewees by ensuring that interviews did not last more than two hours even though many interviewees were willing to give more time. The African culture of being polite meant that respondents may not be able to say that one is taking a lot of their time. However, the African culture of collectivism where people tend to communicate more with people, meant that people were keen on communicating.

Efforts were made to interpret the data as fairly as possible to reflect what was said by the respondents and, after the first set of interpretation of the data, the preliminary frameworks were shown to some respondents and their views incorporated. The researcher respected the rights of relevant strata of society irrespective of their influence. For example, poor members of the local communities who were residing in rural areas (which are difficult to reach) were interviewed, and equal time was given to them as to the big corporations who operate in the city.

During this research there were two ethical issues. The first was that during a trip with an NGO from Port Harcourt in Rivers to a village in Delta state that took more than a day, the NGO kindly offered to cover the hotel bill of the researcher as they claimed that their grant from donors will cover this cost. Since the NGO was the one serving as a gate keeper the researcher was dependent on the NGO and did not want to offend this organisation as this may have affected his access to the local community where the interview would be conducted. The researcher turned down this offer in a way that did not offend this NGO. The second incident occurred when the interviewer went to interview two executives of a MNOC and the access was granted from the Chief Operating Officer in their head office. The executive in this MNOC in Nigeria offered to pay the hotel and travel costs of the researcher in the hope that the researcher would give complementary feedback to the Chief Operating Officer at the head office who created the access. The researcher turned down this offer as the researcher believed that this would affect the impartiality and independence of the research. What was learnt from these two occurrences is that researchers should make adequate financial preparation for field trips, as this would make it easier for the researcher to turn down any such financial offers that could affect the independence of their research.

4.9 Reflectivity of the research process

The researcher adopted the "impersonal third person voice to explain an observed phenomenon (Richardson, 1994:520) and followed Golden-Biddle and Locke's (1997:3) advice that the researchers must write herself out of the text and let the findings speak for themselves". Also, the researcher is "wary of putting personal self too deeply back into text that it dominates" (Lincoln and Denzin, 1994:578). Hence, through this research, the researcher tried to practice the principle of "detachment to society that allows the researcher to observe the conduct of self and others" (Holliday, 2002:178). However, in the spirit of reflexivity, the researcher has tried to scrutinise himself and research practices which informs the standing back and articulation of a critical synopsis of the researcher's background, experiences and some viewpoints which follows.

I am a south western Muslim Nigerian from an educated middle class background, have a passion for education as inspired by my dad who was a Commonwealth PhD scholar in the UK and is a University Professor and my mum a retired deputy head teacher. I have travelled to different regions in the country partly for work during my employment with the World Bank funded projects in Nigeria and for leisure. I have friends from all major regions of Nigeria. Hence, understand some of Nigeria's main culture and history such as the impact of British colonisation on the country, contribution of oil to the country's economy, importance of; family, religion, land and source and means of livelihood. However, I am aware that during this research I needed to be careful not to stereotype people and to try to make the familiar strange and the strange familiar. I respect other cultures and religion as my neighbours and friends when growing up were mainly Christians and from other ethnic groups in Nigeria. I could sometimes be called an extrovert as I like meeting people where necessary but I also like to be alone to reflect about what is learned. I believe in gaining multiple perspectives to a phenomenon and the diverse voices of the participants should be respected. I appreciate that each participant has a vested interest in the oil and gas industry which is used as the case study, hence, there is a need for probing questions to be asked and triangulation of what is said by various interviewees. I do not like people to be exploited but do not like simplified one-sided explanation of conflicts. I am curious about understanding the nuances of the oil and gas industry in Nigeria and think that this industry could be a good exemplar for evaluating stakeholder theory in a developing country context.

Interviewees appear to believe that I am an independent researcher, these interviewers say that partly because I came from the UK to conduct the interview and also because of the type of questions that I pose while interviewing them. They also seem to be impressed by my commitment to the research as they seem to say that I go to great lengths to securing and conducting interviews.

4.10 Summary

This chapter has discussed different philosophical assumptions that underpin social research; called the worldview. The interpretive worldview was identified and some of the justifications for its use as the philosophical basis for this research on revisiting stakeholder theory using a case study of the upstream sector of Nigeria's oil and gas industry were discussed. The worldview was classified by epistemology, ontology and axiology, and how each characterisation could influence the research design was explored. Then research designs, which were classified into qualitative, mixed and quantitative methods, were briefly discussed and the reasons for a qualitative approach being selected were justified. The methodology which is influenced by the worldview and categorised into method, data collection, research strategy and its justification including data analysis, was covered. In addition, the actual research strategy (i.e. case study), data collection and how the data were analysed, were discussed. The concluding part of this chapter addressed some ethical issues relating to the research. Next is the analysis chapter.

Chapter 5 - Analysis

5.1 Introduction

This chapter presents the empirical findings which addresses the central research questions of this study. There are two research questions. How do the contextual realities of a developing country impact on stakeholder theory? And, how could the limitations of stakeholder theory in a developing country context be addressed? The first key research aim is to provide insights into some of the limitations of stakeholder through empirical data.

The second aim of this research is to build on Freeman (1984; 2010), Donaldson and Preston (1995), Mitchell et al'. (1997) and Wood's (2010) contribution to the present conceptualisation of stakeholder theory and stakeholder attributes. This second aim includes exploring whether contextual factors in a developing country context could offer a fresh conceptualisation of stakeholder theory, focusing on the weak but legitimate stakeholders (in this case the local community and, to a lesser extent, temporary employees). Unlike Mitchell *et al.* (1997) and Freeman, (1984: 2010), this study takes a systemic view of stakeholder theory and considers multinational oil companies as stakeholders in the upstream sector of Nigeria's oil and gas industry. Thus, the stakeholder attributes considered for this research include those of the multinational oil companies in comparison with those of the local community and, to a lesser extent, those of temporary staff. The nature of the research objectives explored, and the insights gathered from the data collected, informed the focus of this research on the stakeholder attributes of power and legitimacy. The focus on these attributes, not other stakeholder attributes such as urgency, is because the insights derived from the respondents revealed that these two terms are most relevant to the context and the research questions of this study.

Using the lens of power and legitimacy to explore the upstream sector of Nigeria's oil and gas industry offered the researcher insights into developing concepts such as stakeholder social ir/responsibility. Stakeholder social responsibility offers a platform to pose questions around the interests and rights of weak stakeholders that have, up to now, been ignored. Furthermore, through the concept of stakeholder social irresponsibility the failure of powerful stakeholders such as the government (government social irresponsibility) and multinational oil companies (corporate social irresponsibility) were explored. Importantly, since this study considers the rights of weak stakeholders, it is salient to examine the accountability of these weak stakeholders to other stakeholders and to society. By examining the responsibility of the weak stakeholders (in this case the local community), the negative impacts of these weak stakeholders' activity on society, when their activities fall short of acceptable moral norms, can be highlighted through the concept of community social irresponsibility.

In this analysis chapter, the researcher specifically explores why stakeholder engagement practices, as applied by multinational oil companies in Nigeria, are not working. This is given in the two problem statements reviewed in this study, which are; firstly, after over five decades of oil production, the multinational oil companies operating in Nigeria's oil and gas industry and its stakeholders have received billions of dollars in revenue, however, in the Niger Delta where the oil is found, there is widespread poverty, reducing agricultural yields, conflict and environmental degradation (Amnesty, 2008, UNEP, 201i). Secondly, even though multinational oil companies who operate in this region claim to have expended millions of dollars on various CSR and stakeholder engagement programmes (Shell, 2013; Agip, 2013; Chevron, 2013; Exxon Mobil 2013; Total 2013), the Niger Delta is still economically, socially and culturally depleted with the region having the country's highest rate of unemployment (Amnesty, 2010), the Ubuntu African tradition is being lost and prostitution and other social scourges are rife.

The first problem statement articulated above could be summarised as there being a high disparity between opulence and poverty among stakeholders, since some stakeholders (e.g. shareholders, the government and institutional investors) are benefiting from the upstream sector of Nigeria's oil and gas industry (via profit, and taxes on the profit in the case of the government), while other stakeholders, e.g. the local communities, are adversely affected by this industry, particularly as the government is considered ineffective (see government social irresponsibility in Section 5.3.4.2.1). This problem statement speaks of the challenge of focusing on stakeholders as tools of the multinational oil companies, since this context reveals that multinational oil companies and their partners are achieving their objectives by exploiting weak stakeholders while the interest of weak stakeholders are ignored. The second problem statement raises the question of how effective CSR and the stakeholder engagement practice of multinational oil companies is in the Niger Delta? This is because multinational oil companies CSR initiatives and stakeholder engagement are both increasing with no corresponding improvement in stakeholder welfare.

It is important to reiterate (as articulated in Chapter 4) that the concepts around power and legitimacy which were generated in this chapter were informed mainly from interpretations of interviews with multiple stakeholders which were supported by archival data. The stakeholders interviewed for this research comprised of directors of civil societies, journalists, government regulators, industry experts, a retired top military officer and managers working in all the big five multinational oil companies operating in Nigeria. Shell's relatively bigger operation in Nigeria compared to other multinational oil companies explains why many of the interviewees interviewed for this research made more reference to this organisation than other multinational oil companies (see Chapter 2). However, the upstream sector of Nigeria's oil and gas industry is characterised by joint venture agreements which involve Shell partnering with other multinational oil companies. Thus, when reference is made to Shell, other multinational oil companies are also involved indirectly, since they are joint venture partners, except where it is expressly stated that the behaviour that is referred to is unique to Shell.

First to be highlighted in this chapter are insights gathered from primary and secondary data on stakeholder theory as it applies to the upstream sector of Nigeria's oil and gas industry. Next to be addressed are stakeholder terms that depict drivers of attributes of power and legitimacy of multinational oil companies relative to others in the context of the upstream sector of Nigeria's oil and gas industry. Furthermore, the limitations of a high concentration of power in a stakeholder (Multinational Oil Companies) compared to other stakeholders (local community and temporary staff) and the need to incorporate ethics at the core of the legitimacy discourse will be outlined.

5.2 Stakeholder theory as applied to the upstream sector of Nigeria's oil and gas industry

One of a manager's key responsibilities is to implement decisions that help achieve the purpose of the firm as defined by directors (Huy, 2001; Oysterman, 2009). In line with directors' mandate to managers on achieving purpose, Freeman (1984) in his seminal book, posed the question; what is the purpose of the firm? The response to the above question if answered through a stakeholder lens is that the purpose of the firm is to serve as a vehicle for fulfilling diverse stakeholder interests, e.g. customer satisfaction, profit maximisation and motivated employees (Freeman, 1984; 2010).

To answer the question of purpose of the firm, the organisational purpose as articulated in the strategy statements of two firms are examined. The two firms whose strategy statements are reviewed are typical multinational oil companies, namely Shell and Chevron, which both have subsidiaries operating in the upstream sector of Nigeria's oil and gas industry; the other three are shown in Table 5-1. The strategy statement for Chevron as stated on its website is as follows:

> "At Chevron, we are relentlessly focused on producing safe, reliable energy now and for the future. How are we doing it? By applying the energy that we have most in abundance: Human Energy" (Chevron, 2013).

This strategy statement addresses diverse stakeholder interests; for instance, 'producing' may refer to questions that potential and present investors (which include shareholders) may focus on, i.e. what does the organisation do? The word 'safe' refers to the interests of the government and protection of the community and the environment. 'Reliable' addresses the needs of customers while 'human' energy refers to employees within the organisation and those external to the organisation, for example employees of organisations within its value chain, which includes contract staff. Therefore, Chevron's strategy statement demonstrates that the purpose of the firm is to address the diverse needs of different stakeholders in an ethical way (notice the word 'safe'). This is because an organisation cannot be considered ethical if it compromises the safety of its employees, customers or society in general.

To further answer the question of the purpose of the firm, Shell's strategy statement will be examined. Shell's strategy, as stated on its website, is:

> "Our strategy seeks to reinforce our position as a leader in the oil and gas industry while helping to meet global energy demand in a responsible way.

Safety, environmental and social responsibility are at the heart of our activities" (Shell, 2013).

Similar to Chevron's strategy statement and those of other multinational oil companies operating in Nigeria (see Table 5-1); Shell's strategy statement reveals that the fundamental reason for the existence of the organisation is to address all the diverse stakeholder interests. Shell's choice of words in the above strategy statement is instructive, as it addresses the interests of different stakeholders. For instance, phrases such as 'leader in the industry' refer to effectiveness (e.g. more profit-shareholders, bigger market share or a more renowned brand-customers) in the competitive landscape, and address competitors. Reference to 'global energy demand' addresses customer interests and 'responsible way' covers host and home country government regulation of their operation, plus the interests of society. Furthermore, consideration of 'safety' addresses local community and employee interests, 'environmental' covers environment issues, while 'social responsibility' refers to societal rights. Shell's strategy statement could be summarised as having the objective of sustaining leadership in the oil and gas industry while addressing diverse stakeholder interests, maximising profit, behaving ethically (in a responsible way) and achieving greater social goals. Thus, managers of Shell are employed to deliver the milestones associated with the above-defined objectives and their performance would be appraised based on how well they achieve this set goals. However, it could be argued that, for managers to achieve the above strategy, they have a legal, moral and economic responsibility to fulfil the terms of their contract for profit maximisation and CSR. The Table 5-2 depicts the strategy statements of three other multinational oil companies operating in the upstream sector of Nigeria's oil and gas industry and the stakeholder interests that they address.

Multinational Oil Companies	Strategy Statement	Stakeholder Principles and Stakeholders
Exxon Mobil	Exxon Mobil Corporation is committed to being the world's premier petroleum and petrochemical company. To that end, we must continuously achieve superior financial and operating results while simultaneously adhering to high ethical standards.	World's premier (competitors), financial results (shareholders, financial institutions), ethical (other stakeholders such as employees, local community, supply chain, government etc.)
Eni (operating as Agip in Nigeria)	We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.	major (competitors), growth (competitors, government), men and women (employees), integrated (strategic business units), people (supply chain, community), environment (environment), integrity (society)
Total	Total's mission is to responsibly enable as many people as possible to access energy in a world of constantly growing demand, by focusing on three basic cornerstones: ethics, safety and corporate social responsibility (CSR).	responsibly (society), many people (customers), access energy (supply chain), growing demand (customers), ethics (members of the society e.g. employees, local community, supply chain, government), safety (employees, local community), corporate social responsibility (stakeholders and potential stakeholders e.g. members of society)

Table 5-1 Strategy statements of some multinational oil companies and the stakeholders addressed

Source: Strategy statement adapted from multinational oil companies websites or brochures

The Table 5-1 interprets, through a stakeholder lens, the mission statements of three other multinational oil companies, which all have subsidiaries in Nigeria, and on which the study focuses. It reveals a similar focus on fulfilling stakeholders' rights and ethics (refer to the recurrent use of the word 'responsible' which is synonymous with ethical as 'responsible' refers to the interests of the stakeholders that the organisation affects) as the statements by Shell and Chevron in the earlier analysis. Nevertheless, it is necessary to highlight that critics of the stakeholder concept may contend that such a strategy statement may not be reflective of multinational oil companies practice, and may just be drafted by public relations personnel who have little or no influence over the organisational strategy. In response to these critics, it is important to note that the fact that it is placed on their website reflects the perception that this is important for the multinational oil companies even if it is as a 'green wash' or for marketing purposes.

Importantly, Shell, Chevron, Total, ExxonMobil and Eni's statements of strategy outlined above all refer to the oil and gas industry. This reveals that the purpose of the five organisations cited in this research are defined to articulate the setting or industry where they are operating. Therefore, since stakeholder interests are key elements of oil companies' strategy as stated above, and organisations' strategies are dictated by their operating environment, it could be inferred that stakeholder interests are defined partly by the contextual reality. Thus, examining the background of the upstream sector of Nigeria's oil and gas industry using the stakeholder lens will offer interesting and alternative perspectives on the conventional conceptualisation of stakeholder theory when applied to Nigeria. Alternative perspectives to the conventional conceptualisation of stakeholder theory which are informed by secondary and primary data collected from the upstream sector of Nigeria's oil and gas industry of this research is explained in this chapter. This include focusing on society-wide view of stakeholder interest (including firms such as multinational oil companies), instead of having firms (e.g. multinational oil companies) use stakeholders as mere tools for achieving their goals and objectives. This means stakeholder theory is conceptualised as a systemic concept, a theory of the society and not a theory of the firm, where multinational oil companies are also considered to be stakeholders within the industry. Hence, stakeholder needs are at the core of the multinational oil companies strategies; a focus on the societal view of stakeholders (which includes multinational oil companies as stakeholders within the industry) and the context that they operate in is relevant.

An example of unconventional contextual reality that could offer insights into the conceptualisation of stakeholder principles in the upstream sector of Nigeria's oil and gas industry is the perception of most of the stakeholders who were interviewed for this PhD research, who complained about the disposition of some government organisations. These interviewees believe that the activity of the government demonstrates that the government has objectives driven more by profit than service to the public. This is in contrast to the underlying assumption of stakeholder and institutional theory which assumes that government is independent of business and its sole aim is to protect the interests of society (Freeman, 1984). A specific instance of this is the arm of government called the Nigerian National Petroleum Corporation (NNPC). Through the NNPC, the Federal Government of Nigeria participates, via more than a 50 percent equity stake in joint venture with Multinational Oil Companies (see Chapter 1 for background) in the country's petroleum industry (NNPC, 2013). What is unique about the contextual reality in this study is the government's role within the industry. In Nigeria the government is both majority investor and regulator, which not only makes stakeholder management quite complex but also raises ethical and corporate governance dilemmas for managers of multinational oil companies whose responsibility is to manage diverse stakeholder interests. The importance of highlighting the contextual reality as regards NNPC is that it offers an insight into the antithesis of stakeholder and institutional theory, which assumes that government, is independent of business. The quote below from a director of a civil society group working in the upstream sector of Nigeria's oil gas industry aptly articulates the latter position:

> "The federal government, because they also have joint ventures with the other multinational oil companies, are producers as well as trying to be the regulators. This is not possible, it can't work, they are not enforcing the rules, there are actually laws, and they are not been enforced and the oil companies are getting away with things they wouldn't even dare to do in other parts of the world. I think that's a shame and a real disaster for Nigeria. The Nigerian government should have the number one mandate of protecting its environment and its people, and of course right now that is not the case. The number one objective of the Nigerian government is to produce oil at all costs, with every means possible, whether people are dying, the environment is destroyed, and they don't care. As long as this oil keeps flowing, they depend on this oil for 95 percent of revenue, so it's a very pathetic situation for the country."
>
> Director, Stakeholder Democracy Network.

The involvement of government in business operations in Nigeria and how this could undermine the government's role of regulation is opined by an interviewee:

> "unfortunately in Africa, Nigeria and most third world countries, some of these resources form the key source of income for them and they believe to have part of the control on their resources they need to be part of the business, more and more we are trying to convince them that they don't need to be part of the business, all that they need to be is be regulators and collect their taxes and let businesspeople run the businesses."

Manager Shell

Another interviewee, who is a youth leader in the local community, supports the position of the civil society organisation quoted above and states his perception of the Nigerian Government's involvement in the upstream sector:

> "I don't think the government has done anything helpful for this community or for the youth. Rather, I would say the two of them, the government and oil companies cooperate on the state of things, and the government hasn't shown us what they want to do for us."
>
> Bodo, Youth leader and former Shell employee.

Another interviewee, who is an elder statesman of a local community, has an even more critical view of the government:

> "Yeah, oil companies buy justice in Nigeria, and the instrument of coercion which the state uses to suppress and oppress. The oil companies control political leaders that are supposed to be representing the community, so that if you are too troublesome in the oil industry… then the government and the oil companies use the instrument of coercion on you."
>
> Former labour activist, resident and elder statesman of a local community.

All the above quotes show the antithesis of stakeholder and institutional theory, as both theories assume that the government is proactive, controls the regulatory space and needs to be actively engaged by business to forestall adverse regulation against business. The attitude of the Nigerian government could be explained by the industry's contribution of 85 percent of its foreign earnings (refer to Chapter 1 for context). However, another interpretation of the context of the upstream sector of Nigeria's oil and gas industry as depicted so far, is that it is active engagement of the government by the multinational oil companies which makes the government be perceived as representing the interests of multinational oil companies, even at the expense of the local community and society at large. Nevertheless, it is important to articulate that a manager of Exxon Mobil appears to have a different view to that of the three stakeholders quoted above about the conduct of government officials tasked with managing the oil and gas industry in Nigeria. He states that sometimes government officials consider the interests of the community when making decisions; however, the dilemma that the government faces is that the government is both a regulator and an investor, and hence has to balance the interests of society against its financial interest. The excerpt below expresses this:

> "The politician is trying to balance emotive issues versus business; he wants to be seen as being giving more to his people."
>
> Manager, Exxon Mobil.

Through contextual realities such as the government's multiple roles as regulator and investor, the complex nature of the upstream sector of Nigeria's oil and gas industry has been highlighted and some of the assumptions that underpin the concept of stakeholder and institutional theory have been challenged. Some of the assumptions of stakeholder and institutional theories which have been examined include the government being independent of business; the government setting the regulatory agenda and it needing to be actively engaged by multinational oil companies. Therefore, it is important to discuss some of the attributes that these stakeholders possess relative to those that multinational oil companies have within this context so as to understand some of the drivers of the potential caveats to the present conceptualisation of institutional and stakeholder theory. This comparison between multinational oil companies and other stakeholders is important because it could help address stakeholder needs and attributes that were highlighted in the research problem statements. Stakeholder attributes include, but are not limited to, power and legitimacy, the focus of this research is on power and legitimacy because they directly relate to the research questions and the stakeholders interviewed for this research made recurrent reference either directly or indirectly to these terms.

5.3 Power of Multinational Oil Companies

This section covers a definition of power and the drivers of multinational oil companies' power, as depicted in Figure 5-1.

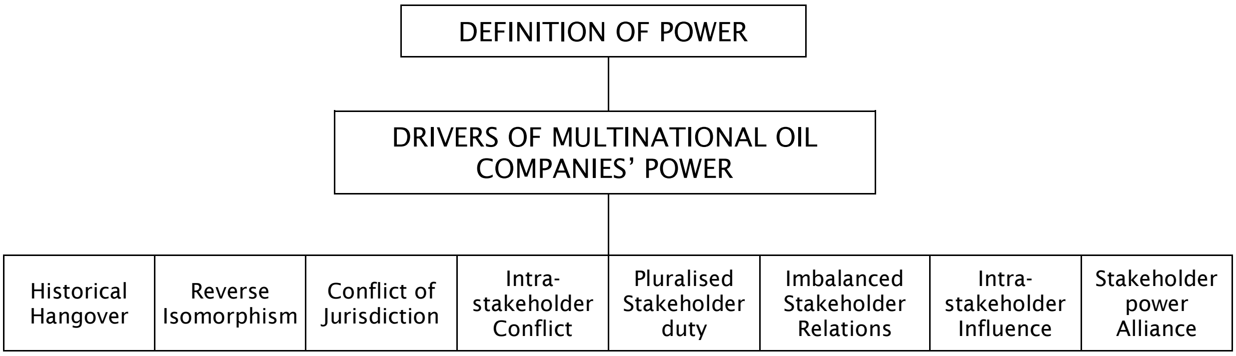


Figure 5-1 Overview of Drivers of Multinational Oil Companies' Power.

Power can be defined as "the probability that one actor within a social relationship would be in a position to carry out his own will despite resistance" (Weber, 1947:152).

Based on the insights generated from the data collected, power, in this research, is defined as a stakeholder attribute whereby those who possess it use it to achieve an outcome that they desire. It entails the ability of an entity to influence or compel other stakeholders to fulfil its organisational objectives. Power could be used for constructive purposes, for example a powerful organisation (multinational oil company) could use its vast global resources (social, capital and influence) to solve some of society's problems through CSR initiatives. However, there is a need for checks and balances to ensure that those stakeholders who are powerful do not trample on the rights of those that are weaker. Having a counterbalance is important particularly if power is centralised among a few, as this could lead to abuse particularly in contexts where institutions are weak. The next section will address drivers of the power of multinational oil companies as informed by the primary and secondary data collected for this research.

5.3.1 Drivers of multinational oil companies' power

This section articulates some concepts that depict the power of multinational oil companies relative to that of other stakeholders, and factors that drive it. These concepts were informed by interpretation of the findings from interviews with some of the stakeholders in the upstream sector of Nigeria's oil and gas industry and then supported by secondary data. As captioned in Figure 5-1, the concepts that are discussed include: historical hangover, reverse isomorphism, conflict of jurisdiction, pluralised stakeholder duty, intra-stakeholder conflict, intra-stakeholder influence and stakeholder power alliance. The overarching theme of these concepts is that multinational oil companies and their partners are very powerful and there are limited institutional counterbalances available to weaker stakeholders to restrain these powerful stakeholders from abusing this high power differential. First among the concepts of drivers of power to be discussed is historical hangover.

5.3.1.1 Historical hangover

Informed by the data collected, historical hangover is defined as the customs, values and legacies, related to domination in Nigeria, that have survived from the past and have given some particular organisations or institutions associated with this history some advantage over other stakeholders. Some interviewees (such as members of the local community, managers in oil companies, civil society and media) cited the colonial impact of Britain and its legacy in Nigeria, France's colonial heritage in neighbouring African countries and the contribution of America to ending the Second World War and its global superpower status as some factors that gave companies from these advanced countries a better chance of starting operations in Nigeria. The interviewees that cited history as a driver of multinational oil companies' power argued that the aforementioned examples of the historical legacies of France, the UK and America gave multinational oil companies originating from these countries more influence compared to multinational oil companies from countries with less prominent histories. These interviewees argued that since these multinational oil companies are associated with these historical legacies, it has helped them to remain dominant stakeholders within the industry. For example, an article in the Guardian newspaper pointed out that "British-backed oil companies had prospected in Nigeria before it even existed as a state in its modern form" (Guardian, 2013). Interviewees representing media, MNOCs, civil society and the local community, contend that historical hangover could be illustrated by Shell's first mover advantage, and this explains one of the reasons why Shell (Anglo Dutch) is the biggest multinational oil companies operating in the upstream sector of Nigeria. Also, some interviewees explained that other big multinational oil companies operating in the upstream sector of Nigeria's oil and gas industry such as Total Fina Elf (a French company), Exxon, Mobil and Chevron Texaco (which are American organisations) had easy access to the upstream sector of the country's oil and gas industry partly based on the historical power of their home countries which are all developed and possess the technological capability required to explore for oil and gas. The quote below from one of the academic scholars who focused on a chronological perspective on the oil and gas industry in Nigeria offers an instance of how historical occurrences could give multinational oil companies from the West domination:

> "Following a radical economic policy of the British colonial government, Shell was granted a monopoly oil exploration license covering the entire territory of Nigeria" (Omeje, 2003:73).

Also, some of the employees of multinational oil companies (managers and contract staff) who were interviewed argued that due to the past colonial master-slave relationship between European nations and native Africans, there is a belief in Nigerian society that Western organisations or expatriate (white) workers perform better than indigenous organisations or employees. Furthermore, some stakeholders who were interviewed (e.g. regulators, industry experts and members of the media) believe that white expat workers are given unfair preferential treatment and their culpabilities are usually overlooked by Multinational Oil Companies. In addition, the Multinational Oil Companies operating in the upstream sector of Nigeria's oil and gas industry who are European or American have the advantage that stakeholders perceive them to be superior and more powerful, since they have unparalleled access to key decision makers. The quote below from one of the interviewees who is a manager in the upstream sector of Nigeria's oil and gas industry explains the views on historical hangover stated so far:

> "If it is a managing director (MD) that understands Nigeria… and does what he's supposed to do, he could always pick up the phone and call whoever he wants to call. But some MD's don't do that, but they would usually have the numbers of the top people in government and can reach them, you know, one on one... like I said, because you are from an oil company, a European or American company, people will be kind of dazzled by all that, because white nationals in the past have been masters of black people during the colonial era and afterwards due to their military prowess as seen during the Second World War, this legacy still remains in the subconscious minds of Nigerians."

Manager, Agip.

It is important to point out that while the quote above shows that leaders of Multinational Oil Companies operating in Nigeria have the ability to leverage this historical legacy to achieve their aims, the interviewee pointed out that not all managing directors of Multinational Oil Companies make use of this legitimate power. This shows that stakeholders who possess power do not always exert it in the same way.

Another interviewee offers his view on the relative impunity that he believes expat managers working in the Multinational Oil Companies have in Nigeria:

> "Foreign employees racially discriminate against Nigerian employees and get away with it… indigenous employees in Multinational Oil Companies feel disillusioned by the gulf of benefits offered to expats compared to theirs."
>
> Government Relations Officer, Total.

In support of the latter point on high remuneration of expatriate employees of Multinational Oil Companies in Nigeria, an interviewee claimed that:

> "the problem is that, an expatriate in Nigeria is paid more than he can dream to be paid in his country, you have what you can never have in your country, you ride around in a bullet proof car, you have a chauffeur, you have a cook, you have a cleaner, we buy you a house, we put your children in the best schools, you will not have it your country, so there is that financial incentive."
>
> Manager, Agip.

Also, an article published in a national newspaper in Nigeria stated that:

> "Expatriate workers in the Nigerian oil and gas sector are the highest paid in Africa and 11th most well paid in the world" (Vanguard, 2013).

Another national newspaper quoted Oteme Uzeme, a former member of staff in the oil and gas industry, who was reported to have queried the rationale for the high pay of expatriate staff in Nigeria's oil and gas industry:

> "I wonder why the pay for expatriate should be that high in Nigeria, which is relatively less risky than Iraq and even Libya" (All Africa, 2012).

In addition to the above quotes, collected from primary and from secondary sources, there have been others not cited here which support the perspective that historical happenings in Nigeria, and the wider world, have influenced the perception of stakeholders about the powerful nature of multinational oil companies (including the self-belief of multinational oil companies about their high level of power). Excerpts from the quotations cited earlier, such as "because you are from an oil company, a European or American company, people will be kind of dazzled by all that, because white nationals in the past have been masters of black people during the colonial era and afterwards…", show that historical consequences shape culture and beliefs about Western organisations and its people and contribute to the high level of influence that multinational oil companies exert in Nigeria's upstream sector of the oil and gas industry, thus illustrating the term 'historical hangover'. Statements quoted earlier such as "foreign employees racially discriminate against Nigerian employees and get away with it", show the high level of power that expat employees of multinational oil companies wield and how this high level of influence, if not checked, could be abused. For example an interviewee proposed that:

> "Nigerian culture is a bit too informal I just... I think to see the President of a country or the minister I think they should make it a bit more formal".
>
> Manager, Exxon Mobil.

Another interviewee proposes a solution: “I say only a cultural revolution that can save us” (Elder of local community). The Table 5-2 presents how the theme ‘historical hangover’ was generated from data, codes and patterns plus the meaning of the theme.

Source	Quotes	Codes	Patterns	Themes	Meaning of theme
Secondary Data	Radical economic policy of the British colonial government, Shell was granted a monopoly oil exploration license covering the entire territory of Nigeria.	Radical Economic policy British Colonial government Monopoly Entire Territory	Dictatorial Domination Advantage Past	Historical Hangover	Customs, values and legacies related to domination in Nigeria that have survived from the past and have given some particular entities associated with this history some advantage over other stakeholders.
Interview: Manager, Agip	If it is a managing director (MD) that understands Nigeria… and does what he's supposed to do, he could always pick up the phone and call whoever he wants to call. But some MD's don't do that, but they would usually have the numbers of the top people in government and can reach them, you know, one on one... like I said, because you are from an oil company, a European or American company, people will be kind of dazzled by all that, because white nationals in the past have been masters of black people during the colonial era and afterwards due to their military prowess as seen during the second world war, this legacy still remains in the subconscious minds of Nigerians.	Managing Director Understands Expected Power Oil company European American Dazzled White nationals Past Masters Black people Colonial Era Afterwards Military Prowess Second World War Legacy Subconscious minds	Boss Knowledge Influence Descent Overwhelmed Period History Hidden Leftover		

Table 5-2 Overview of how Historical Hangover was generated.

5.3.1.2 Reverse isomorphism

Informed by qualitative and quantitative data, reverse isomorphism is defined as the actions of multinational oil companies (e.g. alliances, pay-outs) which influence some set of institutions (e.g. government, media, local community, some of the civil society organisations etc.) to behave in a certain way which conforms to what suits these oil companies. Some interviewees have a sceptical interpretation of reverse isomorphism; they believe that this concept involves the ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal licenses to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty, partly due to the resources that they either have amassed over the years or are perceived to possess (see historical hangover above and the quotes below which provide the conceptual basis reverse isomorphism). Excerpts from the interview with an elder statesman in the local community aptly explain how multinational oil companies take advantage of the high level of poverty in the Niger Delta to capture the loyalty of some members of the local community in exchange for financial resources:

> "All these youth leaders for example, those of them who have aligned themselves with the companies because the multinational oil companies have little favours to dispense and you know because of the level of poverty here. For example, if a man is hungry and he has nothing doing, so maybe today you give him two hundred naira (80 British pence), tomorrow you give him two hundred naira and may be in a week's time give him a thousand naira (£4), his loyalty is to you, the only truth he knows is whatever you tell him."
>
> Elder in local community.

The quote above shows that multinational oil companies are able to exert their influence, and control symbolic stakeholders such as the youth leaders in the community through pay-outs. Thus creating a uniform behaviour of stakeholders in their community and reversing one of the roles of the youth leaders which is to balance the activity of the multinational oil companies, via protest.

Some interviewees contend that another reason why multinational oil companies attain reverse isomorphism is because of concepts such as stakeholder social irresponsibility, which is stakeholders acting in an unethical way (see further sections for more discussion), for example, through joint venture agreements with the federal government or by obtaining the support of legislators in the form of favourable legislation in exchange for free capacity development programmes overseas (paid by the multinational oil companies). An interviewee expresses this view, and believes that it is a wrong practice for oil companies to sponsor law makers on training programmes:

> "To me personally… I feel that it is wrong if they want to do oversight functions. Why can't they have budget to sponsor themselves for overseas training?"
>
> Manager, Chevron.

Another instance of reverse isomorphism is relatively favourable coverage of multinational oil companies in the media in exchange for placement of advertisement with media organisations by the oil companies. Reverse isomorphism occurs as journalists receive a commission from their organisation for securing adverts from multinational oil companies. Therefore some interviewees argued that journalists cease to function as an institution that holds the multinational oil companies multinational oil companies to account and to public scrutiny. These interviewees (e.g. members of the local community, some journalists and NGOs) argue that journalists have compromised their values and are, to some extent, controlled by multinational oil companies. This example of reverse isomorphism is clearly stated by one of the energy editors of a national newspaper in Nigeria who was interviewed for this research:

> "Oil companies give brown envelopes to journalists… i.e. oil companies bribe journalist to write in their favour, the bribery comes in the form of adverts oil companies give journalist so that they can write favourable stories."
>
> Energy Editor, National Newspaper.

Furthermore, the quote below from one of the interviewees aptly explains reverse isomorphism and the strong control of Nigeria's political system by oil companies:

> "You can't be a president in this country when the oil companies don't want you to be the president or be the governor of any oil producing state without the oil companies… I know it."
>
> Former labour activist, resident of a local community.

The statement above shows the high level of power that multinational oil companies exert as they appear to decide who gets elected to key political positions, both at the federal and state levels of government, in Nigeria. It is important to mention that the interviewee quoted above made the statement about control of the Nigerian Government by multinational oil companies to show that the multinational oil companies are very influential and use this influence to consolidate and protect their power base. This is because, if multinational oil companies are instrumental in choosing the President of Nigeria, then it could be argued that this 'appointed' government will not challenge their supremacy and will help protect the multinational oil companies' interests even at the expense of the interests of other weak stakeholders who are not instrumental in their election. Thus, the quote above shows that multinational oil companies are able to reverse the government's key role of regulating the oil and gas industry to protect the interest of the multinational oil companies, since the former determines who gets elected as top government officials, e.g. president or governor.

Table 5-3 (a) categorises some more examples of reverse isomorphism that could be found in the upstream sector of Nigeria's oil and gas industry.

Other examples of reverse isomorphism:
Multinational oil companies are very influential in Nigeria, this can be substantiated by other instances, and for example some interviewees accused Shell of leveraging its strong political influence to get its employees jobs in influential positions in the Nigerian Government. A quote below from a Nigerian national newspaper captures the influence of Shell in Nigeria and reveals the concerns of some stakeholders (e.g. other operators) within the industry: "Some other operators are a bit sceptical about the Shell relationship, saying, 'the minister is ex-Shell, the regulator is ex-Shell, and many other units too in the ministry are ex-Shell, we hope they don't shell the industry'" (Vanguard, 2012). The excerpt from the quote above, "some other operators are a bit sceptical about the Shell relationship", shows that multinational oil companies are not always working together and that some multinational oil companies may be more influential than others. This raises concern about them as less influential multinational oil companies may feel threatened by the relatively more influential status of another multinational oil companies (in this case Shell). Specific instances of Shell's employees in key government positions, as articulated in the quote above, include: ➢ The Minister for petroleum was a former director of Shell, which raises questions about whether her loyalty is to Shell or to the Nigerian Government. Even if her loyalty is to the Nigerian Government, it may be difficult for the government to take firm positions against the multinational oil company because the Nigerian Government is in a joint venture partnership with Shell. ➢ The immediate past Director of the Department of Petroleum Resources, the chief regulator of the oil and gas industry was a director/manager (former VP Upstream) at Shell for many years. Thus, will he question the status quo as chief regulator of the oil industry, if the status quo is against his mandate of effective regulation of the industry? ➢ The present MD of NLNG was seconded by Shell; NLNG is Nigeria's major diversification from oil to gas which has an export capacity of 22million tonnes per annum and export revenue of $10billion since 1999. It is important to mention that, like most oil blocs in Nigeria, Shell partnered with the government, and thus owns equity in the joint venture. Furthermore, reverse isomorphism is demonstrated by a recent WikiLeaks document in which a top Shell executive, Ann Pickard (Guardian, 2010) was reported to have mentioned to the American High Commissioner in Nigeria that the multinational oil company has informants and spies in every arm of the Nigerian government: "According to information in WikiLeaks, disclosure of US diplomatic cables in 2010, Shell has employees seconded to all relevant ministries and has access to everything that they do. It's also clear that oil companies wield tremendous influence over the regulatory regime that governs their operations." (Amnesty, 2012). Furthermore, reverse isomorphism is revealed by the Daily Mail's (2012) coverage of the same WikiLeaks document referred to above (Omoteso, 2011). The Daily Mail titled its article "Oil giant Shell 'more powerful than Nigerian government' and infiltrated every office".

Table 5-3 (a) Examples of reverse isomorphism

The examples and excerpts above show instances of how a multinational oil company utilises its high level of power to influence the appointment of its allies into key positions in the Nigerian Government, thus showing the broad reach of its influence. However, it is important to state that one of the interviewees who is the editor of a national newspaper was of the opinion that the concept of reverse isomorphism may not be limited to Nigeria and that it happens in other parts of the world, she said:

> "It must be admitted that oil companies are extremely influential. In any society, if you have a sector that is, like I said, contributing significantly not a small bit, but significantly to your revenue, that industry will be extremely influential and they do have access all the way to talk to the president and when they do have issues they can call the minister or president to resolve the issue. It's not unheard of, it's not unusual, and it's not shocking, it happens everywhere in the world. We do know that big businesses have a lot of influence on the government in many countries in the world, even in America."
>
> Editor, National Newspaper

The quote above explains why in developed countries (which are usually characterised by a much more diversified economy) it may be difficult for any single industry to have so much controlling influence over central government (even if an industry has many big businesses). In contrast, multinational oil companies are very powerful in Nigeria because the government depends on this industry for most of its foreign earnings and revenue. For example, the oil and gas industry accounts for 75 percent of the Federal Government of Nigeria's earnings and 95 percent of its export earnings (EIA, 2012). The Table 5-3b presents how the theme 'reverse isomorphism' was generated from data, codes and patterns, plus the meaning of the theme.

Source	Quotes	Codes	Patterns	Themes	Meaning of theme
Interview: Elder in local community	All the youth leaders for example, those of them who have aligned themselves with the companies because the multinational oil companies have little favours to dispense and you know because of the level of poverty here. For example, if a man is hungry and he has nothing doing, so maybe today you give him two hundred naira (80 British pence), tomorrow you give him two hundred naira and maybe in a week's time give him a thousand naira (£4), his loyalty is to you, the only truth he knows is whatever you tell him.	Aligned Little favours Poverty Loyalty Role Reversal	Convergence Goodwill Philanthropy Allegiance	Reverse isomorphism	Reverse isomorphism is the ability of organisations (multinational oil companies in this case) to form alliances and influence some set of institutions (e.g. government, media, local community, some of civil society etc.) to behave in a certain way which conforms to what suits these companies. or The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Interview: Manager Chevron	To me personally… I feel that it is wrong if they want to do oversight functions. Why can't they have budget to sponsor themselves for overseas training?	Conflict of interest Budget	Non-supervision Dependence	Reverse isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.
Source	**Quotes**	**Codes**	**Patterns**	**Themes**	**Meaning of theme**
Energy Editor, National Newspaper	Oil companies give a brown envelope to journalists… i.e. oil companies bribe journalist to write in their favour, the bribery comes in the form of adverts oil companies give journalist so that they can write favourable stories.	Bribe Positive Coverage	Manipulate Goodwill	Reverse isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Secondary Data : Amnesty (2006)	It's also clear that oil companies wield tremendous influence over the regulatory regime that governs their operations.	Tremendous influence Regulatory regime	Control of regulators	Reverse isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Source	Quotes	Codes	Patterns	Themes	Meaning of theme
Interview: Editor, National Newspaper	It must be admitted that oil companies are extremely influential. In any society, if you have a sector that is, like I said, contributing significantly, not a small bit, but significantly, to your revenue, that industry will be extremely influential and they do have access all the way to talk to the president and when they do have issues they can call the minister or president to resolve the issue. It's not unheard of, it's not unusual, and it's not shocking, it happens everywhere in the world. We do know that big businesses have a lot of influence on the government in many countries in the world, even in America.	Extremely influential Influence Lobbying Significant contribution	Powerful Central Manipulative Control	Reverse, isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Table 5-3b Overview of how Reverse Isomorphism was generated

After defining power and explaining terms such as historical hangover and reverse isomorphism, which both depict the relatively high level of influence that the multinational oil companies have in Nigeria, next to be outlined are other drivers of multinational oil companies' enhanced power. They include contextual realities such as conflict of jurisdiction among stakeholders, imbalanced stakeholder relations, intra-stakeholder influence, stakeholder power alliance, context induced stakeholder needs and conflicts, which are emerging terms and concepts of stakeholder power.

5.3.1.3 Conflict of jurisdiction

Informed by the data collected, conflict of jurisdiction is defined as a clash between two government agencies about whose job it is to regulate the industry. An example of conflict of jurisdiction is the clash between the Department of Petroleum Resources (DPR) and the National Oil Spill Detection and Response Agency (NOSDRA) about which of the two organisations has the responsibility to monitor the environmental performance of Multinational Oil Companies. Interviewees explained that sometimes there is a clash between two different government organisations about what their mandate is, and often they duplicate and have overlapping responsibilities. A manager of ExxonMobil defined conflict of jurisdiction as a lack of differentiation of responsibilities between two different government organisations:

> "You are having DPR, you are having NOSDRA, you are having agencies performing the same functions where you don't even have clear demarcation of responsibilities."
>
> Manager, ExxonMobil.

Another interviewee, who is the Deputy Head of the UK Government's Department of International Development Office in Nigeria, gives a specific example of a conflict of jurisdiction between two regulators and how this leads to conflict:

> "When you talk about oil spills and oil companies you will not know which agency is completely responsible for it because you have NOSDRA, then you have DPR and both of them are all on oil spills, and they don't agree."
>
> Deputy Head of DIFID programme, Nigeria.

Another interviewee who is a Senior Special Adviser to the Nigerian Minister of the Environment provides an instance of a conflict of responsibility between DPR and the Federal Ministry of the Environment on monitoring Multinational Oil Companies' environmental performance, explaining one of the reasons for duplication of functions between DPR and the Ministry of the Environment:

> "Initially, the environment unit of the DPR was moved to the Federal Ministry of the Environment. The staff of DPR came to the Ministry of the Environment. There was a letter from President Obasanjo asking them to move here, they came here but when they came and discovered that the salary here was poor compared to what they were earning at DPR, they ran back to DPR but as far as I am concerned, it is the physical human being that ran away but they should have left the responsibility because they were officially transferred here but they went back to continue the environmental duties at DPR. That's where the conflict of jurisdiction between DPR and the Federal Ministry of the Environment arose."
>
> Senior Special Adviser, Nigeria's Federal Minister of the Environment.

An interviewee, who is a manager of one of the regulatory organisations in Nigeria (NOSDRA), gives a specific instance of a conflict of jurisdiction among top government officials and regulatory organisations under their purview:

> "That report is an environmental report and it should be driven by the Ministry of the Environment but is now driven by NNPC. Okay? several meetings have

been called between the Presidency for God's sake, the Presidency, the Minister of the Environment, the Minister of Natural Resources and the General Committee five times or eight times that I know, all those meetings were cancelled because the Minister of Petroleum Resources was not there. She blatantly refused to attend and nothing happens and all of a sudden I got to know that the NNPC and the Ministry of Petroleum have gone far in the implementation plan. You understand? So the Ministry of the Environment is made to look very very irrelevant, meanwhile it was the same Ministry of the Environment that initiated the report."

Manager, NOSDRA.

Also, an article in online news media supports the view that there is a conflict of responsibility between the regulators of Nigeria's upstream sector of its oil and gas industry, the quote below substantiates this:

> "The agencies, the Ministry of the Environment; Department of Petroleum Resources, DPR; National Oil Spill Detection Response Agency, NOSDRA and the Nigeria Maritime Administration and Safety Agency, NIMASA, disagreed over whose responsibility it was to enforce environmental laws in the oil and gas industry" (Sweetcrude, 2012).

It could be inferred from the quotes above that this clash of authority among regulating organisations leads to diminished effectiveness and hence reduced power of each regulator as the two regulators are not working together or approaching issues in a collaborative way. Furthermore, interviewees argue that since time is finite, and regulators spend their time fighting each other, friction among different regulators about jurisdiction may give oil companies the opportunity to have less supervision and regulation within the industry, thus allowing the multinational oil companies power to go unchallenged. This informs the question of how accountable and socially responsible multinational oil companies could be said to be in a context where there are no checks or balances, and the power of multinational oil companies is relatively unchallenged. The Table 5-4 presents how the theme 'conflict of jurisdiction' was generated from data, codes and patterns, plus the meaning of the theme.

Pluralised stakeholder duty is another driver of the multinational oil companies' high level of power and is next to be discussed.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Interview: Manager, ExxonMobil.	You are having DPR, you are having NOSDRA, you are having agencies performing the same functions where you don't even have clear demarcation of responsibilities.	Demarcation of responsibilities	Jurisdiction Conflict	Conflict of jurisdiction	Conflict of jurisdiction entails a clash between two government agencies as regards whose job it is to regulate the industry.
Interview : Deputy Head of DIFID programme, Nigeria	When you talk about oil spills and oil companies you will not know which agency is completely responsible for it because you have NOSDRA, then you have DPR and both of them are all on oil spills, and they don't agree.	Responsible Diminished effectiveness	Conflict	Conflict of jurisdiction	Conflict of jurisdiction entails a clash between two government agencies as regards whose job it is to regulate the industry.
Secondary data: Online news platform: Sweetcrude, 2012	The agencies, the Ministry of the Environment, Department of Petroleum Resources, DPR, National Oil Spill Detection Response Agency, NOSDRA, and the Nigeria Maritime Administration and Safety Agency, NIMASA, disagreed over whose responsibility it was to enforce environmental laws in the oil and gas industry.	Disagreement Separation of duty	Conflict	Conflict of jurisdiction	Conflict of jurisdiction entails a clash between two government agencies as regards whose job it is to regulate the industry.

Table 5-4 Overview of how conflict of jurisdiction was generated

5.3.1.4 Pluralised stakeholder duty

Pluralised stakeholder duty entails some stakeholders having different views of their mandate. For example, based on the provision of various laws in Nigeria it is stipulated that the DPR's key objective should be to regulate the oil industry in Nigeria but some senior managers in DPR who were interviewed for this research mentioned that "our sole aim is to maximise profitability of NNPC" (Senior Manager, DPR). It is important to mention that NNPC is a shareholder in the oil industry through the JV arrangement with multinational oil companies. Therefore, DPR's mandate as stated by a top executive contradicts with what the organisation claims its vision to be on its website:

> "To be a leading regulator in the oil and gas sector" (DPR, 2013).

If the regulator's top management is unclear of the organisation's mandate then this begs the question of how effective this senior manager is as a counterbalance to the multinational oil companies' high concentration of power. This question of why a regulator may have an ambiguous role was addressed by a manager of chevron who was interviewed for this research:

> "It's not an optimal situation that we have. Normally you would expect complete independence of the regulator. That is not the case, like I said they both sit under the ministry of petroleum resources and at various times in its history, DPR was treated like a subsidiary of NNPC and for some people it's still there, they still see it that way. There has been a conscious effort to divorce the two but in practice you'll still see those traits."
>
> Manager, Chevron.

The Table 5-5 presents how the theme 'pluralised stakeholder duty' was generated from data, codes and patterns, plus the meaning of the theme.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Secondary data: Website: DPR, 2013	To be a leading regulator in the oil and gas sector.	Leading regulator	Responsibility	Pluralised stakeholder duty	Pluralised stakeholder duty entails some stakeholders having different views of their mandate.
Interview: Senior Manager, DPR	Our sole aim is to maximise profitability of NNPC.	Maximise profitability	Ambiguity	Pluralised stakeholder duty	Pluralised stakeholder duty entails some stakeholders having different views of their mandate.
Interview: Manager, Chevron	It's not an optimal situation that we have. Normally you would expect complete independence of the regulator. That is not the case, like I said they both sit under the ministry of petroleum resources and at various times in its history, DPR was treated like a subsidiary of NNPC and for some people it's still there, they still see it that way. There has been a conscious effort to divorce the two but in practice you'll still see those traits.	Non-Optimal Divorce Dependence Subsidiary	Uncertain duty	Pluralised stakeholder duty	Pluralised stakeholder duty entails some stakeholders having different views of their mandate.

Table 5-5 Overview of how pluralised stakeholder duty was generated.

5.3.1.5 Intra-stakeholder conflict

Intra-stakeholder conflict is a clash between different members of a particular stakeholder group, e.g. between neighbouring communities. Multinational oil companies have been accused in the past of using divide and rule tactics, which include providing social amenities for some local communities while neighbouring communities were ignored, which leads to conflict among neighbouring communities. Some of the stakeholders interviewed for this research contend that the reason multinational oil companies create discord among neighbouring local communities is to ensure that communities are not united and cannot speak with a single voice. A disunited local community means a weakened stakeholder group, thus making it difficult for them to successfully challenge the multinational oil companies' influence. For example a national newspaper reported that a member of parliament from one of the oil producing states accused multinational oil companies of using divide and rule tactics:

> "Hon. Ken Omatsone has accused the management of the multinational oil companies operating in the Niger Delta of employing divide and rule tactics aimed at causing disaffection among the people of their host communities. Omatsone, in an interview with newsmen, expressed regret that the management of oil companies were often discovered to be the architects of chaos and crisis, which had been the lots of virtually all the oil producing communities in the Niger Delta region" (All Africa, 2002).

Another stakeholder, Honest Ughenwo, leader of the Rumuekpe Justice Fighters was quoted on CNN to have accused multinational oil companies of divide and rule strategies:

> "... Accuses the Nigerian government and the foreign oil companies of trying to divide and conquer the local populace" (CNN, 2009).

In addition, one of the interviewees, who is a member of the local community, gives an example of how multinational oil companies and their government partners use divide and rule tactics to fuel intra-stakeholder conflict, which results in diminished unity of the local community and consolidates the power base of the multinational oil companies:

> "For example, when some of these landlords organise peacefully to demonstrate their feelings… but the multinational oil companies speak to the

> government who then use the police on them, the oil company also will organise some of the youths, give them money because of poverty then the youths fight the indigenes (landlords) that are protesting, these are all the things they do."
>
> Member of the local community.

The quote above demonstrates a divide and rule tactic, where the multinational oil company is accused of paying youths in the community to oppose the landlords who are "demonstrating their feelings" against the multinational oil companies.

Another interviewee who is a reverend father in one of the local communities gives specific examples of divide and rule tactics used by multinational oil companies:

> "If a community protest they would be arrested and detained by Total Fina Elf, they have boys that do fight for them. Some time ago our women protested that Elf damaged their cassava without them knowing, they went there, Total Fina Elf did not even listen to them, but instead, Total Fina Elf used some of the community boys to beat up those women. So how can you push further? Everybody is living in fear."
>
> Reverend father, local community.

The quote above provides an example of how a multinational oil company could use divide and rule tactics to suppress dissent among the local community, since the interviewee accused the multinational oil companies of using youths to suppress women who protested against what they perceived to be an injustice by the multinational oil company in the local community. The Table 5-6 presents how the theme 'intra-stakeholder conflict' was generated from data, codes and patterns, plus the meaning of the theme.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Secondary data: Online news platform	Hon. Ken Omatsone has accused the management of the multinational oil companies operating in the Niger Delta of employing divide and rule tactics aimed at causing disaffection among the people of their host communities. Omatsone, in an interview with newsmen, expressed regret that the management of oil companies were often discovered to be the architects of chaos and crisis, which had been the lots of virtually all the oil producing communities in the Niger Delta region.	Divide and rule Disaffection Crisis Chaos	Conflict	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.
Secondary data: Online News: (CNN, 2009).	...accuses the Nigerian government and the foreign oil companies of trying to divide and conquer the local populace.	Divide and conquer	Suppression	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.
Member of the local community	For example, when some of these landlords organise peacefully to demonstrate their feelings… but the multinational oil company speak to the government who then use the police on them, the oil company also will organise some of the youths, give them money because of poverty then the youths fight the indigenes (landlords) that are protesting, these are all the things they do.	Demonstrate Subdual Protesting	Conflict	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Interview : Reverend father, local community	If a community protest they would be arrested and detained by Total Fina Elf, they have boys that do fight for them. Some time ago our women protested that Elf damaged their cassava without them knowing, they went there, Total Fina Elf did not even listen to them, but instead, Total Fina Elf used some of the community boys to beat up those women. So how can you push further? Everybody is living in fear.	Protest Arrest Detained Fight Damaged Ignore Beat up Frightened	Conflict	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.

Table 5-6 Overview of how intra-stakeholder conflict was generated.

The next concept to be highlighted is imbalanced stakeholder relations, which is a consequence of a high concentration of power among a few stakeholders.

5.3.1.6 Imbalanced stakeholder relations

Some interviewees argue that imbalanced stakeholder relations occur when multinational oil companies give some stakeholders more attention than others, where the degree of organisational responsiveness to stakeholder needs is determined by the level of power that the stakeholder wields. A powerful stakeholder or stakeholders that possess resources that organisations directly need are given more attention than those with less valuable assets. Thus, multinational oil companies relate more with powerful stakeholders while neglecting the interest of weak but legitimate stakeholders. Through imbalanced stakeholder relations, multinational oil companies get influential stakeholders on their side, thus boosting their influence. This quote from one of the interviewees, who is a chief in a local community, expresses how multinational oil companies make use of imbalanced stakeholder relations to consolidate power:

> "When Shell, Agip, Chevron, Exxon Mobil or Total Fina Elf is coming into Nigeria, they will come through Abuja. The head of government that dictates what is going to happen in Nigeria is at Abuja and Shell, Agip, Chevron, Exxon Mobil or Total Fina Elf will meet the head of government, maybe the Minister of Petroleum or the Head of State and they will decide the fate of the people living in the host community or the rural area, we will just be hearing, they will pass the bulk on to us, equipment will move in, soldiers will accompany them with their guns so you can't say anything and they will push you from where you are living and if you refuse crush you and take what they want."
>
> Chief of local community.

Statements made by the local community chief such as "meet the head of government", "decide the fate of the local community" and "soldiers will accompany them with their guns", demonstrate the interviewees view that multinational oil companies only engage with the government and its branches (e.g. the military), but do not consult with the local community. The above quotation shows the perspective of a leader of a local community who believes that multinational oil companies are selective of who they engage with, and they relate more with the government because they believe that the latter is more influential and can help it gain access to Nigeria's oil. Thus, the interviewee believes that multinational oil companies practice imbalanced stakeholder relations.

Another interviewee who is a director of a civil society organisation expresses the view that a sustainable approach to stakeholder engagement should involve multinational oil companies applying morality-based considerations which entail attending to stakeholders' needs, because it is the right thing to do, based on the genuine rights and interests of stakeholders. For example one interviewee stated that:

> "Oil companies have to attend to the needs of the community whether they are strong or not, the members of the community have a claim on the oil company, not only because they have the land where oil is found but because it is the right thing to do, if they address the needs of the community, there will be no conflict and this will be an everlasting solution to the Niger Delta problem."
>
> Director, Amnesty Nigeria.

Some interviewees contend that an ethically negligent and opportunistic approach that multinational oil companies use to indirectly control stakeholders is to utilise the limited institutional structures in the upstream sector of Nigeria's oil and gas industry to its advantage via intra-stakeholder influence. The Table 5-7 presents how the theme 'imbalanced stakeholder relations' was generated from data, codes and patterns, plus the meaning of the theme.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Interview: Chief of local community	When Shell, Agip, Chevron, Exxon Mobil or Total Fina Elf is coming into Nigeria, they will come through Abuja. The head of government that dictates what is going to happen in Nigeria is at Abuja and Shell, Agip, Chevron, Exxon Mobil or Total Fina Elf will meet the head of government maybe the Minister of Petroleum or the Head of State and they will decide the fate of the people living in the host community or the rural area, we will just be hearing, they will pass the bulk on to us, equipment will move in, soldiers will accompany them with their guns so you can't say anything and they will push you from where you are living and if you refuse crush you and take what they want.	Poor engagement Full engagement Fate Orders Crush Refuse	Stakeholder relations	Imbalanced stakeholder relations	Imbalanced stakeholder relations occur when Multinational Oil Companies give some stakeholders more attention than others, where the degree of organisational responsiveness to stakeholder needs is determined by the level of power that the stakeholder wields.
Interview: Director, Amnesty Nigeria	Oil companies have to attend to the needs of the community whether they are strong or not, the members of the community have a claim on the oil company, not only because they have the land where oil is found but because it is the right thing to do, if they address the needs of the community, there will be no conflict and this will be everlasting solution to the Niger Delta problem.	Ignored stakeholder needs Ethics Everlasting Solution Disharmony Interaction	Unfair Sustainable Interface Responsiveness	Imbalanced stakeholder relations	Imbalanced stakeholder relations occur when multinational oil companies give some stakeholders more attention than others, where the degree of organisational responsiveness to stakeholder needs is determined by the level of power that the stakeholder wields.

Table 5-7 Overview of how imbalanced stakeholder relations was generated.

5.3.1.7 Intra-stakeholder influence

This involves organisations (in this case multinational oil companies) leveraging the weak situations of members of a stakeholder group to directly or indirectly influence other members of this group to behave in a certain way. It could be argued that organisations sometimes commit Corporate Social Irresponsibility (see section 5.34.2.3) with impunity because they know that some stakeholders (e.g. employees) ignore some of their Corporate Social Irresponsibility and are influenced to overlook it because of the unfavourable contextual reality, e.g. the high level of unemployment and underemployment in Nigeria. Another example is the low morale of contract staff in multinational oil companies due to a relatively poor welfare package (compared to full time staff) because it is difficult for contract staff to quit their jobs because of the high unemployment rate or underemployment in other industries in Nigeria. The quote below aptly demonstrates the influence of the contextual reality on stakeholders' behaviour and how it affects intra-stakeholder influence:

> "Just look around you, there are no jobs, so you stay where you are, you do not have the option of quitting, so you can just complain but you are getting a far better deal than the average Nigerian. So if you are to dare complain outside the office, you'll probably be lynched because what you are getting as your subsidy allowance is other peoples' salary, the economic situation is a check… but nobody wants to lose their job. Apart from that because the job situation in Nigeria is so dire, nobody quits, you do your work anyhow and just go to work and come back, you don't stress yourself, you are just demotivated staff you are not going to quit because you have nowhere else to go."
>
> Public Affairs Department, Agip.

The quote above demonstrates intra-stakeholder influence, phrases such as "just look around you, there are no jobs, so you stay where you are, you do not have the option of quitting", depict the weak situation of contract employees. The high unemployment in Nigeria makes it difficult for these contract staff to quit their jobs. Another interviewee who is a contract employee in a multinational oil company reaffirms this point:

> "The company is using the contract staff policy as a way of reducing cost, but this is unfair, because right now if they sack me now, they will not give me a dime although I have worked here for more than twenty years… they also know that I cannot afford to complain as contract staff do not have a union and there is high unemployment in Nigeria, so they are taking advantage of my helplessness."
>
> Contract staff A, Shell.

The quote below from another interviewee who is also temporary staff at a multinational oil company explains why it is more cost effective for the multinational oil company to have a contract policy in Nigeria compared to other parts of the developed world, and how the contract policy puts temporary staff in Nigeria in a weak position. However, it can be argued that temporary contractual agreements with employees exist globally, both in developed and developing parts of the world. Due to effective institutions (such as NGOs, the ombudsman and government regulators) in developed countries, it is less widespread and the adverse consequences, when they do exist, are ameliorated by government welfare programmes. Another interviewee offers a comparison of the weak situation of employees in Nigeria compared to the USA:

> "Every organisation… is governed more or less by the labour laws of the country and the labour laws of the country are tied up physically with the International Labour Organisation standards; we know that the International Labour Organisation, at least with our lay knowledge, if you are doing contract

work, you are paid more than staff, that is the basic assumption, at least I know that my elder brother has been working for USAID for more than 20 years now, and he has been working in a staff slot but under a contract position all these years in America… he earns at least two times more than what the permanent staffer will earn because at the end of the day his contract can be terminated at any point in time and he goes home and doesn't have anything to fall back on. That is the assumption and that is why those provisions are made but that is not what you see happening, not only in the Nigerian oil industry, but generally in the workforce of the nation."

Mobil, contract staff.

The quote above reveals that the employee contract policy that organisations implement in terms of remuneration of temporary workers in Nigeria is not favourable for the worker, compared to the USA. The interviewee explains that the poor remuneration package for the temporary staff in Nigeria is "not only in the Nigerian oil industry, but generally in the workforce of the nation". Thus, since temporary employees working in the oil industry are better paid than those in other industries, temporary employees in the oil industry are less likely to complain, considering the high unemployment rate in Nigeria and the relatively poorer working condition of other temporary workers in other industries.

It is important to highlight that the intra-stakeholder influence referred to in this case, and detailed in the quote provided by the Mobil contract staff cited earlier, occurs when the low power situation of a particular group makes other stakeholders who are members of this group and have a relatively better position within this stakeholder group to conform to the organisations' desires. Thus, due to the contextual reality, the multinational oil companies are able to commit a lot of irregularity with little or no negative backlash which could serve as a challenge to their power. However, it is important to point out that while multinational oil companies are generally criticised for exploiting the weak situation of contract staff, not all multinational oil companies behave as irresponsibly. Also, it is not the multinational oil companies that created the unfavourable contextual environment in Nigeria. One of the interviewees explained that not all multinational oil companies behave like Shell in this regard:

> "My colleagues who are contract staff in another multinational oil company don't have the same conditions, their conditions are not too good but their conditions are far far better. Their conditions are better in the sense that if a contract is packaged, I am just giving an example… that an employee's contract will run for two years and you know they give them after the two years payoff, and that is quite some substantial amount of money that can run into at least two million naira (eight thousand pounds), and with that you can buy small land and build a house for yourself."
>
> Contract staff B, Shell.

The interviewee in the previous quote mentioned that Shell clearly takes advantage of intra-stakeholder influence to enhance its power as its actions go unchallenged by the weak stakeholders. The contract staffs do not have a formal union and the situation of the weak stakeholder (contract staff) is better than unemployed people and unemployment is rife in Nigeria. However, it is important to highlight that the interviewee stated that while other multinational oil companies are "far far better", "their conditions are not too good". Thus, it could be inferred that multinational oil companies other than Shell, take advantage of intra-stakeholder influence but do not go as far as Shell. The Table 5-8 presents how the theme 'intra-stakeholder influence' was generated from data, codes and patterns, plus the meaning of the theme.

Unlike the intra-stakeholder influence, stakeholder power alliance is a direct influence of a coalition of stakeholders who join forces to protect their interests and override those of weaker stakeholders.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Interview: Public Affairs Department, Agip	Just look around you, there are no jobs, so you stay where you are, you do not have the option of quitting, so you can just complain but you are getting a far better deal than the average Nigerian. So if you are to dare complain outside the office, you'll probably be lynched because what you are getting as your subsidy allowance is other peoples' salary, the economic situation is a check… but nobody wants to lose their job. Apart from that because the job situation in Nigeria is so dire, nobody quits, you do your work anyhow and just go to work and come back, you don't stress yourself, you are just demotivated staff you are not going to quit because you have nowhere else to go.	Better deal Economic check Demotivated staff Within-stakeholders	Intra-stakeholder Restrain Influence	Intra-stakeholder influence	Intra-stakeholder influence involves organisations (in this case multinational oil companies) leveraging the weak situations of members of a stakeholder group to directly or indirectly influence other members of that group to behave in a certain way.
Interview: Contract staff A, Shell	The company is using the contract staff policy as a way of reducing cost, but this is unfair, because right now if they sack me now, they will not give me any dime although I have worked here for more than twenty years… they also know that I cannot afford to complain as contract staffs do not have a union and there is high unemployment in Nigeria, so they are taking advantage of my helplessness.	Reducing cost Unfair High unemployment Exploiting Helplessness	Vulnerability Relative state of affairs		Organisations (in this case multinational oil companies) leveraging the weak situations of members of a stakeholder group to directly or indirectly influence other members of that group to behave in a certain way.

Table 5-8 Overview of how intra-stakeholder influence was generated.

5.3.1.8 Stakeholder power alliance

Interviewees argue that stakeholder power alliance involves powerful stakeholders such as the government or the multinational oil companies forming influential partnerships to suppress the interests and rights of weaker stakeholders. This powerful partnership may sometimes not be legitimate; however, since the members of the alliance and the joint partnership of these stakeholders are very dominant, the alliance overrides the legitimate interests of stakeholders. The quote below from an interviewee who is a chief of one of the local communities succinctly articulates this:

> "There is nothing like influence, we don't influence them, rather they influence us with force because in the first place when you say influence we don't use that word influence, we use dialogue or consultation. Influence is a bigger word because when you influence somebody, it means that the person is listening to you with fear or trembling but I want to tell you that we want dialogue if they are willing to listen to us but they are not even willing to listen to us because the government is supporting them, because every barrel of oil taken from our community the Federal Government of Nigeria has 60 percent, while the joint venture of Shell, Agip, Mobil and NPDC (Nigeria Petroleum Development Company) has a 40 percent share, so they are partners in business. So they support each other against the local community, so we don't influence them, we don't even consult with them, we are refugees in their hands, they use us in the way they want to use us."
>
> Chief of local community.

The local community chief's statement quoted above articulates the weak position of the local community when compared to the multinational oil companies. The interviewee explains that the local communities are compelled to comply with the organisation's wishes. Furthermore, the interviewee expounds his position that multinational oil companies consolidate their power by going into partnership with the government and expresses this view using the word “refugee” to explain how weak the local community is compared to the multinational oil companies. The quote above shows that the multinational oil companies are not willing to engage with the weak stakeholders, in this case, the local community. This shows that contrary to the various strategy statements of multinational oil companies cited in Section 5.1, in which organisations claim to actively engage stakeholders, in the upstream sector of Nigeria’s oil and gas industry, stakeholder engagement by organisations is selective. The respondent also demonstrates the power differential between the local community and the alliance of powerful stakeholders via phrases such as, “they use us in the way they want to use us”, which could be interpreted to mean that the local communities do not have a say in the upstream sector of Nigeria’s oil and gas industry. This quote expresses the perspective of the chief of the local community (who is relatively powerful within the local community) and articulates the contextual reality as it relates to the upstream sector of Nigeria’s oil and gas industry. His choice of words such as, “influence us with force” is an insightful definition of power, as this interviewee conceptualises the term, to involve those who are powerful compelling the weak to do what they do not want to do. The interviewee articulates the impact of power on those that do not possess it with words such as, “listening with fear or trembling”.

Furthermore, the interviewee highlights his opinion that powerful stakeholders (the government and multinational oil companies) form an alliance against other minority stakeholders with his statement, “so they support each other against the local community”. However, it is important to emphasise two points. Firstly, the joint venture agreement between the government and the multinational oil companies is not the initiative of the multinational oil companies but that of the Nigerian Government. It has worked in favour of the multinational oil companies and strengthened their level of power; this is an unintended consequence of the licensing arrangement in Nigeria. Secondly, even with the high power differential between multinational oil companies and weak stakeholders, weak stakeholders still challenge power via conflict and the law courts in the home countries of those multinational oil companies, even though they have limited resources at their disposal; this shows that the present power imbalance may be unsustainable. The Table 5-9 presents how the theme 'stakeholder power alliance' was generated from data, codes and patterns, plus the meaning of the theme.

Next to be highlighted is how the upstream sector of Nigeria's oil and gas industry influences the conflicts that stakeholders pick.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Interview: Chief of local community	They are not even willing to listen to us because the government is supporting them, because every barrel of oil taken from our community the federal government of Nigeria has 60 percent while the joint venture of Shell, Agip, Mobil and NPDC (Nigeria Petroleum Development Company) has a 40 percent share, so they are partners in business. So they support each other against the local community so we don't influence them, we don't even consult with them, we are refugees in their hands, they use us in the way they want to use us.	Refugees Powerful stakeholder s Alliance	Powerful stakeholder alliance Minority stakeholders	Stakeholder power alliance	Powerful stakeholders forming influential partnerships to suppress the interests and rights of weaker stakeholders. This powerful alliance may sometimes not be legitimate, however, since the members of the alliance and the joint partnership of these stakeholders is very dominant, the alliance overrides the legitimate interests of stakeholders.

Table 5-9 Overview of how stakeholder power alliance was generated.

5.3.2 Upstream sector, stakeholder needs and conflicts

It was observed from the data collected that the battles that stakeholders pick are influenced by contextual reality which also informs the stakeholders' hierarchy of needs. Importantly, the stakeholders' most pressing need, if not fulfilled, may be a stimulant for conflict. For example, trade unions who represent permanent employees (contract staff do not have formal unions) in the upstream sector in Nigeria's oil and gas industry only go into conflict with managers of their organisation about permanent staff's welfare packages (e.g. salaries and allowances). However, issues of higher ideals such as welfare and pay packages for temporary staff are not addressed by the union when negotiating with management. Thus, lower 'bread and butter' issues (i.e. physiological needs) are addressed as opposed to the needs of self-actualisation (e.g. morality and problem solving), which are the stakeholder battles that are being fought in developed countries. The quote below explains how contextual reality influences stakeholder needs and therefore the conflicts that they have with organisations when those needs are not addressed:

> "...low level, and low level in the sense that they are bread and butter cases, they are not issues around philosophies and all that, so you are talking essentially about the stakeholders looking or seeking part of the value that the business generates much more than in the Western world where the focus has shifted way way long ago from that kind of looking at seeking value in terms of cash and tangibles to actually demanding of the corporate organisations more ethical business practices, and ethical in the sense of environmental concerns, climate controls, issues around ethics, how profits are managed, how payments are made to government and all."
>
> Manager 2, Shell.

Another interviewee who is a manager in one of the multinational oil companies supports the position that stakeholders only address financial issues related to them, which he believes is informed by the dire economic situation of the country:

> "So you have contract staff issues that are not really tackled by the union head-on even behind closed doors, the union only fight about remuneration for full staff. Employees and unions think about the economic situation in the country, since they are men that came from abject poverty yesterday… you know let him settle his children first before settling other non-financial or ethical issues such as welfare of contract staff, you know that's the kind of mentality."
>
> Manager, Agip.

The statements above articulate the impact of the economic situation in Nigeria on stakeholder perception, expectation and needs, which informs the issues being negotiated to forestall conflict in Nigeria compared to more developed countries. The Guardian Newspaper quoted:

> "Research by development economists… suggests resource-rich developing countries can also be more prone to violent conflict as desperately poor communities take up arms to fight for their share of the spoils" (Guardian, 2013).

The article by Guardian is corroborated by an interviewee who is a reverend father resident in one of the local communities explained the potential for conflict to take place in the Niger Delta:

> "I know of a truth that there are some persons that are revving for revolution, which will come up any moment from now, but it is still underground."
>
> Reverend father, local community.

Also, an article from the BBC explains how some members of the local community fight multinational oil companies to protest the impoverished situation of other members of the local community who, they argue have not really benefitted from the discovery of oil on their land. The attack of armed groups on oil installations affects the multinational oil companies' production of oil:

> "Attacks on Shell installations have forced a 10 percent drop in Nigeria's oil production. Many of the armed groups claim to support impoverished local communities and say the oil belongs to the Delta people in the first place" (BBC, 2006).

Furthermore, another interviewee who is a women's leader expresses in her own words, her expectations of the multinational oil companies and how they could lead to conflict:

> "We don't have a good hospital, we don't have any good schools, we don't have any social amenities to keep us going that can replace what the multinational oil companies have taken from us, but rather what they do is that if we raise our voice oil companies collaborate with the Federal Government to use the soldiers to suppress us… I assure you by the time we go to the coastal shore to see what the multinational oil company has done to the coastal area you see soldiers lining up there trying to protect the installations of the multinational oil companies against the will of the local people, in short the multinational oil company has not developed anything here compared to what is being done in Europe."
>
> Women's leader, local community.

The interviewee's statement cited above offers insights into what some stakeholder' expect from the multinational oil companies. From the above quotation, it could be inferred that this member of the local community expects the multinational oil company to replace "the loss of the coastal area" due to multinational oil companies operation with provision of social amenities for the local community. Furthermore, the quotation above shows the dissatisfaction of the local community and this is underscored by phrases such as, "in short the multinational oil company has not developed anything here compared to what is being done in Europe". In addition, the above interviewee expresses how the local community show their disapproval and resistance to the adverse operation of multinational oil companies with the idiomatic phrase, "raise voice". She also articulated the response of the multinational oil companies to the community's "raised voice" with the phrase, "oil companies collaborate with the Federal Government to use the soldiers to suppress us".

The perception of stakeholders about their expectations of multinational oil companies is important because it shows that corporate responsibility and stakeholder engagement as defined in the West may not be totally relevant to the developing country context of Nigeria's upstream sector of the oil and gas industry (see later sections for some new definitions of CSR which are influenced by the context).

5.3.3 Overview of drivers of power

This section has demonstrated the high level of power of the multinational oil companies compared to the local community and contract staff through ideas such as conflict of jurisdiction, historical hangover, reverse isomorphism, imbalanced stakeholder relations, intra-stakeholder influence, stakeholder power alliance and pluralised stakeholder duty. The aforementioned concepts have also highlighted some of the drivers of this high power differential between multinational oil company and other weak stakeholders (e.g. local communities and contract staff). However, this high power differential appears unsustainable as demonstrated by some unsatisfied context induced stakeholder issues (e.g. loss of revenue and cuts in projected profits) which are driven by some of the contextual, social challenges highlighted so far (such as unemployment and poverty). Some interviewees argued that this social challenges have led to conflicts between the multinational oil companies and weak stakeholders in the local community.

Therefore, the next theme to be explored is legitimacy, which is one of the strands of stakeholder salience that was examined in this research. Legitimacy as it applies to the context of the research will be outlined, focusing on contextual norms, which offers a valuable lens through which to address stakeholder issues. To begin with, an illustration of the concept will be outlined, and then a brief definition of legitimacy and some of the limitations of the present characterisation as it applies to the upstream sector of Nigeria's oil and gas industry will be discussed. Thereafter, the perception of the multinational oil companies as regards their legitimacy, and that of the local community, will be explored.

5.4 Legitimacy

This section gives a definition and explanation of legitimacy and the limitations of the present characterisation of this concept as it relates to the upstream sector of Nigeria's oil and gas industry is outlined. The limitations of the present characterisation of legitimacy are that it is lacking in ethics and assumes that stakeholders have a consensus. In this section a new definition of legitimacy which incorporates ethics will be advanced and how this stakeholder attribute could be a tool for weak stakeholders to challenge powerful stakeholders. Also, a definition and explanation of resource collectivism, which was gleaned from the data collected and is a term related to legitimacy. Thereafter, definitions and explanations of terms such as stakeholder social responsibility and stakeholder social irresponsibility which were terms informed by the data collected will be covered. These concepts highlight the importance of ethics and explain how stakeholders could lose their legitimacy. In the next section one of the most cited and influential definitions of legitimacy will be referenced.

5.4.1 Legitimacy defined

"Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995:574).

5.4.2 Synthesis of the definition of legitimacy

This section will briefly but critically examine the definition of legitimacy quoted above and point out the limitations of this definition as informed by the data collected for this research and proffer a new definition which addresses these limitations. The limitations of the above definition of legitimacy include a lack of consensus and ethical deficit.

5.4.2.1 Lack of consensus about acceptable standards

The definition above articulates that legitimacy is a generalised acceptance of a stakeholder's action within a social system. This system comprises of culture, beliefs and definitions. What the aforementioned definition does not consider is that legitimacy may not be homogenous and that different stakeholders may have different views of what is acceptable. Figure 5-2 is informed by responses from interviewees and insights from secondary data, some of which have been highlighted in earlier sections. Figure 5-2 shows the tensions between stakeholders pushing to ensure that other players take their positions using standards that should be adopted in the upstream sector of Nigeria's oil and gas industry.

To illustrate how multinational oil companies get their legitimacy consolidated with the federal government of Nigeria, an interviewee who is a manager at Shell explained how foreign governments can help represent the interests of multinational oil companies when dealing with the host government:

> "The world is changing, the world is becoming very global and very small ... most of the big businesses have a home government and they do business in more than one country and most of the governments in third world countries recognise that they also need to establish a reputation of contract sanctity to encourage further investors into the environment, so in trying to seek that balance, most of the governments tend to get rational when the discussions happen with a foreign government representing the interest of multinational oil companies, something gives in usually at the end of the day."
>
> Manager 2, Shell.

It is important to point out that the interviewee quoted above stated that globalisation helps multinational oil companies, via their home country government (termed 'foreign government' in Figure 5-2), to have a legitimate position with the local government or resolve any conflict that could diminish the legitimacy of the multinational oil company with the Federal Government of Nigeria. The interviewee explains that the Federal Government of Nigeria gives-in when foreign governments represent multinational oil companies, because the Nigerian Government wants to remain legitimate among investors as "they need to establish a reputation of contract sanctity". Contract sanctity in this case means that once multinational oil companies go into an agreement with the Nigerian Government, both parties are obligated to fulfil the terms of the contract. However, another interviewee who is a member of the local community has a different view about the legitimacy of the multinational oil companies. This member of the local community is of the opinion that globalisation could also help weak stakeholders (who have limited power) to get their views presented to the world through international partners and thus challenge the position of multinational oil companies and their partners. He stated that:

> "...for the fact that we don't have a voice, we don't have the money, the capital, we cannot even go to technical action because the technical action costs money, we cannot even go to radio and the print media to lay our complaints to the international community for people to hear us, it is only these people from Europe, the NGOs who can take our matter, you see, like Shell, Total and Agip, they are all international companies and are all based in Europe, so if you make a report in the local newspaper in Nigeria, the people in Europe do not know what is happening, I want to tell you the Nigerian factor too they will not even want the report to get over they will want to cover it up… when people from Holland, people from Britain, France, Italy come in and we give them this report and they go to publish in international paper that people hear of what is happening here, so that is what the international community can do for us, it is only the international community that can bail us out of our problem, because the Nigerian state wouldn't want to listen to the local people unless they are being forced by the international community to obey best practices in doing their operations."
>
> Chief, local community.

The quote above shows that the interviewee believes that there is diversity in stakeholder response to the legitimacy of the local communities' claims. According to the interviewee, many stakeholders including the Nigerian Government, the media and the multinational oil companies do not countenance the complaints of the local community. The interviewee believes that the claims of the local community will be considered acceptable by the Nigerian Government and multinational oil companies only once the international community is made aware, intervenes and forces the multinational oil companies and the government "to obey best practices in doing their operations". This could be inferred to mean that even though local community believes that the multinational oil company initially do not countenance the legitimacy of the local community, the latter believes that international newspapers and other members of the international community consider their claims legitimate. Also, the local community believes that the international stakeholders could make them more acceptable for local stakeholders (e.g. government and multinational oil companies). Hence, Figure 5-2 shows that stakeholders or institutions are far from having a consensus of what an acceptable social system is and there is a gap between a balanced legitimacy and the imbalanced legitimacy system.

5.4.2.1.1 Classification of legitimacy

Based on the insights generated from the data collected on the consensus, or lack thereof, legitimacy is divided into balanced and imbalanced legitimacy. Another explanation of the classification of legitimacy into balanced legitimacy and imbalanced legitimacy which reveals a lack of consensus about the social system that some interviewees (e.g. the local community and civil society) believe should be adopted is partial and full legitimacy.

Balanced Legitimacy could be defined as when institutions have a consensus about what is considered to be an acceptable social system and therefore measure legitimacy from a common base line. Imbalanced legitimacy occurs when institutions are in disagreement about the conventional social system that all institutions should adopt, and therefore view legitimacy from a different base line.

Imbalanced legitimacy could also be called partial legitimacy because some individual stakeholders (Stakeholders A) confer organisations with legitimacy but this legitimacy is restricted because some other stakeholders (Stakeholders B) do not give approval to the legitimacy conferred by Stakeholders A. An example of partial legitimacy is when the government offers multinational oil companies a license to operate in the form of a contractual agreement i.e. as stipulated in the Nigerian law. This kind of legitimacy is formal but still limited as this does not assure the organisation full legitimacy as it is lacking the informal legitimacy of social license from the community. Informal legitimacy entails stakeholders, e.g. local communities, offering organisations legitimacy in the form of social license in exchange for CSR projects (see corporate stakeholder barter in Section 5.5.2). This legitimacy is also incomplete, without the formal legitimacy offered by the government. The formal and informal legitimacy are partial, important and dependent on each other, plus both need to be present for full legitimacy to be conferred or for balanced legitimacy to be reached. Figure 5-2 which is informed by some of the interviewees quoted so far shows that the term balanced legitimacy when applied to the upstream sector of Nigeria's oil and gas industry is aspirational, ideal and theoretical, and this is why balanced legitimacy is represented by broken lines, since it is abstract. However, imbalanced legitimacy is what is taking place in the upstream sector of Nigeria's oil and gas industry, hence it is more pragmatic. This researcher defines the difference between balanced legitimacy and imbalanced legitimacy as the gap in perception between a theoretical and pragmatic conceptualisation of legitimacy.

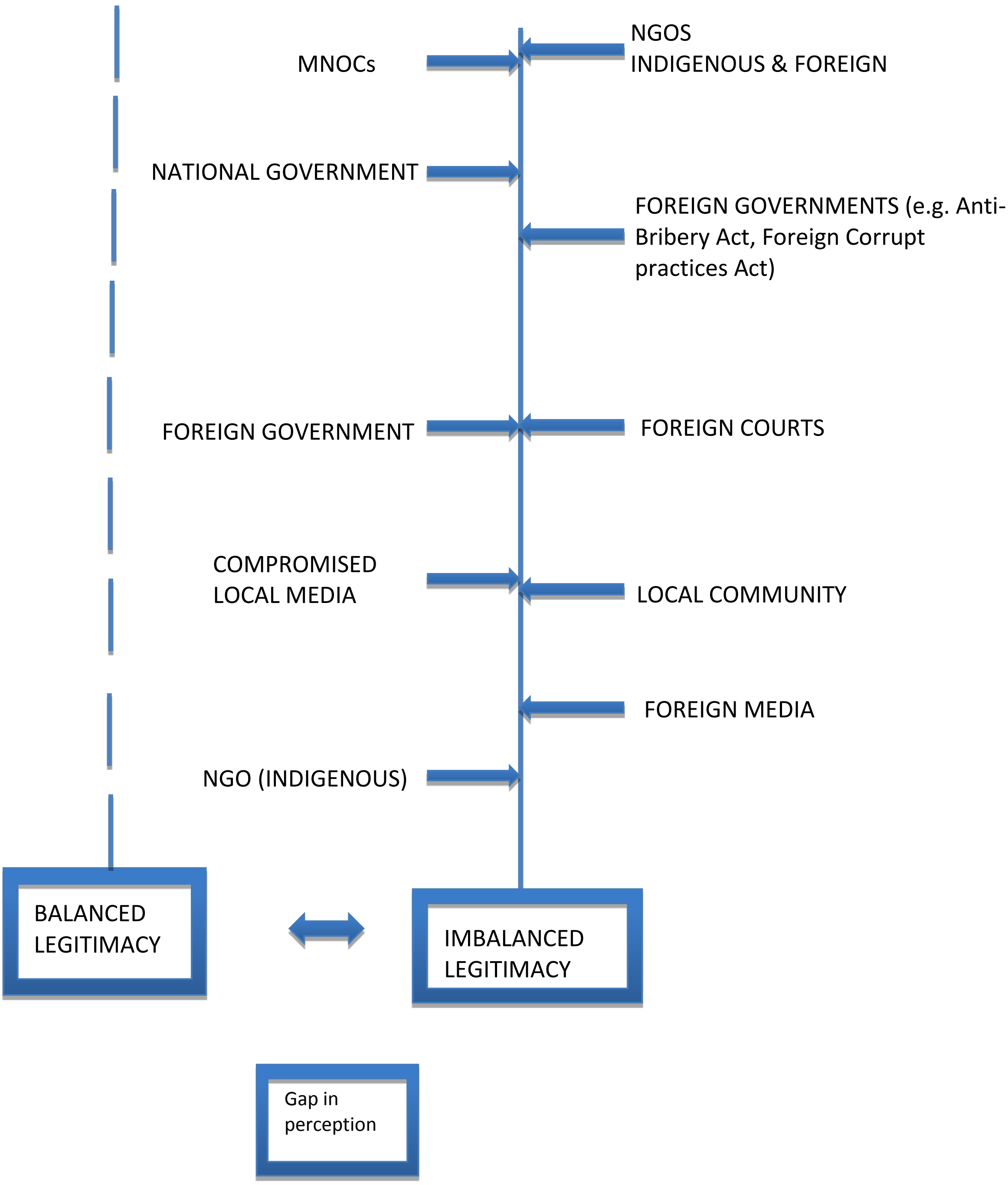


Figure 5-2 Tensions due to difference in perception of legitimacy among stakeholders.

Figure 5-2 represents the different views of stakeholders in the upstream sector of Nigeria's oil and gas industry and how each stakeholder is trying to ensure that its interest in the standard of legitimacy to be adopted is protected. It is important to highlight that sometimes a stakeholder group may have multiple interests around what standard of legitimacy should be embraced in a particular context. For example, as highlighted in the Figure 5-2, some interviewees (managers in multinational oil companies) mention that foreign governments protect their interests against the national government. As an interviewee who is a manager of one of the multinational oil companies stated:

> "Again, the world is changing, the world is becoming very global and very small... most of the big businesses have a home government who can help safeguard the interests of these multinational oil companies."
>
> Manager, Shell.

While interviewees from the local community argue that it is only the international community including foreign governments who could help protect its interests:

> "We cannot speak for ourselves unless the people from the international communities come to speak for us."
>
> Chief, local community.

A specific example of foreign governments playing different roles around the adoption of legitimacy, is foreign governments putting pressure on national governments to protect the interest of multinational oil companies while at the same time mandating multinational oil companies to espouse ethical practice in their operations overseas through acts of parliament such as the UK Anti Bribery Act and the USA Foreign Corrupt Practices Act. Since all stakeholders have different interests and baselines as regards which concept of legitimacy are to be adopted, perhaps a reduction of the gap in perception (between balanced legitimacy and imbalanced legitimacy) could be achieved by all stakeholders using ethics as the common baseline for legitimacy.

5.4.2.2 Legitimacy definition is lacking in ethics

Although multinational oil companies refer to ethics with words such as 'responsible' and 'safe' in their strategy statements (see multinational oil companies strategy statements in Table 5-1), ethics is omitted from Suchman's (1995) definition of legitimacy which is widely cited in academic literature and considered influential. The omission of ethics in the definition of legitimacy was also highlighted by data collected from the upstream sector of Nigeria's oil and gas industry as some interviewees contend that, in their interaction with multinational oil companies, the multinational oil companies do not mention an ethical/normative base of how they accept endorsement from stakeholders such as the local community. Thus, through the Nigerian factor or African factor stakeholders can get their actions, which may be immoral, to be acceptable either forcefully (leveraging their explicit power) or tacitly through subtle power, e.g. in exchange for resources (e.g. bribes). Phrases such as the 'Nigerian factor' and 'African factor' reveal that a lack of ethics is a recurrent theme. Thus, it is necessary to define ethics as it applies to stakeholders. This PhD researcher defines ethics as the examination of standards and behaviours that could uphold stakeholder (human and non-human) welfare and the societal good. Whereas, business ethics is expressed in this research as the assessment of standards of business behaviour that relates to stakeholder (human and non-human) welfare and the societal good that could arise in a business environment. What is common to both definitions is that stakeholders are seeking the welfare of others. A lack of ethics as part of the basis for stakeholders or institutions to confer legitimacy on other stakeholders means that if the social system is unethical or lacking in integrity, organisations can still acquire legitimacy so far as they fulfil the norms, values and beliefs (which may be unethical) of the society where it operates. For example, multinational oil companies operating in the upstream sector of Nigeria's oil and gas industry could acquire legitimacy based on what interviewees call the 'Nigerian factor'. The Nigerian factor comprises values which often lack a moral basis. A definition of the 'Nigerian factor' as perceived by a stakeholder (a local community chief) is outlined below:

> "Okay, the Nigerian factor is that people are not sincere, people are after money, one thing is that humanity has a purpose, the purpose of humanity is that humans should enjoy the environment because these thing you see is life, green is life… since there is life in… there is life in the green tree, the green tree when they emit carbon… there is something that they perform for you that is maintaining this environment the carbon chain? Yes, the only thing a human being can do is to protect the environment and also protect human beings but there are people who are not ready to protect even human beings because of money, they want to make profit." (Member of local community)

It is important to point out that the interviewee cited above explains that the 'Nigerian factor' is people lacking in sincerity and compromising 'human purpose' for pecuniary gains; in his words "there are people who are not ready to protect even human beings because of money". Due to the Nigerian factor, stakeholders compromise on human welfare and ethics. Another interviewee explained the Nigerian factor:

"Even the multinationals, they use best practice in Europe but when they come to Africa, the African factor, the Nigerian factor influences them not to use best practice… Nigerian factor is that they are not sincere, they don't use what we call sincerity of purpose in operation of their business."

Member, local community.

This interviewee defines the Nigerian factor as the negative influence of the external environment which makes MNOCs who were behaving well in other operating contexts to lose their values. However, another interviewee has a positive perspective on the Nigerian factor:

"It's not always corruption, it's just we are more interested about getting the things done… you have to take three steps to the right, and take three steps to the left then… I will just say guy, just do this thing like this that kind of thing. So we have that attitude in management and administration, there are many instances where it's a disadvantage but sometimes it's an advantage, it means that there are many times you can jump many steps and just get things done really quickly and explain 'listen I don't have this document, because this what happened ok, ok, just submit the thing, bring the documents later'. We have those kinds of informal things that can facilitate business, but the problem is that these things do open the window to corruption. Like I said that personally I've worked with people that will do favours for you for nothing, just because when you come into their office, you greet them and they just think this guy is a well-mannered person you know, and he just becomes your friend, he will not ask you for anything or anything."

Manager, Agip.

This interviewee defines the Nigerian factor as the ability for someone to get things done in good time even though this person does not meet the requirements for the service to be provided. This person is able to get the government officials to overlook the deficiency in the document that is submitted because he/she understands the cultural realities of Nigeria such as greeting people when you go to an office. Thus, giving this person some goodwill makes it easy for him/her to get things done. However, the interview contend that the concession given to this 'well mannered' individual is not because of bribery, but could be a window for corruption.

The narratives of various interviewees cited so far illustrate that, partly due to an informal approach to business, the weak institutional structures in Nigeria and the corruptible nature of many stakeholders (e.g. government regulators, media personnel and some civil society organisations), lose their role of serving as a counterbalance to multinational oil companies and this could confer legitimacy on multinational oil companies without merit, i.e. legitimacy could be acquired at the expense of ethical considerations. Therefore, to address the ethical deficit highlighted above and the lack of consensus among stakeholders about a common baseline, some interviewees (e.g. members of civil societies and the media) argued that alternative explanations and definition of legitimacy should incorporate morality as a minimum threshold before legitimacy could be issued by stakeholders to organisations operating in Nigeria's oil and gas industry. An alternative definition which has ethics at the core is that legitimacy is a generalised perception or assumption that the actions of an entity (e.g. a stakeholder, organisation or individual) are morally appropriate within a socially constructed system of norms, values, beliefs and definitions in a particular context.

The above definition of legitimacy which incorporates ethics is apt in this discourse as it will accommodate the interests and needs of legitimate stakeholders who are weak. An example of a legitimate (when ethics is considered) but weak stakeholder in the upstream sector of Nigeria's oil and gas industry is the local community. The local community's rights (e.g. to non-pollution of the environment) are legitimate, but some interviewees (e.g. regulators and civil society groups) argue that they are not countenanced because these stakeholders are less powerful compared to others. This shows that there is a gap between legitimacy and power and that multinational oil companies tend to give priority attention to stakeholders who have power and only those stakeholders who are powerful are considered to have legitimate claims (legitimacy without countenancing ethics). The concept called resource collectivism shows how the local community could leverage its legitimacy to challenge the multinational oil companies' power.

5.4.3 Resource collectivism

Informed by the data collected, resource collectivism is defined as where weak stakeholders (e.g. the local community) leverage the more dominant stakeholders, using attributes that they possess to challenge powerful stakeholders. One such attribute available to the local community is the legitimacy of their claim to ownership of land. A consequence of high power differential is conflict, and even though the local communities are weak compared to the multinational oil companies, through ideas such as resource collectivism, local communities can explore ways of reducing the high power differential between them and the multinational oil companies, by leveraging their greater legitimacy and proclaiming ownership of the oil found on their land. Hence, using resource collectivism as a negotiating tool, the local community clamour for ownership of the natural resources, in this case oil and gas. The local community can question the government's ability to allocate oil licenses to multinational oil companies for exploration purposes without consulting with the community. The local community contends that, since they own the land where oil is found, they should own that resource. An interviewee expresses this view in the quote below:

> "According to the UN, the indigenes are nearer to the land and it is on the land they live on. The oil companies pay royalties to the government instead of the government giving those royalties to those indigenes who own the land, they don't give anything, rather, they back the oil companies to take this land."
>
> Elder statesman, local community.

The quote above shows that the interviewee tries to consolidate the communities' legitimacy by referring to the United Nations' moral argument. The interviewee refers to the United Nations, which is generally considered to be an independent multilateral organisation. Its actions are mainly humanitarian and considered to be generally acceptable by all nations. Furthermore, the interviewee shares the United Nations' view that indigenes have more right to the land since they live on the land and they are nearer to it. The interviewee also believes that due to the legitimacy of the local communities, as owners of the land, the government should give the royalties received from the multinational oil companies to the community. The interviewee argues that the government confer legitimacy on the multinational oil companies through the support that they offer. In addition, the interviewee challenges the legitimacy conferred on the multinational oil companies by the government which allows the multinational oil companies to take land belonging to members of the local communities. He also challenges the stakeholder power alliance between multinational oil companies and local communities (See Section 5.2.1.9) based on the legitimacy of the community's claim to ownership of land. The interviewee used legitimacy to challenge the stakeholder power alliance with the phrase "instead of the government giving those royalties to the indigenes who own the land… they back the oil companies to take this land". To put this view into perspective, it is necessary to understand the importance of land to the local community, the emotional and social ties attached to it and the consequence of land grabbing on the social standing of a member of a local community. The value of land in the ‘eyes’ of the local community is articulated below:

> From the community perspective, in the community here, importance is being tied to land, if you die where will they bury you? if you don’t own land you are a fugitive, they will look for where to bury you, when there is no burial ground, they will just roast you and burn you away, the land is very important, even my own here I can’t tamper with it…. I don’t want any bit of it to go out of it; I am looking for some more to keep for my children because without land you are nowhere.”
>
> Chief, local community.

The interviewee describes a person without a land in the community (even if the land has been taken over by the multinational oil companies without the communities’ permission) as an outcast from society. Also, a person without land at death is treated as a refugee and may not be buried but may just be “roasted and burnt away”, since the owner of land upon his/her death is usually buried on his/her land. He also demonstrated that land is intergenerational with the phrase “I don’t want any bit of it to go out of it; I am looking for some more to keep for my children”. Furthermore, the interviewee’s statement “without land you are nowhere” reveals the high level of respect and legitimacy accorded to owners of land in the community. In addition, a different interviewee who is a member of one of the local communities explains the impact of multinational oil companies’ acquisition of community land on some families. The interviewee explained that when multinational oil companies acquire the land of a member of a local community, it leads to him/her losing their employment and income from farming since they do not have "a common piece of land to farm". Details of the interviewee's position can be seen in this statement:

> "Total, now they want to upgrade their former installations so they call it OLN 58… they are upgrading the facilities… and because of that they took another 250 something hectares of land from the people… adding it to the old ones that they took before… and some families now don't have a common piece of land to farm"
>
> Farmer and Resident, local community.

Another interviewee who is a clergyman in one of the local communities where multinational oil companies operate, articulates the view that multinational oil companies have been carrying out illegitimate actions in the community as they acquire large expanses of land from the local community with no contractual agreement between the multinational oil companies and the community. He explains that most members of the local community are not literate and do not know the difference between a Memorandum of Understanding (MOU) and a contract. He argues that multinational oil companies only sign MOUs with the owners of land in the local communities, which favours the multinational oil companies:

> "For instance in the 1980s when they came to establish the gas plant; since the 1980s till today, no agreement between Total Fina Elf and Obite community, regarding the land they acquire, how it was acquired, for how much it was acquired, and how the operations are going to be carried out, there is no such agreement, even the upgrading they are into now, there is no agreement, a land worth well over three hundred and something acres of land, there is no agreement, instead what they introduced is what they called MOU, and the MOU, if you study it does not consider the community"
>
> Reverend father, local community.

In addition, another interviewee explains why he believes that multinational oil companies should sign contractual agreements with the local community (and not MOUs) when acquiring large expanses of land from the local community, because when multinational oil companies default, "MOUs cannot be contested in court", the interviewee said:

> "A Memorandum of Understanding is not an agreement, there is a difference between a contractual agreement and a memorandum, memorandum is something that is mere understanding, I can implement it or not depending on circumstances but agreement is more binding, you cannot be able to go and contest a Memorandum of Understanding in court."
>
> Member, local community.

However, it is important to highlight that the communities' position on resource collectivism, which has been argued thus far to be legitimate from the perspective of the local community, could be criticised as being illegal in Nigeria. This is because resource collectivism contravenes the Nigerian Petroleum Act 1968 which vests ownership and control of all petroleum resources found on the land and the terrestrial waters in the Nigerian Federal Government. Therefore, it could be contended that a stakeholder's legitimate claim could be illegal. However, since the legal system has been highlighted by the stakeholders interviewed to be generally unreliable. The question is: could ethics fill the legal void?

5.4.4 The need for an ethical imperative for stakeholders

Various interviewees have argued that company shareholders are powerful, because their rights comprise the ability to confer legitimacy through control rights which they outsource to directors. Members of boards invest managers with the ability to take operational decisions. Also, interviewees have contended that shareholders can withdraw control rights by voting to sack directors, and managers could lose their jobs if they do not fulfil their legal, moral and economic responsibilities, including the contractual agreement of maximising profitability for shareholders. However, some interviewees have contended that non-shareholding stakeholders do not always have this prerogative to protect their interests. In Nigeria, interviewees contend that stakeholder rights are not actually protected and the only rights that are safeguarded are shareholders' rights, especially in the oil industry because the government is in partnership with the multinational oil companies, and thus is itself a shareholder. However, it is important to mention that none of the multinational oil companies' upstream activity is listed on the Nigerian Stock Exchange. The government is a shareholder in every exploration and production activity; hence, by protecting shareholder rights, the government is also protecting its own interests. Some stakeholders interviewed for this research argue that the government can protect shareholding rights in Nigeria because the different arms of government, namely the judiciary, legislature and executive, are not independent of each other. One of the interviewees opines this in the quote below:

> "In Nigeria here, because the Nigerian factor is involved, that is the Nigerian factor I am telling you, the judge of the court is being appointed by the government of the Nigerian state so why will he speak against the Nigerian state or partners of the Nigerian states which are the multinational oil companies?" Director, civil society.

Another interviewee stated that:

> "There are so many cases in the courts, but multinational oil companies will always buy their way, because the judges are working for the government, and

the government is directly involved in the operation of multinational oil companies, so how can you push further?"

Reverend, local community.

Importantly, since some of the interviewees cited in this research claim that stakeholders' rights are not considered and addressed by multinational oil companies, it is important to consider multinational oil companies' liability to its stakeholders based on the impact of the latter's operation on the former. Beyond considering the responsibility of multinational oil companies and stakeholders' rights, the responsibility of stakeholders to society, defined in this study as the stakeholder social responsibility, will be examined. However, in this research, more focus is put on stakeholder social irresponsibility and illustrations of how contextual realities could offer insights into alternative ways of conceptualising stakeholder theory.

In line with the focus of this research on stakeholder social irresponsibility, Achim Steiner, UN Under-Secretary General and United Nations Environment Programme (UNEP) Executive Director, commented in a recent report on the upstream sector of Nigeria's oil and gas industry published by UNEP:

"The report provided the scientific basis on which a long overdue and concerted environmental restoration of Ogoniland, a kingdom in Nigeria's Niger Delta region, can begin. The oil industry has been a key sector of the Nigerian economy for over 50 years, but many Nigerians have paid a high price, as this assessment underlines. It is UNEP's hope that the findings can break the decades of deadlock in the region and provide the foundation upon which trust can be built and action undertaken to remedy the multiple health and sustainable development issues facing people in Ogoniland. In addition it offers a blueprint for how the oil industry - and public regulatory authorities -

might operate more responsibly in Africa and beyond at a time of increasing production and exploration across many parts of the Continent" (UNEP, 2011).

The quote above speaks of “multiple and sustainable development issues” (UNEP, 2011) some of which this research has highlighted already, and mentions the need for stakeholders (including the government and multinational oil companies) to operate more responsibly to “break the decades of deadlock” (UNEP, 2011). Next to be addressed is stakeholder social responsibility.

5.4.4.1 Stakeholder social responsibility

The concept of stakeholder social responsibility was informed by the primary and secondary data collected for this research. Stakeholder social responsibility is defined as the ethical obligation, on owners of stakes in an industry, based on its impact, to themselves and other stakeholders. Importantly, this concept is germane particularly in the upstream sector of Nigeria’s oil and gas industry which is characterised by powerful multinational oil companies, weak institutions and limited counterbalancing influences from stakeholders or institutions. However, the idea of stakeholder social responsibility is not only applicable to the developing world, as even in the developed world stakeholders in the society have responsibility to themselves and to other stakeholders, because in these regions institutions are not totally infallible in terms of inefficiency or ineffectiveness. Broad examples of stakeholder social responsibility include community (stakeholder) social responsibility which entails the accountability of the local community to itself, the government, civil society and the media. Another example is media social responsibility, which means that a newspaper company has ethical, social and environmental responsibility to other newspaper firms, civil society and the government. Another term which is connected to stakeholder social responsibility and relevant to the context of the upstream sector of Nigeria’s oil and gas industry is stakeholder social irresponsibility.

5.4.4.2 Stakeholder social irresponsibility

Stakeholder social responsibility could be defined as an occurrence that happens such that entities that have stakes in an industry are negligent of their social, ethical or environmental obligations, which this research showcases, based on insights generated from different stakeholders who were interviewed. Each stakeholder could be liable to charges of stakeholder social irresponsibility if it does not consider and mitigate the negative impact of its activities on stakeholders within its group (intra-stakeholder impact) and other stakeholders outside its group (inter-stakeholder effect). Stakeholder social irresponsibility is important particularly in the context of the upstream sector of Nigeria's oil and gas industry as it relates to stakeholders' attributes of power and legitimacy. Some interviewees argued that if a weak stakeholder which is legitimate is considered by other stakeholders to be socially irresponsible, it could lose its legitimacy. Stakeholder social irresponsibility includes: community social irresponsibility, government social irresponsibility, media social irresponsibility and civil society social irresponsibility. The next section will highlight three specific examples of stakeholder social irresponsibility which are relevant to this research and are connected to the research questions examined in this study. Also, the focus of the three examples of stakeholder social irresponsibility is that they highlight critical issues, either directly or indirectly, for at least one of each stakeholder group interviewed from the upstream sector of Nigeria's oil and gas industry. They are government social irresponsibility, community social irresponsibility and corporate social irresponsibility.

5.4.4.2.1 Government social irresponsibility

From the quotes from the interviewees (managers of multinational oil companies, local community, directors of civil societies and the media) cited so far, it could be inferred that the Nigerian Government is powerful and could be legitimate.

Interviewees explained that a government is considered legitimate if it provides services to the public, the stakeholders interviewed also believe that the government could lose its legitimacy, while still being powerful, through government social irresponsibility. Government Social Irresponsibility occurs when the government fails in its fundamental function of providing services to the public including administration of justice, protection of civil liberty and provision of public goods and services (e.g. infrastructure projects that the society needs). Therefore, it could be inferred that a government is socially irresponsible if it is not accountable to the society or is ineffective. The term accountability was conceptualised based on insights which were inspired by the responses of different stakeholders (such as NGOs, managers of multinational oil companies, members of the local community and journalists) who believe that the Nigerian Government has failed them by not providing services for them. The quote below from one of the interviewees interviewed for this research reveals that this stakeholder is of the view that both international governments and the Nigerian national government have been ineffective because they have failed to tackle oil theft:

> "Nigerian government officials, all the way to the military, the foreign government with their spy satellite, everybody knows what is happening as regards oil theft and the environmental disaster that is happening as a result of oil theft, nobody is stopping it, they should actually tone down this rhetoric about all these oil theft activities and all that because if they want to, they can do something about it."
>
> Director, Stakeholder Democracy Network.

Another interviewee, who is an editor of a national newspaper, expressly states the areas that reflect Government Social Irresponsibility, they include not investing in infrastructure projects after collecting tax from multinational oil companies, she said:

> "The oil companies will keep saying that look you need to understand that we are a business we pay taxes and royalties to the Federal Government. Responsibility for development of your communities lies with the federal, state, and local governments. We come in and play our roles as socially responsible citizens, we are not supposed to come in and provide all your infrastructure, and it is not our responsibility. For instance you will not expect a bank, do you understand me, on Bond Street in the UK, if Bond street has potholes to fill up these potholes, the bank can voluntarily repair the road as part of a corporate social responsibility initiative but it is not compelled to do so as is the case in Nigeria because the multinational oil company has paid taxes and the government is expected to use those taxes to make sure that the road is serviced, do you understand?"
>
> Editor, National Newspaper.

The above quote highlights the failure of the Nigerian government to provide infrastructure and offers some interesting perspectives on how this affects the contextual definition of CSR compared to the West, which is usually characterised by more responsible government. The interviewee, through the phrase "it is not compelled to do so as is the case in Nigeria", referred to the element of compulsion in the stakeholder expectation of CSR initiatives of multinational oil companies in Nigeria compared to the expectation of stakeholders in the UK who consider CSR programmes to be voluntary.

Another role of government, as defined by an interviewee who is a journalist, is that the government is to ensure that businesses do not exploit the society and social welfare is assured, the interviewee articulated that the Nigerian Government has failed in these areas and should be held responsible for this:

> "You must understand business. There are 0.00001 percent that are ethical, most are not ethical, their goal is to maximise profit. The role of government is to ensure that in the course of maximising these profits, they are not exploiting the people where they operate, the role of government is to ensure that they adhere to the laws of the land; the role of government is to monitor them. If your government is not doing so, whose fault is it? You must understand the situation, no businessman goes out to go and make people happy."
>
> Former Energy Editor, National newspaper.

Another interviewee, a manager in an indigenous downstream oil company, explains his view about an area where he believes the government has failed:

> "Failure of government regulation is in the issue of expatriate quotas, the use of foreign oil staff basically in positions that can be manned by local manpower, by local staff, those ones are apparent, the government is trying to correct that now but because of the absence of a more stringent law that would dish out appropriate sanctions and penalties to companies violating this expatriate quota, the companies are still managing to exploit and explore loopholes in the petroleum law as well as the immigration and expatriate quota application as it applies to the oil industry."
>
> Manager, indigenous downstream company.

As stated in the quote above, the consequence of Government Social Irresponsibility in the upstream sector of Nigeria's oil and gas industry is that oil companies' benefit from lax regulation and get away with it (see historical hangover in Section 5.2.1.1 for how organisations leverage their power to abuse loopholes in the system). However, multinational oil companies are expected, by the local community, to behave like a pseudo local government since the government is ineffective:

> "an oil company in the UK or in the US or anywhere in Europe, once you've paid your taxes, your royalties to the government, you be left to do some corporate social responsibilities here and there, sponsor one or two things and that's all that is expected of you. Whereas in our environment, the communities in particular expect more and demand for more from you as an oil company and so they expect you to be the one who builds their roads, builds their schools, hospitals, provide them water, electricity and so on and so forth. These are primary responsibilities of government but because for so long they have not been delivered, the communities have turned to people that they can see and hold on ground."
>
> Manager, Shell.

Hence, the stakeholders' expectations of the CSR practice of multinational oil companies is quite different in the upstream sector of Nigeria's oil and gas industry when compared to that of developed countries. The reason for this variance in stakeholders' expectations is because the multinational oil companies are held accountable for the institutional deficit of Government Social Irresponsibility since the government, who are based in the state and federal capitals of Nigeria, cannot be reached by the local community who reside in rural areas. However, oil companies' facilities are ubiquitous in the countryside, and hence they are the natural target of disgruntled members of the local community. This explains why some managers of multinational oil companies who were interviewed for this research defined CSR in the upstream sector of Nigeria's oil and gas industry as the multinational oil companies closing the infrastructural and social needs gap that the government has not been able to address. Therefore, CSR in this case involves multinational oil companies addressing stakeholders' needs which arise from Government Social Irresponsibility. A quote from one of the interviewees working in a multinational oil companies succinctly articulates this position:

"You receive petitions every other day, you know your pipeline burst, this, this, that, you are operating in our communities you are not giving us jobs, it's an endless list, oil companies in Nigeria are local government, they receive requests for scholarships, jobs, water, schools, everything and there is just no way you can accommodate all those requests."

Manager, Agip.

The quote below from another of the managers of the multinational oil companies is an apt illustration of how Government Social Irresponsibility affects the CSR expectations of the stakeholders, the interviewee said:

"Because government has not been up in the template of what they are supposed to do, then the backlash comes to the oil company, the oil company begins to struggle with the situation and tries to create a balance that yes I am a business man, I am here to do business, I am paying my tax, I am paying my royalty, I am playing by the books, I am not government, I don't have the skill set to do roads, I don't have the time to do roads, yes, as CSR, we are supposed to complement but we should not take over the responsibility of doing this, so there is a big conflict of you trying to strike a balance."

Manager, Mobil.

In addition, there is a reliance of the regulator (DPR) on the regulated (NNPC is a JV partner with all multinational oil companies), as the operating budget for DPR, which is usually approved by the Nigerian National House of Assembly, is released through NNPC. This fiscal dependence of the regulator on the regulated is another example of Government Social Irresponsibility since the government's process of disbursing funds to a regulator makes it reliant on the regulated organisation (NNPC). Also, equipment that DPR and the Federal Ministry of the Environment needs for supervision of the multinational oil companies is provided by the oil companies.

Hence, DPR cannot independently monitor the industry. The quote below from one of the managers of the multinational oil companies captures the inability of the regulators to regulate the industry due to the dearth of equipment:

> "It is back to what I told you before, government must sit up and do what is needful, how do you want to regulate somebody and the person provides equipment or logistics for you, there is an oil spillage somewhere and you are waiting for the company to provide logistics for you."
>
> Manager, Chevron.

Another interviewee, a member of a local community, expresses in more detail, the failure of government regulatory organisations to be independent of the multinational oil companies which they are to regulate due to a lack of facilities:

> "That is what I am coming to, you see this is the point, NOSDRA, PPMC, NPPC, Department of Petroleum Resources, all the other bodies are invited by Mobil who will report to them, Mobil now pay their transport, Mobil feed them, Mobil give them allowance to come to do this work in the creek so they are writing report for Mobil, they are just like Mobil workers so before they come, Mobil have briefed them, that since they are professional in this matter, they should not agree that that thing is equipment failure, it is like you employing me to come and work for you, would I write the report against you? So when they got there instead of saying that that thing is equipment failure, they said that they think it is sabotage, we say we know that it is not sabotage."
>
> Member, local community.

The quote above elaborates on the reliance of the regulator on the regulated, which is a failure of government and highlights Government Social Irresponsibility. This can make multinational oil companies under-regulated, consolidate their power base since they are unchallenged and get away with Corporate Social Irresponsibility to the extent that an oil spillage due to operational failure of equipment could be blamed on sabotage. Therefore, Government Social Irresponsibility could contribute to Corporate Social Irresponsibility not being checked or penalised (see Section 5.4.4.2.3 for a definition of corporate social irresponsibility). The quote above shows how Government Social Irresponsibility, as a result of the government not providing enough resources for regulators to independently carry out their work of investigating the cause of an oil spill in the local community, could compromise the regulators' integrity. The member of the local community quoted above argues that since government regulators are paid by the multinational oil companies to supervise an oil spillage, it would be difficult for the regulators to indict the multinational oil companies for that spillage due to equipment failure, and they may put the blame on the local community. This could lead to the community losing its legitimacy if ethics is not countenanced in the conceptualisation of legitimacy. However, accusing the local community of causing the oil spillage could diminish the legitimacy of the regulators with the local community, when legitimacy is conceptualised with consideration for ethics (see 5.3.2.2), since the local community gets the blame for an error of the multinational oil company.

Furthermore, a World Bank (2011) policy document contends that one of the reasons why the government in Nigeria could be said to be ineffective, i.e. socially irresponsible, is because it does not collect tax from the citizenry and relies on the revenue from oil. Importantly, revenue from oil could be argued to be a form of tax on the company and not the citizenry, thus, reducing the need for the government to be accountable to its citizenry. Since elections in Nigeria are usually marred by irregularities and manipulation, the government does not consider it necessary to be accountable to the citizenry since it can rig elections and collect revenue from multinational oil companies (World Bank, 2011).

The Federal Government of Nigeria has been accused by some stakeholders in the country of a lack of transparency regarding the revenue collected from the oil and gas industry. This explains why even with the huge amount of resources that the Federal Government has received from the oil and gas sector, the country in general, and the Niger Delta region in particular, lack infrastructure and, as stated earlier, this affects the communities' expectations of the multinational oil companies corporate responsibility practice. The quote below from Bloomberg Online News supports the latter point, the article covers the concerns of the Governor of the Central Bank of Nigeria, whose letter to the President about a key government agency's (NNPC) lack of probity and transparency on the revenue generated from oil and gas, was leaked to the press. The leaked letter from the Central Bank of Nigeria's Governor supports the perspective that some officials in the Nigerian Government are corrupt and there is limited accountability in the upstream sector of Nigeria's oil and gas industry. Bloomberg reports that:

> "Nigerian National Petroleum Corp., the state oil company, has been accused of withholding $49.8 billion of revenue earned from January 2012 to July this year… citing a September letter from Central Bank Governor Lamido Sanusi to the country's President" (Bloomberg, 2013).

An excerpt of the Governor of the Central Bank of Nigeria's leaked letter to the media that underscores the lack of probity and transparency of the Nigerian National Petroleum Corporation, is given below:

> "Your Excellency, you will recall that as far back as late 2010, I had verbally expressed deep concern about what appeared to be huge shortfalls in remittances to the Federation Account in spite of the strong recovery in oil price. At a recent NEMT meeting in the Presidency, I also expressed a strong view that while Government needs to continue its effort to combat oil thieves,

> vandals and illegal refineries in the Niger-Delta, the major problem is transactions taking place under legal cover with huge revenue leakages embedded therein" (Punch, 2013).

The quote above, from the Governor of the Central Bank of Nigeria underscores the failure of the government to tackle corruption within itself and labels this as a "major problem" particularly because it is legitimised (another example of legitimacy without ethics), i.e. it is "taking place under legal cover" and resulting in huge loss of the country's revenue. The quotation above shows that a legitimate action could be unethical if the definition of legitimacy does not incorporate moral principles. The Nigerian President's response of suspending the Central Bank Governor on charges that local observers and those overseas deem to be trumped up, points to a potential for a cover-up by discrediting the whistle-blower. Furthermore, another national newspaper reported that the:

> "British Prime Minister, David Cameron asked President Goodluck Jonathan to account for $100 billion (N15.7 trillion) oil revenue which accrued to Nigeria last year" (Vanguard, 2013).

Some interviewees explained that another major cause of Government Social Irresponsibility in the upstream sector is because the government is both referee and player in the oil industry in Nigeria. Hence, there is increased interaction between government and multinational oil companies; the government is judge, jury, prosecutor and defendant. Furthermore, an interviewee said that in the upstream sector of Nigeria's oil and gas industry, organisations are considered social entities, thus making way for inappropriate interactions between government officials and multinational oil companies:

> "Top management staff of multinational oil companies are expected to attend burials of families of top government officials and give gifts that could be a huge financial sum as much as $200,000 which are wrapped in the form of gifts."
>
> Senior legal practitioner.

The position of the senior legal practitioner was also reinforced by secondary sources, for example the Financial Times reported that:

> "The study by Ernst & Young found that of 26 completed cases (in the UK) since 2008, oil and gas made up nearly one-fifth of prosecutions. The industry saw five completed cases, compared to three each in the medical goods, insurance, and engineering and construction sectors. Most of them involved payments made abroad, or kickbacks to foreign government officials" (Financial Times, 2012).

As stated earlier, while explaining reverse isomorphism, and as the next quote shows, some interviewees accused multinational oil companies and other downstream operators (some of whom are accused of robbing the country of billions of dollars of petroleum subsidy funds) of taking part in politicking and sponsoring political parties. If government officials are diverting resources belonging to the public for their private use, then this kind of behaviour is unethical and an example of Government Social Irresponsibility. An online news organisation articulated Government Social Irresponsibility and to some extent reveals some of the crimes that interviewees cited earlier in this research accuse industry practitioners of, an excerpt of the article is quoted below:

"Some of the high profile suspects arraigned (in court) on Wednesday for stealing $6.8 billion oil subsidy funds have sent a strong warning to President Goodluck Jonathan to desist from prosecuting them or face a full disclosure of how they funnelled close to $1 billion towards his 2011 presidential campaign through the Oil Resources Minister Diezani Allison-Madueke and the Minister for the Niger Delta, Godsday Orubebe" (Sahara Reporters, 2012).

The quotes above raise cogent issues about how legitimate the government is and underscore corporate governance questions about conflicts of interest and how well and fairly the government can regulate the industry, since it is accused of corruption and it is both a shareholder and non-shareholding stakeholder within the industry. Furthermore, some managers working in the oil companies that were interviewed for this research explained that, sometimes Government Social Irresponsibility is as a result of CSR projects executed by multinational oil companies. Some interviewees opine that the government uses the CSR projects executed by the multinational oil companies as an excuse for non-performance of their fiduciary responsibility of providing services to the public. In a recent online news report, it was alleged that:

"The Shell Petroleum Development Company of Nigeria (SPDC) and the Bayelsa State government are currently competing for which party should take credit for a 40-year oil road project. The Dickson administration commenced a public relations blitz with the state's deputy governor, John Jonah, driving to Nembe in a 4x4 SUV vehicle. The trip was calculated to take credit for the road project that is just above 50 percent done. Sahara Reporters gathered that the project has cost more than N30 billion. In a counter move, Shell Corporation issued a statement signed by its spokesman, Precious Okolobo, and stated that the company remains committed to meeting its 70 percent obligation to the Ogbia-Nembe road project" (Sahara Reporters, 2014).

Also, Government Social Irresponsibility involves senior government officials being alleged of being liable for ethically negligent behaviours such as bribery and complicity on social vices (e.g. kidnap and oil theft) within the industry, see the excerpt below:

> "All of this comes on top of the many widespread but vague rumours that Nigerian government officials condone and in some cases, profit from oil theft" (Chatham House, 2013:12).

The stakeholders quoted above highlight the relevance of the concept of stakeholder social irresponsibility to understanding stakeholder perspectives and underscore the need for morality to be the baseline for defining legitimacy so that the needs of weak stakeholders will be addressed. However, some interviewees (e.g. managers of multinational oil companies) argue that once the needs of weak stakeholders are addressed, it is cogent that these weak stakeholders' activities are scrutinised and, where their actions are found to have a negative impact on other stakeholders and the society at large, they should be held accountable for their behaviour. The interpretation of the empirical data collected has shown that beyond CSR, it is imperative to hold non-corporate stakeholders (including weak stakeholders such as the local communities and the champions of their interests such as NGOs and multilateral organisations) responsible for the negative impact of their actions (e.g. sabotage, compromise of NGOs etc.) on society. The next example of stakeholder social irresponsibility to be explored is community social irresponsibility which addresses the accountability of weak stakeholders to other stakeholders.

5.4.4.2.2 Community social irresponsibility

Some of the Interviewees (e.g. NGOs, media and the local communities) have argued that members of local communities lay a legitimate claim against the upstream sector of Nigeria's oil and gas industry. This is because they own the land where oil is found and they are adversely affected by the operations of multinational oil companies since they rely on the environment for their sustenance. However, some of the stakeholders that were interviewed for this research (particularly the managers of multinational oil companies) argue that local communities also need to be accountable, and they should lose their legitimacy if they behave in ethically negligent ways. These ethically negligent behaviours are defined as community social irresponsibility.

Community social irresponsibility includes cases of local communities acting in ethically negligent ways which have adverse impacts on society. In as much as a community is not homogeneous and some of the time it is just a few members of the local community that act in an unethical way which compromises the wellbeing of the society, some of the interviewees (e.g. regulators and managers of multinational oil companies) argue that those who are not involved cover up the nefarious activities of the few. Also, some interviewees argue that there have been cases of a whole community being accused of immoral behaviour. Examples of community social irresponsibility include kidnap of employees of oil companies and complicity in oil theft as illustrated by the manager of one of the multinational oil companies:

> "Even the issues of degrading the environment is 60/70 percent by sabotage, not even equipment failure. So the man in the community must begin to see the environment, that he profits from the environment, so if you destroy the environment, if you destroy the ecosystem you are going to suffer at the end of the day, so the environment is something that is very key and it is an obligation for all of us to protect the environment."
>
> Manager, Total.

The quote above articulates how the impact of the activity of the members of the local community who sabotage oil operations could adversely affect the society at large since the natural environment from which they get their livelihood will be degraded. This is particularly important as it emphasises the need for morality to be the baseline for stakeholder- multinational oil company interactions. Some interviewees from the local communities have argued that the reason they take part in sabotage, kidnap and oil theft is to retaliate against the negative impact of multinational oil companies' operations on them. However, it could be contended that their actions diminish their legitimacy as they are viewed as committing the crime of polluting and degrading the environment from which they get their livelihood and such behaviour could be classed as immoral.

Furthermore, in studies of community social irresponsibility and legitimacy, ethics is critical because, in fairness to the multinational oil companies operating in Nigeria, the terrain is very tough and as illustrated thus far, stakeholders are often devoid of ethical principles (see previous section on African factor and Nigerian factor). The reality of Nigeria's upstream sector is that even oil thieves are using corporate responsibility principles such as philanthropy to stakeholders such as the local communities for survival and sustained effectiveness. Table 5-10 illustrates multi-stakeholder social irresponsibility, as there appears to be a coalition of stakeholders (youths, the navy, members of the local community) acting in an ethically negligent way in exchange for financial gratification in the form of bribes given by the oil thieves.

Item	Cost
Bribes to navy officers for tanker clearance	N1.5 million ($9,150)
'Security' payments to local youth	N700,000/week ($4,375)
'Security' payments to Joint Task Force (JTF)	N2 million/week ($12,500)
'Security' payments to community	N1 million/week ($6,250)

Table 5-10 Sample of alleged protection payments by oil thieves in Nigeria
Source: Adapted from Chatham House, 2013

Table 5-10 shows that communities collect as much as $6,250 a week to aid and abet oil thieves and help protect the nefarious activities of these thieves from being discovered by the authorities. This sum of $6,250 a week given by one thief, if aggregated (assuming there are ten oil thieves), is clearly more than could be earned from their traditional occupation of farming and fishing. However, it could be argued that local communities support for oil thieves is a clear example of community social irresponsibility as the local community are accused of being corrupt since they compromise on integrity to attain financial gratification and their actions or inactions have a negative implication for society. Some of the negative consequences of community social irresponsibility, as a result of compromise of the community's integrity, include loss of revenue to multinational oil companies and the government and environmental degradation, since oil theft is usually characterised by oil spill. However, a counterargument could be put forward, which is that if a stakeholder is too weak to enforce legitimate rights, then would it not be moral if these weak stakeholders ignore unjust laws? Next to be discussed is corporate social irresponsibility which addresses the impact of corporations' negligence on other stakeholders.

5.4.4.2.3 Corporate social irresponsibility

Corporate social irresponsibility is the failure of an organisation to act responsibly (Lange and Washburn, 2012:300). It entails all processes (action or inaction) of an organisation that have a negative impact on society. The key point about Corporate Social Irresponsibility is that it addresses the consequences of an organisation's unethical behaviour and further emphasises the need for ethics to be fully enshrined in stakeholder and legitimacy theory. Particularly, Corporate Social Irresponsibility and its connection to ethics is important in this context because the country's main source of revenue and foreign exchange is from the oil and gas industry, thus the operations of multinational oil companies affect peoples' lives and wellbeing.

The quote below from an interviewee about Corporate Social Irresponsibility and the negative impact of the oil companies' activities on the local community expresses this:

> "Oil companies affects us, because we cannot eat again... I am a fisherman myself because anybody from this community was brought up through fishing line so that everybody you see in this community whether he is a civil servant or not for now we are all farmers and fishers, so the impact it is creating on us is that we no longer get food to eat here. The youths ourselves, everything is costly because of the impact the oil has created and moreover where we used to get money and train our children, like me I am a mature family man we don't have where to get money and train our children again. If you go to the creeks, the things we used to get in the creeks, the oil has killed all, you can't find fish there, but if it is fortunate for you to see fish. This one you see now is found from Bonny River more than ten kilometres away from here."
>
> Member, local community.

The above statement expresses a wide-ranging negative impact of the activities of the multinational oil companies in the upstream sector of Nigeria's oil and gas industry on flora and fauna, plus the rural economy of the local community. This interviewee, who is a member of the local community which hosts oil facilities owned by a multinational oil company, articulates the effect on the occupation of farmers, fishermen and traders (notice the reference to increased inflation, i.e. the increased price of goods) and the community at large. Furthermore, the interviewee appears emotional; compares the past to the present to show how severe the consequences of oil exploration are. This comparison of the past to the present emphasises how this member of the local community perceives the upstream sector's impact on his livelihood and family; and touches on the negative externality of the multinational oil company. The negative externality of the firm refers to the adverse impact of the firm on stakeholders. Another non-community interviewee expresses her view of how the multinational oil companies operations adversely affect the local community:

> "From our position and our relationship with community and the multinational oil companies, and evidence, data, research over the time and from all indications, it is a fact that the operation… explorative/exploitative activities of the multinationals have adversely impacted the communities around the Niger Delta region in Nigeria and that is evidenced in their environment. You can trace such activities to where they are coming from, example the emission of greenhouse gases from gas flaring and also the exploration process, and then the oil spill which could be accidental or man-made but advertently, whichever cause it results in devastation of the environment and even humans in the long run, the local community livelihood are impacted, the environment itself as a domain is the local communities means of sustenance, farming, fishing and all whatnot, even infrastructure. The clear cases of their roofs, members of local communities are changing their roofs every two months

> because of the impact of gas that damages, you know such costs implication for poor rural communities. Then talk of the health implications, the gases affect their health, skin rash, cancer, lungs, breathing, all manner of things, even diseases that you can't even identify their names now are as a result of all these things. In the long run, farmlands are destroyed, there is ground water pollution, there is air pollution, and the fish, the aquatic and ecosystem is disrupted, you know, they are water species, when there is a spill floating into the water and even the process of remediation is another work again that the impact are just a chain of devastation that needs to be checked."
>
> Clerk, National House of Assembly Committee on the Environment.

The interviewee cited above has given a systemic account of how multinational oil companies' operations have negatively impacted the society. It could be inferred from the Clerk of the National Assembly that the impact on livelihood (vis-à-vis loss of income and unemployment) to environmental degradation due to oil spills and the health consequences, Corporate Social Irresponsibility has had devastating consequences on the local community. Additionally, the interviewee alluded to the multinational oil companies rules and policies e.g. investment decisions and extractive processes (such as gas flaring) which when ethically deficient could adversely affect internal and external stakeholders.

Another example of a negative externality of multinational oil company impact is pollution due to oil spill, the quote below explains this:

> "The worst spill happened here and out of the spill, our entire ecosystem, all the environment was destroyed. I can take you to the coastal line, the sea; you see that we don't have life in the sea again all the monkeys, all the reptiles, all the fishes, the shell fish, everything that has life in the water is gone through that pollution. We can go in for inspection and you can take photographs and

see for yourself, I will take you to the beach, you will see the coastal area you will see oil flowing on water , from this spill and pollution we are inhaling it, we are now taking in disease we have cancer of the lungs we have different types of burns we drink the same water that is mixed with this oil and we have a lot of problems, we have been sick, we are just like moving corpse, Shell has not done anything to remedy our problem. Economically the children here had to migrate because there is no means of livelihood again because they can't fish they can't farm, they have to migrate to other countries, to other communities to look for means of livelihood."

Resident, local community.

The above quote from the local community's perspective shows the negative corporate social impact of the multinational oil company on the wellbeing of different members of the local community in the Niger Delta and the environment and reveals multinational oil companies' poor corporate social performance. This researcher defines poor corporate social performance as the failure of organisations to effectively manage their processes, thus having a negative net impact on stakeholders and society at large. Some of the interviewees interviewed for this research argue that poor corporate social performance is the bane of the upstream sector of Nigeria's oil and gas industry.

Also, an important way of addressing Corporate Social Irresponsibility is through ethics, because some of the interviewees' (e.g. civil societies, energy editors of national dailies and members of the local communities) likened oil companies operations in the upstream sector in Nigeria to apartheid, where the oil companies due to their extractive operations in rural areas have their own estates near the local community. The comparison with class segregation is made because the local communities are living in abject poverty and penury while the multinational oil companies who are operating in those communities, their next door neighbours, have all the social amenities and are living a life of affluence. Interviewees explained that the local community are not allowed to reach the places where the oil companies' workers reside or commute. Also, some staff of the oil companies are foreigners, while those employees that are indigenous have been indoctrinated with foreign values, e.g. limited interactions with neighbours, individualistic culture as opposed to Ubuntu etc. Some of the members of the local community who were interviewed for this research believe that the net impact of the employees of the oil companies on the local community is negative, e.g. oil companies are accused of devaluing the value system in the local community (e.g. through a loss of respect for elders). Some members of the local community who were interviewed for this research also cited cases of employees of oil companies impregnating young girls in the local community and that sexually transmitted disease was rife. Furthermore, some members of the local community argue that due to the presence of multinational oil companies operations in local communities, that prices of goods and services have sky rocketed. The quote below gives another interviewee's perspective on the impact of multinational oil companies on cultural values:

> "Multinational oil companies have impacted the community negatively what I would say is that, I hold the opinion that the coming of Total Elf to the community has devaluated our cultural values, prior to this time, it would be hard for you to hear that somebody's wife committed adultery but now adultery is rampant, because imagine where I am not working in Elf, and all these visitors… who Elf brings into the community hold money, their wives are not with them, they could rattle my wife, give her money and sleep with her, it is rampant, diseases are spread and our girls have no respect any more… our cultural value is lost, there is high rate of immorality in Egbin land and any

> female you see working in Elf got that job through selling her birth… that is sleeping with either white men or the managers of that company.”
>
> Reverend father, local community.

Another reason, why ethics should be considered to address Corporate Social Irresponsibility in this context is the inconsistencies in the organisational behaviour of the multinational oil companies when operating in Europe, America and other developed countries of the world as compared to Nigeria. In a society where institutions are vibrant, ethics are influenced by external institutions and stakeholders who are the extrinsic drivers of societal values. However, when the extrinsic drivers of ethics fail or are virtually non-existent, what happens to intrinsic drivers of ethics (the values, organisational cultures and past performance that are enshrined in organisations and guide how they behave)? Why do we have stakeholder relativism which means that a multinational oil company has double standards when dealing with stakeholders in different countries (developed and developing)? Organisations address the needs of stakeholders in ‘developed countries’ while ignoring the needs of stakeholders in a developing country context. The question is whether organisations could be accused of ‘selective amnesia’ which is a deliberate unwillingness to recall values and ethos that it professes when it is convenient or when operating in a weak institutional environment. The quote below from one of the interviewees expresses the view that multinational oil company take advantage of lax legislation in Nigeria:

> “It does happen when the regulations and laws are seen to be weak, that the companies especially the multinational companies, they are taking advantage, we can’t run away from that, they have taken advantage of the poor regulation and the loopholes in whatever legislation or regulation that have been in place.”

Manager, indigenous downstream company.

Another reflection about Corporate Social Irresponsibility is that organisations appear to display intrinsic ethical behaviour only when there are extrinsic drivers of ethics. The quote below from a local community chief highlights the disparity in the practice of the multinational oil companies in Europe where there is a robust regulatory system, compared to Africa where institutional structures are weak:

> "People don't use best practice to operate… even the multinational, they use best practice in Europe but when they come to Africa, the African factor, the Nigerian factor influences them not to use best practice."
>
> Village Head, local community.

However, another interviewee believes that:

> "Multinational Oil Companies can choose to say no to corruption, as a company you can maintain your stand, you can choose to say no, I have integrity, I have values, I am not going to do this, I am going to take my money and take it to another country."
>
> Investment Officer, National Petroleum Investment Management Services.

Another example of stakeholder relativism as it relates to ethics in the upstream sector of Nigeria's oil and gas industry is that multinational oil companies are accused of unethical behaviour by declaring less crude oil than they produce. Furthermore, some interviewees claim that some of the oil spillages in Nigeria are due to deliberate actions of the multinational oil companies, so that these oil companies can manipulate their production output:

> "Yeah, stealing the oil… and a lot of these things are with some of the multinationals are also involved in these issues to the extent in their own case

sometimes they… the tendency is for them to reveal less… reveal far far less than what they have taken."

Nigeria's former Chief of Army Staff.

Further examples of Corporate Social Irresponsibility include the multinational oil companies giving tacit support to corruption. Managers in multinational oil companies accuse their organisations of hypocrisy when promoting anti-corruption principles among its staff. They claim that multinational oil companies tacitly encourage corruption to get work done but will disown staff if caught. Similarly, managers claim that multinational oil companies operating in Nigeria have an "undocumented budget for corruption", similar to the Nigerian State Government's security vote, and that survival in the industry depends on corruption. The quote below from one of the interviews conducted for this research, articulated this perspective:

"So it's the lacuna that once a company just expressly say 'oh prohibit corruption', they may not have done anything to actively discourage and punish it… they cut loose whoever is found doing it even if the person found was kind of encouraged to go and do it on behalf of the company, this is an industry practice you know, I think it's wrong."

Manager, Agip.

The above practices are labelled stakeholder relativism and are one of the features of Corporate Social Irresponsibility. Stakeholder relativism is defined as organisations (multinational oil companies) having different standards and values which they use to liaise with stakeholders in developed countries where there is rule of law, compared to developing countries which are characterised by poor institutional structures.

However, one interviewee is of the opinion that the poor institutional structures of Nigeria should not shape the behaviour of the multinational oil companies, as they behave ethically well in other parts of the world with robust institutional structures and because these organisations profess values of integrity and fairness to stakeholders as stated on their websites and brochures:

> "That is wrong, the environment should not influence your behaviour, if you are somebody with integrity… there have been cases tried in the US for companies like Halliburton… where their principals are giving bribes in Nigeria and the question they ask them is that if you cannot do this in the US why are you doing it in Nigeria, you can choose to leave, there is that option, most companies have made the choice to become corrupt that is just it."
>
> Investment Officer, National Petroleum Investment Management Services (NAPIMS).

The quote above shows that there is a dilemma for multinational oil companies operating in Nigeria's upstream sector of the oil and gas industry to balance the extrinsic factors (the actual external drivers of values that reflects the contextual reality of the operating environment) against the intrinsic factors (the values that it professes via its mission statements, on its websites and in company brochures).

Some interviewees (e.g. managers of the civil society groups) cite another reason why morality should be considered when exploring Corporate Social Irresponsibility and conceptualisations of stakeholder rights particularly in this context. These stakeholders argue that multinational oil companies utilise natural resources (oil and gas) that are harnessed from the environment, and acquire legal licenses to operate from the government. Hence, as mentioned in the resource collectivism section (Section 5.3.3); members of the local communities have argued that organisations have a fiduciary responsibility to distribute these resources judiciously and fairly, not only to shareholders but also to other stakeholders.

Furthermore, the core advocates of profit maximisation for shareholders appear to be based on property rights principles, which give little or no consideration to the rights of owners of stakes (especially in this case where the legal system in the nation is unreliable). Hence unlike Corporate Social Irresponsibility some interviewees (e.g. members of the local community) argue that there is a need to consider ethics which reflect the interests of stakeholders. Also, it could be argued that many shareholders are not actually owners of the firm because many of them acquire shares for speculative, short term purposes (exceptions are institutional investors). If managers adopt a short term approach to profit maximisation to satisfy the interests of speculative shareholders, this could adversely affect the interests of society in general and stakeholders in particular. This is because managing for the short term (quarterly profits) interests of speculative investors could encourage managers to make unethical decisions that enhance short term effectiveness but may be inimical to the long term objectives of the firm or jeopardise the rights of society. It is important to highlight that although the subsidiaries of the multinational oil companies operating in Nigeria are not listed on the Nigerian Stock exchange, their managers' decisions and their productivity in the subsidiary in Nigeria affect the group's share performance listed in other regions, e.g. the London Stock Exchange. The statement below enunciates how the impact of what happens in Nigeria affects the group headquarters in London:

> "Shell's Chief Executive, Peter Voser, told reporters that the situation in Nigeria, where Shell normally obtains close to 9 percent of its world production, was worsening. The country has long been a mainstay for Shell, but production there has been dogged by political and environmental issues.

Problems in Nigeria during the quarter had lowered production by about 100,000 barrels a day, or around 40 percent, and had cost the company $250 million, Shell said. Nigerian output was hit not only by the usual sabotage aimed at stealing oil from pipelines, but also by a legal dispute between the Nigerian maritime authorities and a liquefied natural gas facility in which Shell is a partner" (New York Times, 2013).

The quote above shows the high cost of political and environmental issues on a Multinational Oil Company's bottom-line. However, if the argument of NGOs and members of the local community are countenanced (i.e. stakeholder- multinational oil companies conflict such as sabotage) are as a result of Corporate Social Irresponsibility, then the cost of $250 million is a big price to pay for Corporate Social Irresponsibility.

However, organisations that really want to implement CSR to reduce the impact of Corporate Social Irresponsibility in Nigeria find it daunting. Thus, making it cheaper or more convenient for the multinational oil companies to be Socially Irresponsible. According to a manager of a multinational oil company:

> "This is because the legal agreement between oil companies and the Nigerian National Petroleum Corporation are very obsolete as they were drafted many years ago, this adversely affects CSR practice of multinational oil companies. Also, as a result of the obsolete laws in the upstream sector of the Nigerian oil and gas industry which does not take into consideration inflation and loss of value of the naira, the bureaucracy associated with getting approval for any CSR project above a financial threshold (#500,000 i.e. £2,000) set many years ago in the 1970s, frustrates the efforts of an organisation that sincerely wants to expend resources on CSR."
>
> Manager, Mobil.

Another interviewee offers a further explanation of how the obsolete law promotes Corporate Social Irresponsibility as it is more cost effective for the multinational oil companies to be irresponsible than to be responsible:

> "For example, the fine for an oil spillage is very miniscule, hence it is cheaper for the oil company to continue to use corroded pipelines, polluting the environment and paying a fine than to clean up an oil spill considering the challenging terrain of the oil and gas industry."
>
> Manager, Agip.

5.5 Synopsis of section

Concepts such as Government Social Irresponsibility, community social irresponsibility and Corporate Social Irresponsibility have shown that all stakeholders are culpable in one form of unethical behaviour or another. Hence, none of them can be made the sole custodians of legitimacy, which has ethics at its core. However, some stakeholders who were interviewed contend that the government and multinational oil companies' alliance has consolidated their power base and made their ethical negligence more monumental. While some interviewees argue that the motivation for weak stakeholders' unethical behaviour is that it is their only way of challenging the powerful stakeholders, such an argument may not be tenable from a normative stance. This is because community social irresponsibility has a negative impact on society vis-a-vis environmental degradation due to oil spill when members of the community support oil thieves or partake in sabotage of oil installations.

5.6 Reflections

This section articulates a few exceptions that need to be discussed based on the insights gleaned from the data collected for this research. The three concepts that these reflections address are diverging stakeholder interests, ethical stakeholder barter and dynamics of stakeholder salience.

5.6.1 Diverging stakeholder interests

This concept is relevant in this context and related to this research because interviews conducted in this research appear to reveal that stakeholders' interests within a group are not always homogeneous; they seem to vary and appear to be dynamic. Some of the interviewees contend that a number of the sections of the stakeholders are opportunistic and selfish. These interviewees argue that the selfish stakeholders seem to use the interests of other members of a particular stakeholder group to fulfil their own personal agendas. These interviewees gave instances of a chief of a community using the interests of the community to advance personal needs as opposed to collective needs. The interviewees explained that personal needs may include the award of an oil company's contract to community chiefs, the issue of scholarships to children of the traditional rulers, or the offer of expensive gifts to members of the royal family to win over their support. The quote below supports this position:

> "Sometimes they give job, like I told you, only those who are beneficiary to that are those who are related to their agents i.e. our chiefs, so they give those jobs to their agents who in their own goodwill give it to their brothers, it is not open to the entire community because if it is open, they will come to the community , there is going to be a publication, we need so and so qualification for so and

so job and then people will apply, there is going to be an interview and they do the employment based on merit."

Reverend father, local community.

However, members of the community that were interviewed argued that the majority of the members of the local communities may be concerned with how pollution could be cleaned or how the adverse impact of Multinational Oil Companies operation on their livelihood could be reversed. Thus, one of the peculiarities of the upstream sector of Nigeria's oil and gas industry is that minority but powerful stakeholder interests supersede majority stakeholder (weak) interests, even within a particular stakeholder group. Also, interviewees argue that due to the diverse nature of stakeholders within the upstream sector, stakeholders do not behave uniformly. For example, some employees of multinational oil corporation who were interviewed for this research explained that some companies reward employees based on merit while others promote employees based on nepotism. Another instance provided by an interviewee is that some local communities are militant in nature while others are peaceful; the quote from a chief of a local community articulates this:

"Even when Shell comes in what we use is dialogue, peacefully you will go peacefully you come and do your job that was why in 2011 we were awarded the most peaceful community in the Niger Delta by Shell."

Chief, Bodo local community.

The quote above highlights that relative to other communities, this particular community is more peaceful, and hence not all communities behave in the same way. Some interviewees contend that a number of communities may originally be peaceful but may decide to confront the Multinational Oil Company, if they believe that this is a pragmatic approach to attaining power and consolidating legitimacy while others may not consider attaining power their priority but peaceful coexistence may be their interest.

Hitherto, it has been demonstrated that there is a widespread absence of morality in the social system which the upstream sector of Nigeria's oil and gas industry is operating in; another term that demonstrate this ethical deficit is corporate-stakeholder barter.

5.6.2 Corporate-stakeholder barter

The corporate-stakeholder barter concept, which is informed by the data collected for this PhD research, is a means by which some stakeholders and multinational oil companies protect their interests. It involves the exchange of non-monetary and monetary resources between corporations and stakeholders. Corporations, as a result of their vast resources and high power differential, can afford to offer resources via CSR projects even though they are Corporate Social Irresponsibility while somewhat weak stakeholders such as the local community offer resources such as legitimacy in the form of social license and security. However, due to the reality of the context of Nigeria's upstream sector, there is a need to categorise corporate-stakeholder batter into ethical and unethical corporate-stakeholder barter.

5.6.2.1 Ethical stakeholder barter

Ethical stakeholder barter is defined as the exchange of resources between corporations and stakeholders which does not lead to ethical deficit on either side. An example of ethical stakeholder barter is when best graduates become employees of the multinational oil companies or unions offer legitimacy in the form of the time and expertise of their members (in the case of the union, employees are willing to offer their legitimacy to the union partly because of the ability of the union to fight for the rights of members). Also, the contextual reality of Nigeria which is underpinned by high unemployment and relatively high rates of poverty in the nation makes jobs in oil companies a lucrative and legitimate source of employment (an exchange of the employees' expertise and time for salary).

5.6.2.2 Unethical stakeholder barter

Conversely, unethical stakeholder barter is defined as an exchange of resources that leads to both parties knowingly compromising morality. An interviewee gave an instance of unethical stakeholder barter as when the local host community agrees that it is okay for oil companies to pollute the environment as long as multinational oil companies offer philanthropic CSR, the quote below articulates this;

> "And I'm very cynical because now I think, rather, in my mind a slight shift that has occurred, rather than insisting that oil companies do not damage the environment or repair the environment, people are now willing to trade damage to the environment for CSR projects which for me is a very bad deal."
>
> Manager Agip.

Another example of unethical stakeholder barter is that it is okay for influential oil companies to continue to flare gas and pollute the ecosystem as long as they pay a bribe to government officials:

> "It costs more to do some of the upgrades to stop flaring gas than to pay the fines, but the fact of lack of strong political will like I said people are more interested in extracting benefits than putting an end to certain practices. And it's just the general level of inefficiency that affects the Nigerian public service. Regulators of oil sectors are not independent sometimes they are so much cosy, everybody is in bed with each other, the relationship is too cosy so that you are allowed to get away with things just because the manager in the

> multinational oil companies is your friend, sponsor courses for him to go here and there, pay a little bribe, here and there."
>
> Manager, Exxon Mobil.

Another example of unethical stakeholder barter is when multinational oil companies break the Local Content Act which stipulates that priority should be given to employing Nigerians in jobs that could be done locally. Interviewees argue that the local Content Act appears to be breached by multinational oil companies who bring in expat employees for simple jobs that could have been done in Nigeria, so they bribe the immigration officials who issue the supporting documents for the expat to work in Nigeria. One of the interviewees offered this perspective:

> "The public official just turn an eye, an expat, he's coming to Nigeria to be a finance manager, because the idea is that you must be coming to do a job that you don't have many Nigerians who can do it so you must be coming to be the technical something manager, meanwhile the job he's coming to do is financial manager. And obviously, he's supposed to submit evidence to the immigration and he doesn't do that and the expat is issued the quota and issued the permit… maybe the public official has been bribed."
>
> Manager, Total.

Another interviewee gave an example of unethical stakeholder barter. This interviewee explained that multinational oil companies get good coverage in the media in exchange for 10 percent commission for journalist on adverts placed in newspapers. Also, multinational oil companies can get relatively favourable publicity (compared to its negative externality) in exchange for capacity development programmes in Nigeria and abroad for journalists. The interviewees argue that the multinational oil companies might also give corporate gifts in the form of cash etc.

(see the section on reverse isomorphism above) and offers of jobs to female applicants from the local community in exchange for sex:

> "you can imagine even when we summon courage to go to them to ask for help for them to create chances of employment for us, they will ask us to sleep with them first before they gave us anything or before they give us audience, and this is some of the challenges we young girls have been facing, even me personally, if I go to some of the companies for them to help me, some of the men there in high position to help me, will be asking me to sleep with them before they render help to me which is not good, if I am their daughter can they do that to them?"
>
> Beauty queen of local community, Miss Egbiland.

It is important to point out that multinational oil companies may not sanction some of the unethical practices of their employees, such as those who request for sex from female applicants. However, it could be argued that employees are openly using organisational resources for unethical exchanges and this goes unchecked by organisational processes raises ethical questions about the effectiveness of the organisations' code of conduct for its employees. Also, some stakeholders interviewed (e.g. members of the local community and the civil society) accuse the multinational oil companies of acquiring favourable court rulings in Nigeria in exchange for disbursement of finances to judges, an interviewee argues that sometimes multinational oil companies offer:

> "Financial gratification for judges in exchange for perpetual adjournment of court cases.'
>
> Elder, local community.

It is important to point out that the examples cited above around unethical stakeholder barter show the failure of one stakeholder or another or the social irresponsibility of all the aforementioned stakeholders. Meanwhile, interviewees argue that unethical stakeholder barter affords multinational oil companies the opportunity to use their immense power and resources to acquire legitimacy unethically, but this does not satisfy the moral rights of some stakeholders, hence could contribute to multinational oil company -Community conflict and it is unsustainable since the multinational oil companies only possesses partial legitimacy.

> "The adverse consequences are very much on the inhabitant of this community. We are recording about 60 deaths every week....due to pollution, since the multinationals have license from government they can get away with anything, we say to them we do not accept them."
>
> Paramount Ruler, Local community

5.6.3 Dynamics of stakeholder salience

The researcher observed from the data collected for this PhD research that stakeholders' importance to corporations and the industry appear to fluctuate. A stakeholder may have power and legitimacy today but may not have it in the future. An example is the Nigerian Extractive Industries Transparency Initiative (NEITI). When it was first established it had both power and legitimacy, but with time it lost its power and legitimacy due to a lack of capacity and the limited resources available to it (financial, political will, supporting institutions and laws):

> "Almost all the interviewees felt that the reform momentum is now a shadow of what it was in 2004-06, even if some aspects remain alive. One or two interviewees indicated that the fact that NEITI was so closely linked to the Policy

Support Instrument developed with the IMF, a highly unpopular institution in Nigeria, sapped its credibility domestically and raised questions about NEITI's ultimate sustainability. The fact that a substantial part of it has had to be funded by donors is taken by some as a sign of this failure" (Chatham House, 2009).

Hence, "since 2005 when audit of the petroleum industry was carried out, the discrepancies of the audit have not been fully harmonised" (Chatham House, 2009). The two citations provide an example of how the influence of a stakeholder could fluctuate and shows that stakeholder power may not always be static.

5.7 Summary

Thus far, the findings from primary and secondary data collected from the upstream sector of the oil and gas industry in Nigeria have offered some alternative concepts which reveal and address some of the limitations of Freeman's (1984) stakeholder theory. These alternative concepts have particularly highlighted the need to focus on weak stakeholders and their interests, plus the need to view the multinational oil companies as stakeholders in an industry, with equal rights to other stakeholders.

Emphasising stakeholder interest has led to a review of two of the stakeholder attributes which are power and legitimacy. A review of power as an attribute of stakeholders in the upstream sector of Nigeria's oil and gas industry has offered some insights into the limitations of having a high concentration of power in multinational oil companies without any corresponding institutional counterbalance. Exploring a case study which has weak institutional structures is important because, the original assumption of Freeman (1984; 2010) is that there are structures within society which help check powerful stakeholders. Freeman (1984; 2010) assumes that these stakeholders are too influential and need to be actively engaged for organisations to succeed. However, this case has revealed the antithesis of stakeholder theory, that when institutions are weak and organisations are too powerful, it could lead to corporate social irresponsibility being committed with impunity and result in adverse consequences for weak stakeholders and society at large.

However, this chapter has also highlighted that the current research conceptualisation of stakeholder legitimacy does not incorporate ethics, and this allows powerful stakeholders (e.g. multinational oil companies) to acquire legitimacy in an unethical way. The non-inclusion of ethics in legitimacy has also led to terms such as government social irresponsibility and community social irresponsibility to be examined. Failure of institutions such as government, local community, media and civil society have allowed the control of the industry by the very powerful and unchecked multinational oil companies, making the present situation appear to be unsustainable. Thus, it seems that an ethical emphasis may help address the huge gap between power and legitimacy which various interviewees claim to be present in this context. Insights from the data collected appear to show that irrespective of the level of power of a stakeholder, if the stakeholder's interest is legitimate from an ethical perspective, it should be countenanced.

A focus on the normative strand of stakeholder theory has revealed that even though multinational oil companies expend millions of pounds on CSR initiatives annually, it appears that the motivation is to consolidate their power base. Hence this resource seem not be channelled to address real stakeholder needs, and this has resulted in high levels of poverty, conflict and environmental degradation in the Niger Delta, where Nigeria's oil is found. Next is the discussion which would synthesize the analysis chapter and situate the findings within the literature.

Chapter 6 - Discussion

6.0 Overview of discussion chapter

This chapter discusses a synthesis of the analysis, and situates the results within some of the relevant extant literature with the aim of addressing the research questions and the problem situations that informed the research. The two problem situations can be summarised as: 1) the highly uneven benefit accrued to different stakeholders in the oil and gas industry in Nigeria; and 2) increased CSR expenditure with limited impact on stakeholders and ineffective multinational oil companies' CSR. Stakeholders interviewed for this PhD research contend that these two problems have led to issues such as kidnap, oil theft, environmental degradation and many more widespread social scourges in the upstream sector of Nigeria's oil and gas industry. This has informed the two research questions, which are: 'How do the contextual realities of a developing country impact on stakeholder theory?' and: 'How could the limitations of stakeholder theory in a developing country context be addressed?' First, each of the research questions is discussed, and then a framework informed by a synthesis of the analysis of the data collected and the relevant extant literature is presented. This framework consists of the present situation; the present situation articulates the theoretical assumptions that underpin the limitations of stakeholder theory when applied to the upstream sector of Nigeria's oil and gas industry. The framework also depicts the consequence of the limitations of stakeholder theory (present situation) and a proposal of how to address these limitations to achieve the target, which is the refined stakeholder theory. Thereafter, a schematic representation of the refined stakeholder theory and the positive consequences of this refined stakeholder theory are presented. The chapter concludes with an overview of the similarities, differences and contribution of this research to the extant literature.

6.10 Research question 1: How do the contextual realities of a developing country impact on stakeholder theory?

Edward Freeman, who is often described as the leading contributor to the academic discourse on stakeholder theory, focused on attaining organisational objectives more than on the needs and rights of stakeholders (Goodpaster, 2002; Philips, 2003; Blowfield and Murray, 2011). This neglect of stakeholder rights is depicted in Figure 6-1, in which the emphasis of stakeholder theory is on instrumental stakeholder theory (Wood, 2010) more than normative stakeholder theory. Thus, there is limited consideration of the influence of the firm on other stakeholders insofar as the impact of the multinational oil companies' activities on the stakeholders does not affect the attainment of the multinational oil companies' objectives. Themes such as stakeholder power alliance and imbalanced stakeholder relations that emerged from the previous analysis chapter, informed by primary and secondary data, show that multinational oil companies only engage stakeholders if these stakeholders provide a means of achieving their objectives. Also, as exemplified by imbalanced stakeholder relations and stakeholder power relations, some members of the local community believe that the government and the multinational oil companies form alliances, and in the process overlook the rights of the local community simply because the multinational oil companies believe that the local community have a limited contribution to the multinational oil companies' objectives.

Furthermore, as articulated by some interviewees, the Nigerian Federal Government's involvement via a joint venture with multinational oil companies compels it to have a similar approach to the multinational oil companies. Interviewees from civil society and the local community have accused the government of having a less normative, but more instrumental, approach to stakeholder engagement:

> "The number one objective of the Nigerian government is to produce oil at all cost, at every means possible whether people are dying, the environment is destroyed, and they don't care. As long as this oil keeps flowing, they depend on this oil for 95 percent of its revenue, so it's a very pathetic situation for the country."
>
> Director, Stakeholder Democracy Network.

The statement above shows that the interviewee believes that if the stakeholders' involved (e.g. local community) or the environment, are adversely affected, as long as it does not affect the bottom line, the government does not care. Also, a manager of a multinational oil company argues that the multinational oil companies' position is that CSR is an instrument for achieving organisational goals:

> "You know it's almost cynical, you do just as much CSR as you have to do so that you have no crisis and attain production… so we do say CSR projects just to say we don't have trouble, I won't say it is something that is taken very seriously."
>
> Manager, Agip.

These thesis findings are in line with Baden and Harwood's (2013) critique of the dominant academic research on stakeholder theory and CSR as having limited emphasis on the normative strand. This means that conventional stakeholder theory focuses on how business views stakeholders as tools to be used to attain organisational objectives, and the findings of this research contend that this approach is not fit for purpose. This is true both in the West and in developing countries. However, the findings of this PhD thesis revealed that an instrumental stakeholder approach is exploited more in Nigeria, which is an example of a developing country and which is characterised by limited checks and balances, because institutions and stakeholders are weak. This finding provides an empirical basis for Albert (1993); Crouch and Streeck (1997); Dore (2000); Roe (2003) and Campbell's (2007) propositions on when firms act socially responsibly. Campbell (2007) proposes that firms only act socially responsibly when strong institutions are present in their operating environment. Many interviewees (e.g. multinational oil companies, civil society and members of the local community) contend that CSR is only a means by which multinational oil companies use stakeholders as a tool to attain their objectives without mitigating the impact of environmental degradation on the society due to the multinational oil companies operations. Then, it could be rationalised that their philanthropic activities for the local community could be likened to that of the oil thieves who give pay-outs to communities so that they can carry out their 'operations' of stealing oil. However, a counter argument is that unlike oil thieves whose primary activity is theft, which is illegal, the activity of multinational oil companies' extraction of oil is not inherently illegal.

Another assumption of Western-centric stakeholder theory (e.g. Freeman, 1994; 2010) which these findings challenge is that stakeholders are very influential and hold power over the actions of organisations. The theme 'reverse isomorphism' discussed in the analysis chapter of this thesis have shown that Freeman did not give enough consideration to a scenario where businesses become overly influential and abuse their power, especially in contexts where there are no counterbalancing checks and balances, as is often the case in a developing country. Reverse isomorphism is similar to Garud, Hardy and Maguire's (2007) and Tracey, Philips and Jarvis' (2011) conceptualisation of institutional entrepreneurship and institutional capture, as it emphasises the ability of powerful actors (in this case multinational oil companies) to foster change among institutions that traditionally safeguard stability. Reverse isomorphism is different from institutional entrepreneurship as it focuses on the ability of powerful actors (multinational oil companies) to influence multiple stakeholders in order to achieve convergence among diverse stakeholders who have never really traditionally safeguarded stability. This is because these stakeholders or weak institutions in the upstream sector of Nigeria's oil and gas industry have always been weak, and has no antecedents of fostering stability as they are relatively young. These institutions are considered young, because Nigeria, as a country, is relatively young compared to many other Western countries; the country, until 1999, was mainly governed by the military, hence many democratic institutions were practically non-existent before 1999. Reverse isomorphism also offers insights into the consequences of having limited and weak institutional structures on stakeholder rights (e.g. abuse of power by multinational oil companies and increased conflict), as is the case in many developing countries. Furthermore, reverse isomorphism addresses Flemming and Spicer (2014) call for future research to focus on how powerful organisations capture socio-economic stakeholders

Freeman's stakeholder theory assumes that external stakeholders are influential and uncompromising (Freeman, 1994; 2010; Fanelli and Misangyi, 2006). However, this research reveals that there are greater chances of stakeholders compromising their core values due to poor institutional structures. For example, compared to the West, which has a more organised civil society and experience from other stakeholders and groups which may have been in existence for many decades, the developing upstream sector of Nigeria's oil and gas industry has a greater potential for corruption and abuse of power due to the immature political system. There are fewer civil societies and those few are weak. The corruptible legal system in Nigeria makes it difficult to bring the multinational oil companies to account:

> "Financial gratification for judges in exchange for perpetual adjournment of court cases."
>
> Elder, local community.

Another instance of how the context diminishes the power of stakeholders was detailed in the analysis chapter as an example of Government Social Irresponsibility in which the regulators are not well equipped with the platforms that they require to supervise the industry adequately and check powerful stakeholders within the industry, such as multinational oil companies and other arms of government. The concept called Government Social Irresponsibility in this research is similar to Valente and Crane's (2010) categorisation Public Responsibility Deficit. The reason for the similarity is because both focus on developing countries and, like this research, Valente and Crane (2010) collected qualitative data from the oil and gas industry in Africa.

Furthermore, stakeholder theory scholars assume that there is a clear demarcation between business and government (e.g. Freeman, 2010; Jensen and Sandstrom, 2013). A classic example, which is an antithesis to this assumption, is the Nigerian National Petroleum Corporation (NNPC) being the largest shareholder in every joint venture agreement with the multinational oil companies. Many scholars appear to have ignored the potential risks when the demarcation between government and business becomes thinner (Valente and Crane, 2010, Poruthiyil, 2013). This relationship, coupled with the reliance of the key industry regulator, the Department of Petroleum Resources (DPR), for its operating budget on the largess of the NNPC (as detailed in the analysis chapter as an example of Government Social Irresponsibility), makes it difficult for government to be independent of business. Some interviewees argued that this is further compounded by the dependence of the judiciary on the executive arm of government in Nigeria. This finding is similar to Matten and Moon's (2008) submission about increased opportunity for Corporate Social Irresponsibility when institutions are weak and government substitutes regulation and administration of markets for rent seeking. Thus, since the executive arm of government has replaced regulation for rent seeking via partnership with the national oil companies, the multinational oil companies indirectly have the support of the judiciary should conflict arise, thereby consolidating and strengthening the power of the multinational oil companies. It is important to mention that there is an example of a country in the West where the government has controlling shares in the largest operating oil company, which is Norway. Like Nigeria, the oil and gas industry is considered to be the most corrupt industry in Norway (Transparency International, 2009). However, the independence of different arms of government in Norway has reduced the influence of the oil companies operating there, and the scale of corruption and impunity when the law is abused by the oil companies in Norway is minimal compared to what takes place in the oil and gas industry in Nigeria. Also, unlike in Nigeria where corruption is institutionalised, as presented in the analysis chapter of this research, in Norway when a scandal in the oil and gas industry is reported in the news, the relevant institutions move in to bring culpable actors to justice, and stability is restored. The case of Norway where strong institutions have helped to correct the limitations of Freeman's (1984; 2010) assumption that government is separate from business, seem to reveal that these limitations may not be as grave in the developed West, compared to a developing country such as Nigeria.

The findings of this PhD research, as explained in Section 5.2.2 in the previous chapter, revealed that the focus of multinational oil companies' CSR in the West is quite different from the focus in Nigeria. For example, some managers of multinational oil companies who were interviewed for this research argued that multinational oil companies CSR initiatives address higher needs such as self-actualisation in the West, and are the basis of a philosophical debate on global climate change issues, while in Africa multinational oil companies use CSR to address more basic physiological needs in what some interviewees called 'bread and butter' issues. These interviewees (multinational oil companies' managers) argue that the focus of the CSR practice in the upstream sector of Nigeria's oil and gas industry is based on the contextual reality which informs the needs of the stakeholders. The difference between stakeholder needs in a developed country and a developing country illustrates Maslow's (1956) hierarchy of needs. Maslow (1956) explained that human (in this case stakeholder) need is ranked and classified into lower and higher needs, the lower needs must be satisfied before the higher needs can be fulfilled. Revisiting Maslow's hierarchy of needs is important, if the needs of stakeholders are to be better understood, looking at their present situation in Nigeria, as it defines the potential areas of conflict and intra-stakeholder negotiation and why some of the needs of weak stakeholders within groups are not met. For example, the union representing workers in the upstream sector of Nigeria's oil and gas industry act in their own self-interest by negotiating with management for their own ends. These unions sometimes come into conflict with multinational oil companies so that the union's needs and those of their members can be met. The needs that unions negotiate with multinational oil companies include the welfare of only those members who are full-time employees, neglecting the needs of the contract staff. As detailed in the analysis chapter of this research, some of the contract staff interviewed argued that members of the union were still trying to fulfil their personal needs and did not help contract staff (who have no union in Nigeria) to discuss contract staff issues with management. However, one of the interviewees, who is contract staff, opined that this is not the case in developed countries where the interests of permanent and temporary staff would be represented by unions. Hence, unlike some other past studies (e.g. Tantalo and Priem 2016; Bridouex and Stroelhurst, 2014) which focus principally on corporations' needs and objectives and how stakeholders could help achieve these objectives, this study emphasises the needs of all stakeholders, and considers why some weak stakeholders' (e.g. contract staff) needs are not satisfied.

Furthermore, stakeholder theory (e.g. Freeman, 2010), which focuses on developed countries, assumes that there are strong institutions affecting organisational, and other stakeholders' behaviour, which makes these stakeholders act responsibly. Thus, if organisations are held accountable for their activities and CSR initiatives are implemented, this informs the need for the question posed earlier in the literature review chapter: 'what are the limits of corporate social responsibility?' (Fooks et al., 2013). Beyond Fooks et al.'s (2013) question, another salient inquiry not yet addressed in the literature which this thesis addresses is, since multinational oil companies' Corporate Social Irresponsibility is covered in the academic literature on CSR (e.g. Banerjee and Prasad, 2008; Tan, 2009): 'what are the instances of social irresponsibility of other stakeholder groups, and how could their social irresponsibility be addressed?' These questions are addressed by the framework depicted in Figures 6-2 and 6-3, respectively. However, other than giving insights into what could happen if institutions should fail in a developed country context, it could be argued that stakeholder social irresponsibility (SSI) is not very relevant in the context of a developed country. Stakeholder social irresponsibility is more context-specific and pertinent to a developing country setting because of the strong checks and balances available in developed countries. For example, if a government is openly socially irresponsible the electorate could serve as a check through the ballot box in developed countries. Also, if members of local communities in developed countries received payoffs from oil thieves, as is the case in Nigeria, the community could be brought to justice in the courts for aiding and supporting the thieves. However, as exemplified by community social irresponsibility, which was defined in the analysis chapter, in developing countries the reality is that many stakeholders and institutions (such as civil societies or the judiciary system) appear to be weak or corrupt, and cannot be used to check powerful (e.g. stakeholder social irresponsibility) or erring stakeholders (e.g. community, Multinational Oil Companies and government), as in the case of Nigeria.

Another assumption of stakeholder theory, which is in contrast to the findings of this research, is that large organisations have intrinsic values that are in themselves a sufficient motivation for self-regulation, and ensure that business activities lead to equity and justice within society (Freeman, Wicks and Parmar, 2004; Freeman, 2010). Some examples which contradict the assumption that multinational oil companies can be self-regulating were provided in the analysis chapter, where some stakeholders explained how multinational oil companies abuse their power and commit corporate social irresponsibility with impunity:

> "There are 0.00001 percent that are ethical, most are not ethical, their goal is to maximise profit. The role of government is to ensure that they adhere to the laws of the land; the role of government is to monitor them. If your government is not doing so, whose fault is it?"
>
> Former Energy Editor.

This finding is consistent with Rahim and Alam's (2014) thesis, who argued that big businesses in Bangladesh take advantage of the proponents of corporate self-regulation's stance to limit regulation and increase profitability at the expense of the rights of weak stakeholders. It seems that the reason why this thesis' findings are similar to those of Rahim and Alam's (2014), even though the industries researched are different (i.e. leather and oil and gas), may be because of the comparable features of the operating environment of Bangladesh and Nigeria, two countries that are both developing and characterised by weak institutions. However, the findings of this thesis are different to the findings of Zhao, Tan and Park (2013) who studied more advanced 'developing' countries such as China, India and Russia, and who argued that stakeholders are more sophisticated in these countries and have increasingly held MNC to account.

Furthermore, CSR scholars such as Carroll (1999) and Cheng et al. (2014) define CSR as a voluntary initiative. However, as explained in the analysis chapter, where there are weak institutional structures, the role of the organisation becomes more prominent and the resulting stakeholders' expectations are higher. This changes the conceptualisation of CSR in the context of a developing country, as CSR is, to a certain extent, compulsory, and without CSR initiatives the survival of the multinational oil companies is threatened, because CSR reduces the multinational oil companies conflict with the local community. An interviewee explained how abandoning CSR in Nigeria could threaten existence:

> "So in this environment if you go to communities and say "hey look I've paid my taxes and royalties, bye bye it could indeed be bye bye to your business. So I think probably the way to approach CSR is to start by looking at what are the stakeholder expectations and how do you deal with those expectations."
>
> Manager, Shell.

Thus, unlike CSR in the West, which is a voluntary initiative, CSR in Nigeria involves an element of compulsion on the part of multinational oil companies, to address the dearth of infrastructure which is part of the operating environment in the upstream sector of the country's oil and gas industry. Also, the focus of CSR is to address pecuniary needs, such as infrastructure deficits, which makes the multinational oil companies responsibility appear 'pseudo-governmental', as though they take up political responsibility. The term pseudo-governmental is similar to Valente and Crane's (2010) categorisation of corporations operating in developing countries behaviour as quasi-governmental, addressing infrastructural needs of stakeholders. However, while Valente and Crane (2010) proffer strategies of how MNCs could discharge this new responsibility due to voids in government, they do not address how the irresponsibility of government (as in Government Social Irresponsibility or public sector deficit) could contribute to Corporate Social Irresponsibility. How Government Social Irresponsibility could contribute to Corporate Social Irresponsibility has been discussed in the analysis chapter of this PhD research, hence, this PhD research builds on Valente and Crane's (2010) research. It could be argued that the pseudo-governmental approach of Multinational Oil Companies operating in Nigeria is what Arnold et al. (2010); Banerjee (2011), Mäkinen and Kourula (2012) and Rahim and Alam (2014) clamour for. However, multinational oil companies seem to be taking responsibility not as a way of accounting for externalities of their activities and accounting for their high-level of power as proposed by Arnold et al. (2010)., but rather to assure the survival of multinational oil companies since some stakeholders (e.g. the local community and civil society) expect multinational oil companies to act like a government. For example, the local communities expect the multinational oil companies, as part of their CSR, to provide them with critical services such as pipe-borne water, electricity and roads. Therefore, there are key differences between multinational oil companies behaviour and stakeholder expectations in developing countries compared to countries in the West. Although multinational oil companies argue that they spend more on CSR projects in a developing country such as Nigeria than they do in the West, the findings of this research have revealed that increased expenditure on the CSR budget does not in itself lead to a reduction in Stakeholder social Irresponsibility. Instances of stakeholder social responsibility discussed in the analysis chapter of this research include multinational oil companies environmental degradation, the local community abating oil theft or corporate stakeholder conflict.

Weak institutional structures and the abuse of power are significant limitations in a developing country (Wright et al., 2005). Directors of civil society groups, the media and members of the local communities who were interviewed for this research contend that there are inadequate checks and balances available in Nigeria to curtail the excesses of the multinational oil companies, leading to the potential for the multinational oil companies to abuse power. Also, CSR scholars contend, and multinational oil companies state on their websites, that CSR is a means of engaging stakeholders and focuses on stakeholder needs (Basu and Palazzo, 2008). The findings of this PhD research are contrary to those of Basu and Palazzo's (2008) paper about multinational oil companies focus on stakeholder needs, and reveal that this proposition appear not to apply to the upstream sector of Nigeria's oil and gas industry. This may be explained by statements of interviewees, for instance some of the stakeholders interviewed (e.g. members of the local communities) complained of multinational oil companies neglect of their needs and abuse of their power by indiscriminate pollution of the environment without remediation.

Furthermore this research's findings have highlighted that, while the government represents the interest of citizens in the West, it appears that this is not always the case in the upstream sector of Nigeria's oil and gas industry, where the government is accused of Government Social Irresponsibility. This finding is consistent with Scherer, Palazzo and Baumann's (2006) and Valente and Crane's (2010) submission of features of government in developing countries. Scherer et al. (2006) and Valente and Crane (2010) argue that governments in developing countries do not protect human rights, ignore the rights of stakeholders, and have lax environmental regulation. Building on Scherer et al.'s (2006) submission, this research finding reveal that all stakeholder groups that were interviewed for this research contend that fragile institutional structures, such as unaccountable and unstable government entities and weak local communities, limit the checks on Multinational Oil Companies and risk Corporate Social Irresponsibility being committed with impunity. Government Social Irresponsibility leads to the rights of weak stakeholders being trampled upon, because Government Social Irresponsibility contributes to Corporate Social Irresponsibility. This is because the consequence of Government Social

Irresponsibility is that multinational oil companies could then commit Corporate Social Irresponsibility, since the multinational oil companies realise that they could get away with Corporate Social Irresponsibility due to the weak regulatory arm of government which could in turn lead to corporate-stakeholder conflict. As highlighted in the analysis chapter of this research, corporate stakeholder conflict consists of local communities kidnapping oil workers, or protests by local communities over issues such as resource collectivism, which threaten the survival of the whole industry. This reveals the need to formulate a more realistic stakeholder theory that focuses on the rights and responsibilities of all stakeholders which Figure 6-3 will address.

Importantly, the present conceptualisation of the stakeholder attribute of legitimacy assumes that all stakeholders have a common consensus on what standard of values and norms is acceptable, and define legitimacy accordingly (e.g. Suchman, 1995; Castelló and Lozano, 2011). The findings of this research revealed that the question of consensus about values and norms is particularly important in the Nigerian context, where corruption is rife and legitimacy can be conferred in exchange for fulfilment of personal needs, even when the needs of the majority are compromised. For example, as articulated in the analysis chapter of this research, some members of the local community have accused their leaders of conferring partial legitimacy on multinational oil companies in exchange for payment of school fees for the wards of the chief. Thus, this PhD research has buttressed Banerjee's (2010) critique of the narrow conceptualisation of legitimacy, which he argues, mainly focuses on economic efficiency by providing empirical data which shows the consequences (e.g. conflict, limited acceptance of the multinational oil companies and sabotage of the multinational oil companies operations).

Also, this research has depicted instances of how legitimacy is conferred on stakeholders, in a different culture, particularly after compromising on values. The term 'stakeholder relativism' discussed in the analysis chapter explains how the extrinsic drivers of values suppress the intrinsic drivers of ethical responsibility. Stakeholder relativism shows that in developing countries the local context determines whether the principles that organisations profess on their websites and brochures will be applied or not. Stakeholder relativism addresses the tensions between the intrinsic and extrinsic drivers of ethics. It was observed that if the extrinsic drivers of values (e.g. the regulatory regime and civil society) are strong, then multinational oil companies apply the intrinsic values that they publicise via their websites and brochures. However, it was observed from the findings of this research that when the extrinsic drivers of values are weak (e.g. institutions are weak) then, the intrinsic drivers of values (the internal culture of CSR as published on their websites) are not applied. Therefore the intrinsic drivers of values of the multinational oil companies are weak. In such cases of weak extrinsic drivers of values, Corporate Social Irresponsibility becomes commonplace. This finding provides an empirical basis for Poruthiyil's (2013) claim that local culture affects big businesses' ethical behaviour and reveals an irony in the behaviour of multinational oil companies operating in Nigeria, as these organisations, that claim to be champions of good CSR practices as articulated on their websites, only act responsibly when the operating environment compels them to do so. The concepts of stakeholder relativism and intrinsic and extrinsic drivers of ethics provides an empirical basis for Christensen, Morsing and Thyssen's (2013) submission on organisational hypocrisy in CSR. However, the findings of this research adds to Christensen, Morsing and Thyssen' s (2013) submission by offering insights into when organisational hypocrisy could take place - when the extrinsic drivers of ethics are weaker than the intrinsic drivers of ethics. Also stakeholder relativism provides an instance where O'Fallon and

Butterfield's (2005) proposition that there is a positive correlation between internal ethical cultures on ethical decision making may not apply.

In addition, the concept of stakeholder relativism illustrates the limits of stakeholder theory as informed by its initial basis, which was founded on the threat to the existence of US MNCs due to the Japanese entry into the American market (Freeman, 1984). Thus, as articulated in the analysis chapter of this research, the present conceptualisation of stakeholder theory does not take into account the cultural differences that MNCs operating in foreign countries face. There are cultural distinctions, which are peculiar to the upstream sector of Nigeria's oil and gas industry, which underpin the expectations of stakeholders when dealing with big businesses. For example, the findings of this research revealed that multinational oil companies give expensive gifts to government officials at social functions organised by those government officials in Nigeria, because government officials expect multinational oil companies to do so in order to curry their favour. This culture of multinational oil companies' behaviour in this context appear to be in contrast to some of the values that the multinational oil companies claim to practice.

Furthermore, the findings of this research articulated as historical hangover, detailed in the section of drivers of MNCs' power in the analysis chapter, contributes to the power literature. This is because much of the research on power has focussed on MNC power and how it is used to bargain when dealing with diverse stakeholders (Fagre and Wells, 1982; Nebus and Rufín, 2010). While others have focused on the power struggle between MNC and subsidiaries (Hymer, 1976; Yamin and Forsgren, 2006) and Politics and power within MNCs (Geppert and Dörrenbächer, 2014), there has been limited focus on the drivers of power (Cobb, 2015) and how culture and history have contributed to the power of MNCs (Perrow, 2002; Banerjee, 2006; 2010; Ekici and Onsel, 2013). The findings of historical hangover detailed in this research are similar to Banerjee's (2010) contribution on how colonial history contributes to MNCs power. It seems that the reason why the findings of this PhD research are similar to Banerjee (2010) is because the cases that Banerjee (2010) studied in his research are developing countries that are former British colonies. Historical Hangover also supports the empirical findings of Visser (2005), and Muthuri and Gilbert's (2011) submission that the present conceptualisation of stakeholder theory may not be totally applicable in a developing country context which has different stakeholder needs. Akin to the findings of this research as detailed in historical hangover and how it affects the conceptualisation of stakeholders, these scholars argue that some of the present assumptions underpinning stakeholder theory may not be universal due to dissimilar socio-economic and cultural ambience in developing countries compared to that found in the developed ones (Visser, 2005; Muthuri and Gilbert, 2011).

This section has used some of the findings of this research to explain how the contextual realities of a developing country reveal some of the limitations of the assumptions underpinning the present conceptualisation of stakeholder theory. Next to be discussed is the second research question and how the findings of this PhD research have addressed it.

6.2 Research question 2: How could the limitations of stakeholder theory in a developing country context be addressed?

Stakeholder theory which originated from research conducted mainly in developed countries has multiple lenses influenced by geographical nuances even among the so called "Westernised" countries (Matten and Moon, 2008). For example, there are

European (Argandona and Von Weltzien Hoivik, 2010), Scandinavian (Nasi, 1997) and American (De George, 2011) perspectives on stakeholder theory, which emphasise the cultural diversity that comes into play. Therefore with the relatively limited literature on stakeholder theory in a developing country context (except for a few, e.g. Visser (2008), Jamali (2010), Idemudia (2009), Amaeshi et al. (2007) and Frynas (2005;2010)) there is a need to come up with refined stakeholder theories that provide solutions which reflect the complexity of developing countries such as Nigeria.

The developing country context is characterised by a complex operating environment including a weak judicial system, corruption, limited regulation, a large informal sector and a significant involvement of government in business activities (Xu and Meyer, 2013). As articulated by interviews synthesised in the analysis chapter, a lack of government accountability to the electorate diminishes the government's legitimacy in the eyes of the local community:

> "But you know all these politicians, they are not interested in anybody... their interest is solely in their pocket that's all."
>
> Elder, Local community

The government is not held accountable to the local community because it does not directly collect tax from the local community where oil is found. Often, most of the employees in the local community work in the informal sector where poor records are maintained (Frynas, 2010). Furthermore, based on the findings of this PhD research, which is informed by primary and secondary data, it can be argued that due to the corrupt electoral process in Nigeria, which is often characterised by the rigging of elections, political candidates do not need to rely on actual votes from the populace to win elections (World Bank, 2011). This weakens the bargaining power of stakeholders, such as the local community, which makes up part of the general public. Thus, with the government holding more than a 50 percent stake in the upstream sector of Nigeria's oil and gas industry, the influence of the MNCs is strengthened. Because the government is such a big shareholder in the industry, it is difficult for any regulatory arm of the government to sanction erring MNCs as this would adversely affect the governments' revenue. Furthermore, Nigeria receives more than 80 percent of its foreign earnings from the export of oil, making the MNCs both critical and powerful relative to the local community where they operate. The contextual realities such as conflict of jurisdiction enhance the power of the MNCs.

Conflict of jurisdiction is a similar concept to those found in Henisz, Dorobantu and Nartey's (2014) and Kujala, Heikkinen and Lehtimäki's (2012) studies on stakeholder conflict. However, unlike Kujala et al. (2012) and Hensiz, Dorobantu and Nartey (2014) who focus on conflict between stakeholders and the firm, the concept of conflict of jurisdiction emphasises intra-stakeholder conflict and how it enhances the power of the MNCs. This empirically informed study supports Carney, Gedajlovic and Sur's (2011) theory on intra-stakeholder conflict by demonstrating some of the implications of intra-stakeholder conflict on Stakeholder Theory. Furthermore, conflict of jurisdiction is similar to stakeholder conflict and addresses institutional complexity, since two different regulatory organisations are saddled with the same responsibility for oversight but make different demands of time and have different guidelines which are sometimes conflicting (Zilbner, 2011). Past coverage of stakeholder conflict in the CSR literature did not take into consideration institutional complexity, where two government agencies are saddled with similar responsibilities for regulating the industry and how this affects the power of actors. This may be because, in the developed world, this is not very common. Discussed next is a framework which articulates an overview of the research problem areas as they relate to the research questions of this research, and how to address them.

6.2.1 Nigeria's oil and gas industry: problem situation, proposal and target

This section presents a framework which captures the problem situations, proposals and the consequences of these proposals for the upstream sector of Nigeria's oil and gas industry (target). The present situation articulates the theoretical assumptions that underpin the limitations of stakeholder theory and the consequences when applied to Nigeria's oil and gas industry. The proposal is the interviewees' suggestion of how to address these limitations to achieve the objective (target). The target is what the interviewees mention as the consequence of their proposals which they argue would result in the refined stakeholder theory when applied to the context. The research is organised using insights derived from the situation-target-proposal (STP). STP is typically used to discuss the current process (situation), the near-term and vision of the process (target), and how to change or improve the situation to attain the target (proposal) (Dickinson, Thornton and Graves, 2001). However, unlike STP, and to give better visual clarity, the framework (see Figure 6-1) is organised as situation, proposal, and target (SPT). This is because having the proposal presented before the target (as in SPT instead of STP) when presented in a framework helps to show the gap between the situation and the target. Hence, a summary of the present situation, proposals for addressing the challenges relating to this situation and the consequences of implementing these proposals are presented in Figure 6-1. Also, in the framework, depicted in Figure 6-1, the situation is split into two: the problem situation as it relates to the academic literature box comes first and the problem situation without any reference to the academic literature box is second. The reason why the box labelled the problem situation as it relates to the academic literature comes first is because the primary focus of this research is on improvement of stakeholder theory. Hence, the box labelled the problem situation which shows the situation in the upstream sector of Nigeria's oil and gas industry without reference to theory is used as a case study to understand stakeholder theory in this context.

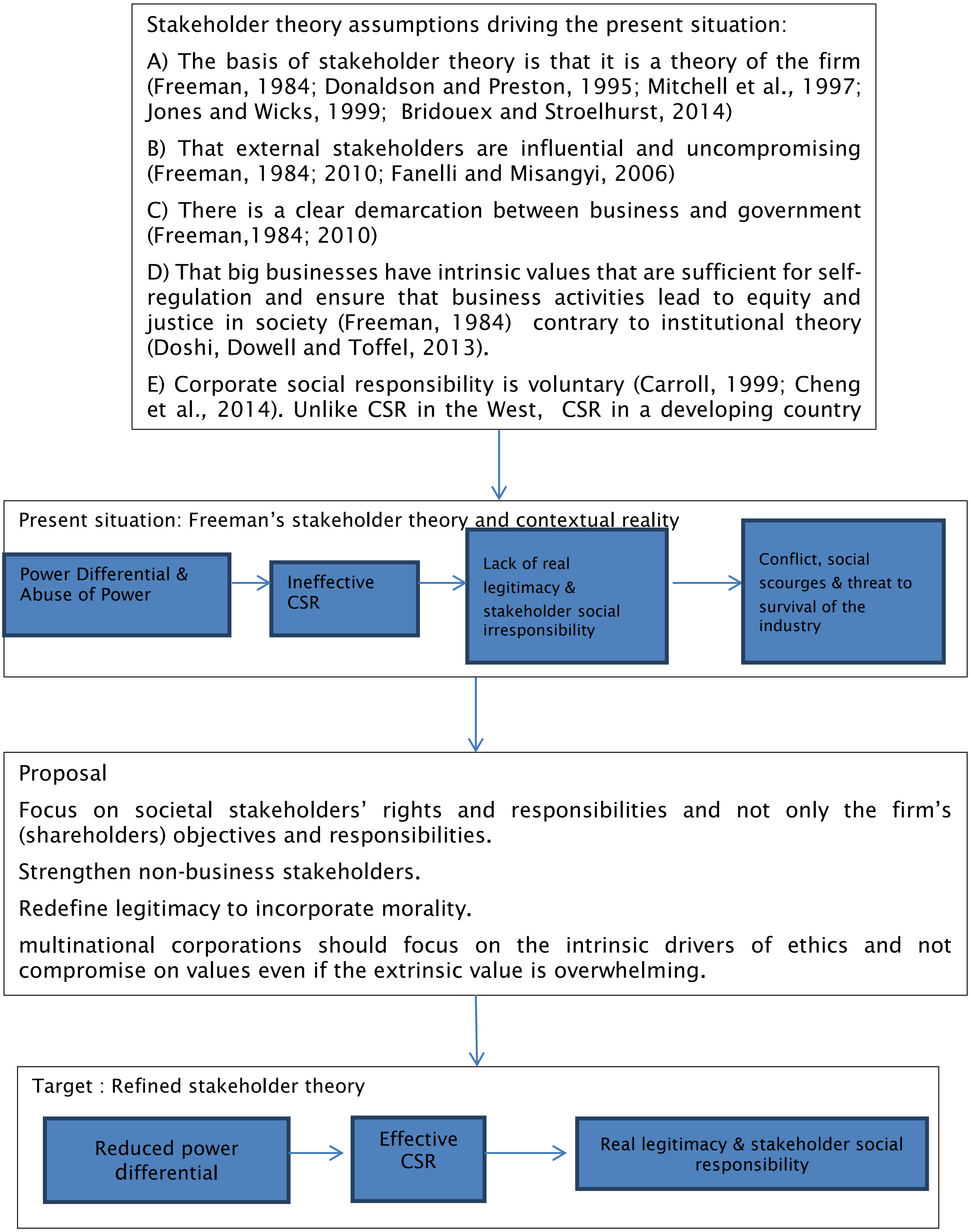


Figure 6-1 Situation-Proposal-Target when Stakeholder theory is applied to Nigeria's upstream oil and gas industry.

The different strands of the framework are articulated below.

6.2.1.1 Situation

Theoretically, the present situation is summarised in the following assumptions of stakeholder theory:

Firstly, the basis of stakeholder theory is that it is a theory of the firm (Freeman, 1984; Donaldson and Preston, 1995; Mitchell et al., 1997; Jones and Wicks, 1999; Tantalo and Priem, 2016; Bridouex and Stroelhurst, 2014) which encourages an instrumental approach to engaging stakeholders. Secondly, the external stakeholders are influential and uncompromising (Freeman, 1984; Walsh, 2005, 2010; Fanelli and Misangyi, 2006), hence big businesses are depicted as being weak and less regulation of big business is recommended by these scholars (Blowfield and Murray, 2014). Thirdly, there is an assumption that there is a clear demarcation between business and government (Freeman, 1984; 2010), which does not address the negative consequences of a very cosy relationship between government and MNCs as exemplified in Nigeria's oil and gas industry. Fourthly, stakeholder theory assumes that big businesses have intrinsic values that are sufficient for self-regulation and ensure that business activities lead to equity and justice in society (Freeman, 1984; Michael, 2003) which is contrary to institutional theory (Doshi, Dowell and Toffel, 2013). Finally, CSR is defined in the academic literature as a voluntary initiative (e.g. Davis, 1973; Carroll, 1999; Cheng et al., 2014). Unlike CSR in the West, stakeholders interviewed stated that CSR in Nigeria, which is an example of a developing country context, addresses infrastructural deficit due to Government Social Irresponsibility. It appears that the limitations of these theoretical assumptions when applied to the upstream sector of Nigeria's oil and gas industry have led to increased power differential and abuse of power by MNCs plus ineffective CSR and a lack of real legitimacy (Frynas, 2005; 2010). Stakeholders interviewed opined that the challenges associated with the present situation, include stakeholder social irresponsibility, conflict, increased social scourges and threat to the survival of the industry (see Figure 6-1 and Figure 6-2). Figure 6-2 depicts Freeman's (1984) stakeholder framework when applied to the upstream sector of Nigeria's oil and gas industry while incorporating the consequences of the limitations. These consequences of the limitations are conditional responsibility of MNCs and limited responsibility of stakeholders.

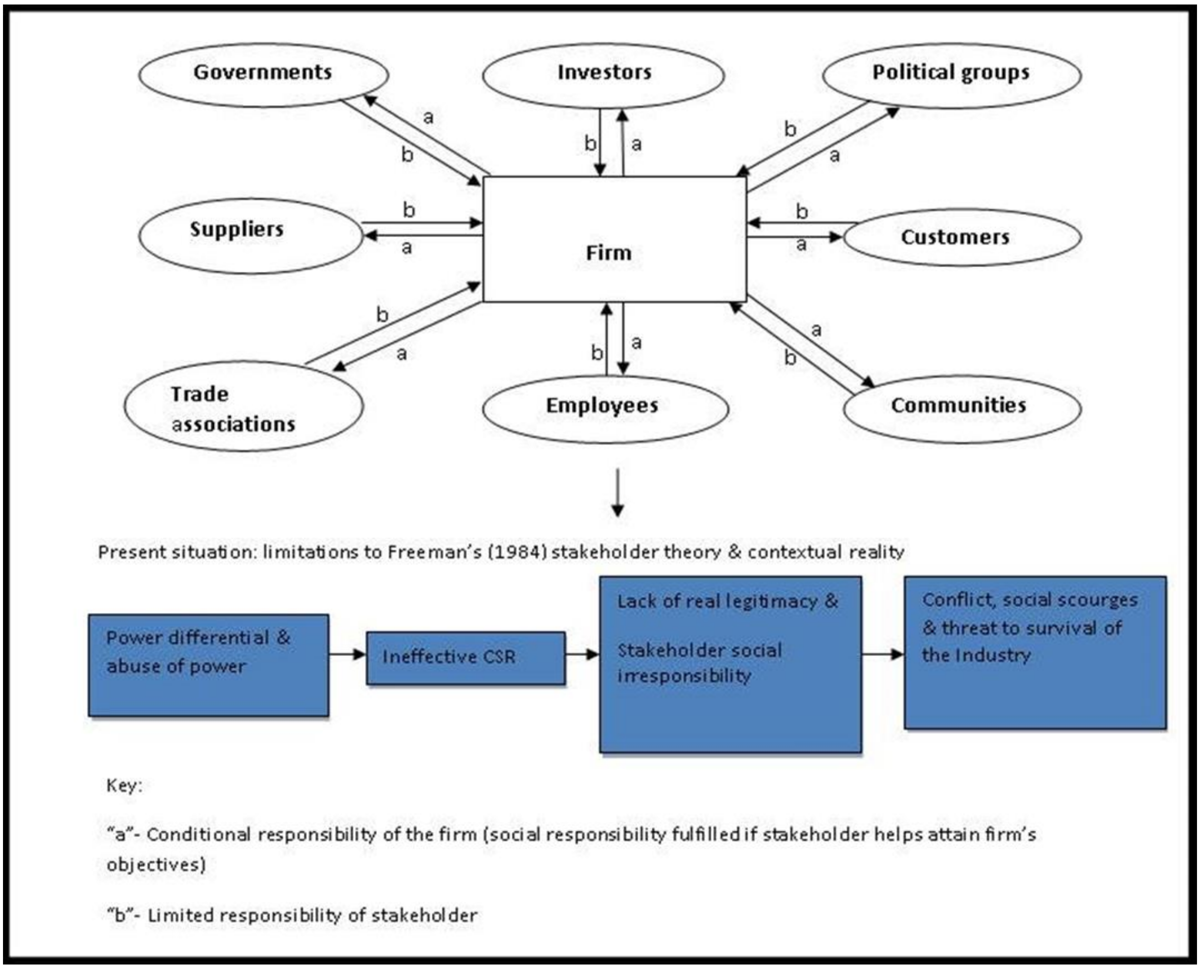


Figure 6-2 Conventional Stakeholder theory as it contributes to the problem statement.

Unlike Freeman (1994; 2010), Figure 6-2 depicts the consequences of having the focus of the stakeholder map of the firm portrayed with the representation of the firm at the centre of the map. It is argued that the firm only takes conditional responsibility for its actions, (and is represented as “a” in Figure 6-2) only if the stakeholder helps the firm to achieve its objectives (Wood, 2010; Baden and Harwood, 2013). However, as depicted in Figure 6-2, this research goes beyond Wood (2010) by incorporating consideration of the responsibility of stakeholders for their actions, represented as “b”, and depicted as limited responsibility of stakeholders. The consequences of not countenancing social responsibility include community social irresponsibility and Government Social Irresponsibility both discussed under stakeholder social irresponsibility in Section 5.3.4.1 and section 6.1. Within the traditional Freeman (1984) stakeholder map, the consequence of the instrumental approach to stakeholder theory, represented by an arrow pointing to the problem situation, is presented in Figure 6-2. These problem situations include high power differential, ineffective CSR, lack of real legitimacy, stakeholder social irresponsibility, conflict and threat to the survival of the industry which have all been discussed in Chapter 5 and Section 6.1.

After articulating the theoretical assumptions that underpin stakeholder theory and how interviewees argue that it contributes to the present challenges of the upstream sector of Nigeria’s oil and gas industry, the next task is to itemise the proposals for how to achieve the target.

6.2.1.2 Proposals

The research findings on the instrumental approach to stakeholder engagement detailed in the previous section buttresses Moura-Leite et al. (2014) and Eccles, Ioannou and Serafeim’s (2014) observation that corporations still have an approach which mainly focuses on the shareholders’ objectives at the expense of other stakeholders. Based on the insights generated from the findings of this research, it is argued that a solution to the stakeholder issues highlighted thus far is to take a societal view of stakeholder theory (which is the target, see 6.2.1.3). A societal view entails considering the firm as a stakeholder within the society in which it operates and taking a systemic or holistic approach to the stakeholder concept (see Figure 6-3). Unlike Agle (2008) and Freeman (1984; 2010), interviewees argued that the only way a holistic perspective i.e. a societal view to stakeholder theory could be achieved is by taking cognisance of the stakeholders' social responsibilities and the rights of all stakeholders.

Also, to achieve the societal view of stakeholder theory, interviewees argued that non-business stakeholders such as civil society, the regulatory organisations for Nigeria's oil and gas industry, the local community and the media need to be strengthened, so that they could make powerful stakeholders such as the stakeholder social irresponsibility more accountable. This proposal is similar to Jamali and Neville's (2011) suggestion of strengthening weak stakeholders for convergence of CSR which is synonymous to consideration of the interest of all stakeholders within the society. Some interviewees provided specific ways of strengthening the cause of weak stakeholders:

Proposing the empowerment of weak stakeholders (e.g. via support for international stakeholders) to make powerful stakeholders more accountable and to avert Corporate Social Irresponsibility, provides the empirical underpinning which supports Greenwood's (2007) thesis that an instrumental engagement of stakeholders, with the aim of attaining corporate objectives, is not synonymous with CSR. Another proposal is to redefine legitimacy so as to incorporate morality. Incorporating the stakeholder attribute of legitimacy with a normative strand or morality as the core of legitimacy is an application of the work of Donaldson and Preston (1997) and Philips (2011).This is because Donaldson and Preston (1997) and Philips (2011) submitted that the normative strand is the core of stakeholder theory. However, this approach of integrating legitimacy and morality is contrary to Mitchell et al. (1997) and Mitchell et al. (2011) whose approach proposes an instrumental stance. This approach of considering morality while discussing legitimacy, unlike the instrumental stakeholder approach, considers the overall wellbeing of all stakeholders irrespective of the stakeholder's objectives. The proposal of having the normative strand to be incorporated in the conceptualisation of legitimacy will prevent a few symbolic stakeholders from conferring partial legitimacy on stakeholder in exchange for personal gratification and at the expense of the welfare of other less influential stakeholders.

Another proposal is to forestall stakeholder relativism which would help address Christensen et al.'s (2013) concern about corporate hypocrisy by organisations who claim to be practicing CSR when in actual fact they are practicing Corporate Social Irresponsibility. Hence, it is recommended that stakeholder social irresponsibility should focus on the intrinsic drivers of ethics and not compromise on values even if the extrinsic value is overwhelming.

The statement by the investment officer of NAPIMS addresses the excuse that Multinational oil corporations give for practicing stakeholder relativism. However, as informed by the findings of this research, stakeholder relativism leads to conflict, aggravates the poor security situation in the upstream sector of Nigeria's oil and gas industry and is a threat to the survival of the industry.

Hence, it is also in the interests of the stakeholder social irresponsibility to stop practising stakeholder relativism since some interviewees have argued that it is the double standard in the Multinational oil companies' behaviour when operating in Nigeria as compared to other developed countries that has contributed to the porous security situation in the Niger Delta.

6.2.1.3 Targets

As informed by insights generated from the findings of this research, the target is the societal view of stakeholder theory and can be achieved when the proposals highlighted so far (in 6.2.1.1) are implemented in the upstream sector of Nigeria's oil and gas industry. A societal view of stakeholder theory would mean that multinational oil companies are considered stakeholders within the society. Hence, unlike the studies of Mitchell et al. (1997) and Mitchell et al. (2011), the attributes of the firm (in this case the Multinational oil companies) and how their attributes (for example power, when expended) affect other stakeholders within the industry is examined in this PhD research.

The societal view of stakeholder theory framework takes a normative stakeholder approach to stakeholder responsibilities and objectives. The normative approach of the societal view of the stakeholder theory framework entails focusing on the full responsibility of each stakeholder to the wellbeing of the society. This also involves each stakeholder giving consideration to the rights of the other stakeholders irrespective of whether it helps the subject stakeholder in each case (e.g. the firm) to attain its goal (Mellahi and Wood, 2003; Wood, 2010). The societal view of stakeholder theory framework as depicted in Figure 6-3 shows an arrow pointing to the positive consequences which could be achieved by focusing on all stakeholders' rights and responsibilities i.e. not only the firm's (shareholders) objectives and responsibilities. Stakeholders interviewed for this PhD research have argued that a societal approach to stakeholder theory would involve consideration of full responsibility of stakeholders to society, depicted as "b", and unconditional responsibility of the collective stakeholders within society, represented as "a" in Figure 6-3. Hence, interviewees argued that "a" and "b" in Figure 6-3 will result in not only the firm's (shareholders) objectives and responsibilities being considered but all stakeholders' rights and responsibilities being countenanced. The implications of the perspectives of interviewees as depicted in Figure 6-3 is that a societal view would help strengthen weak stakeholders and in the process create stability in the oil and gas industry via fewer conflicts. Informed by the findings of this research, other consequences of achieving the societal view of stakeholder theory, as depicted in Figure 6-3, include reduced power differential, effective CSR, real legitimacy being achieved and stakeholder social responsibility. The position of interviewees around a societal view of stakeholder theory is consistent with Bansal and Roth (2000) and Zheng, Luo and Maksimov's (2014) arguments that effective CSR could lead to organisations achieving acceptance in the form of full legitimacy from their stakeholders. The research of Zheng, Luo and Maksimov (2014) which focused on China, which could be described as a country with a more advanced stage of development among developing countries, is instructive. This is because unlike Nigeria, China has stronger stakeholders and stronger stakeholders could wield more influence with multinational oil companies (Zhao, Tan and Park, 2013). Hence, the research of Zheng, Luo and Maksimov (2014) corroborates the findings of this research and offers insights into the potential consequences of a societal view of stakeholder theory when applied in Nigeria. This is because Zhao et al 2013 argue that stakeholders such as consumers and labour unions in India, Russia and China are increasingly focusing on the wellbeing of the society and holding MNCs to account, thus reducing Corporate Social Irresponsibility in these contexts. However, the societal view of stakeholder theory is contrary to superficial CSR (Weaver, Trevino and Cochran, 1999) or outright hypocrisy in the name of CSR (Morsing, and Thyssen, 2013), which some interviewees have argued lead to challenges in the society. These interviewees (e.g. managers of multinational oil companies, civil society groups, local community etc.) have argued that these societal challenges due to hypocrisy in CSR include a lack of real legitimacy, stakeholder social irresponsibility, conflict, social scourges and threat to the survival of the industry (see Figure 6-2).

The societal view of stakeholder theory which focuses on other stakeholders including the firm (but not only the firm) addresses a gap in the literature; due to "over-emphasis and a theoretically strange focus on the firm rather than stakeholders and societies" (Wood, 2010:75). The proposal put forward in this PhD research goes a step further than Wood's (2010) recommendation by providing an empirical basis which underpins the solutions proposed for addressing some of the highlighted limitations of stakeholder theory detailed in this research as depicted in Figure 6-3. Figure 6-3 applies the proposal as stated in the box labelled proposal and target in Figure 6-1 to Freeman's (1984) conceptualisation of stakeholder theory as depicted in Figure 6-2 and explain the solution to the limitations of stakeholder theory called the proposal. Figure 6-3 shows a refined stakeholder theory which is called the societal view of stakeholder theory framework. The societal view of stakeholder theory framework as depicted in Figure 6-3 shows an arrow pointing to the positive consequences which interviewees argue could be achieved by focusing on all stakeholders' rights and responsibilities i.e. not only the firm's (shareholders) objectives and responsibilities.

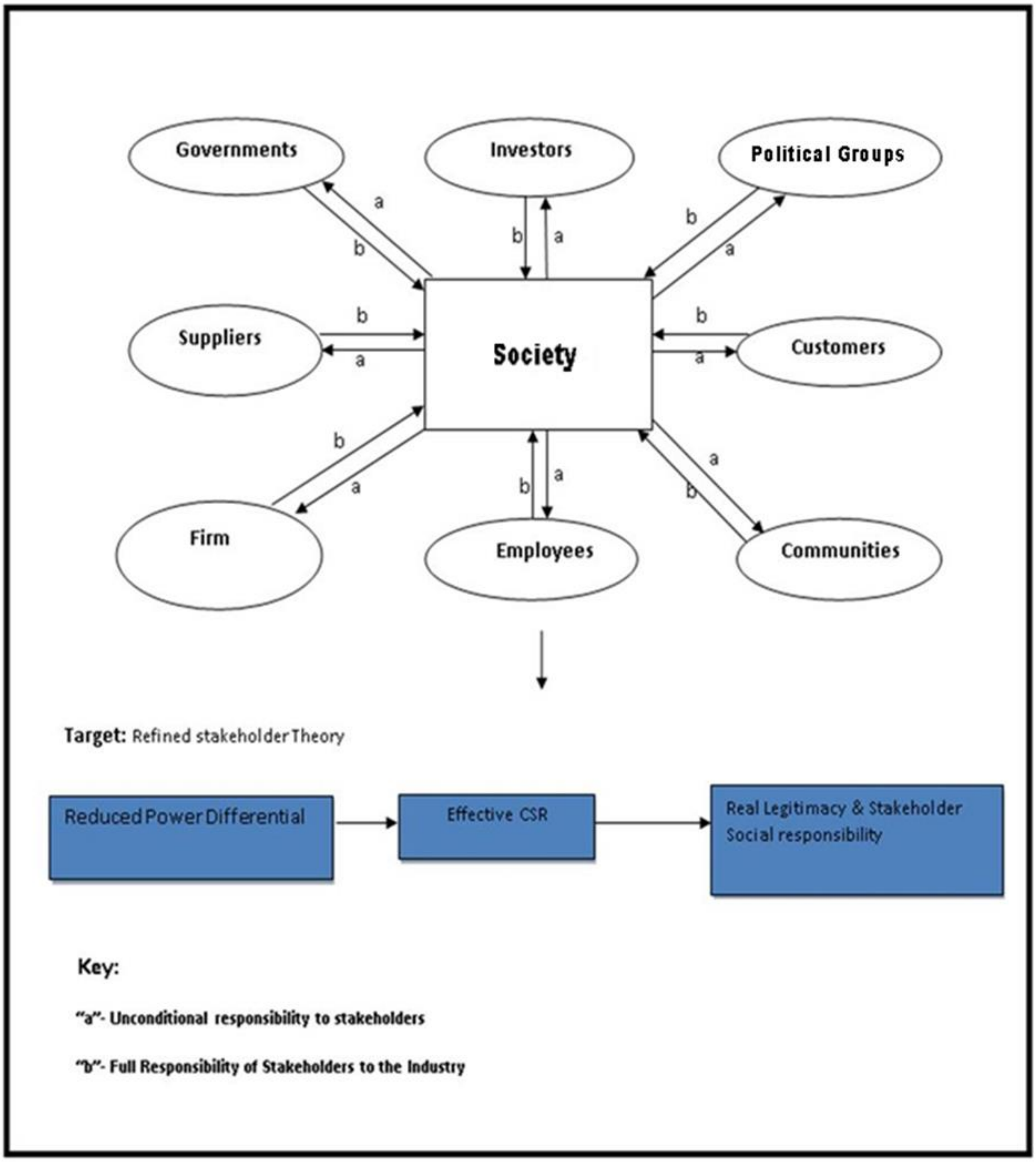


Figure 6-3 Refined stakeholder theory and its potential solution to problem situations.

The first positive consequence is a reduced power differential between Multinational oil companies and other stakeholders. Banerjee (2010) argued that a reduced power differential of one stakeholder (e.g. multinational oil company) relative to the other (e.g. local community) could lead to less Corporate Social Irresponsibility. Also, according to the proposals contributed by different stakeholders who were interviewed another target that could be achieved if the proposals articulated thus far are implemented is effective CSR. These interviewees argue that focusing on society would result in the multinational oil companies considering the wellbeing of the society in conceiving and implementing CSR initiatives and is consistent with Wood's (2010) suggestion. Thus, CSR initiatives would focus on the contextual peculiarities of the Niger Delta in Nigeria and be a means of addressing the real issues that stakeholders face and lead to what Jamali and Neville (2011) categorised as convergence of CSR. Stakeholders interviewed argued that addressing the real issues that stakeholders face would lead to various stakeholders accepting multinational oil companies and confer real legitimacy to multinational oil companies. Next to be highlighted is the summary of this chapter.

6.3 Summary

This chapter has discussed each of the research questions and then a presented a framework informed by a synthesis of the analysis from the data collected and the relevant extant literature. This framework, which was informed by the situation-target-proposal (STP) outline, comprises the present situation, which articulates the theoretical assumptions that underpin the limitations of stakeholder theory when applied to the upstream sector of Nigeria's oil and gas industry. This framework also depicts the consequences of the limitations of stakeholder theory (present situation) and a proposal of how to address these limitations to achieve the target, which is the refined stakeholder theory. Then a framework of the present representation of Freeman's stakeholder theory as it applies to this research was depicted. In this Freeman's stakeholder framework as it applies to this research, a representation of conditional consideration of stakeholder rights and limited responsibility were displayed. Thereafter, a schematic representation of the refined stakeholder theory which is illustrated as the societal view of stakeholder framework, and the positive consequences of this refined stakeholder theory were presented. Next is the final chapter and would articulate the conclusion.

Chapter 7 - Conclusion

This chapter covers summary of the research approach and findings. Also to be covered is an overview of the research, how the research objectives were addressed and the contribution of the research vis-à-vis the theoretical, policy and practical implications of this PhD research. Thereafter, the contribution of this research to theory, practice and policy is expressed. Furthermore, an overview of the research similarities, differences and contributions to the extant literature will be outlined in a tabular form. Finally, the chapter concludes with suggestions for future research and some limitations.

7.1 Overview of the gaps in literature that inform the research questions

The stakeholder theory framework posited by Freeman (1984) was published at a time when the competitive terrain of the United States of America was very fierce, with the entry of Japanese MNCs into the American market. However, some scholars have depicted stakeholder theory as a universal concept (Henningfield et al., 2006).

The changing nature of the world due to globalisation in the twenty first century has impacted on the stakeholder theory concept as it relates to MNCs (Matten and Moon, 2008). For instance, when stakeholder theory was conceived in the 1980s, Western countries accounted for most of the global economic growth, and the activities of MNCs in underdeveloped countries were at best limited compared to their activities in developed ones. This highlights key limitations of how stakeholder theory is conceptualised, including not considering developing countries, not countenancing that the features of developing countries vary, and not considering that the needs of stakeholders in these contexts may vary. Developing countries offer immense opportunities with their booming economies, young populations, untapped markets of over four billion people with many unmet basic needs, and vast natural resources (Blowfield and Murray, 2014). Developing countries now account for seventy percent of global growth (IMF, 2015). However, with their increased involvement in developing countries, multinational organisations are involved with a diverse range of stakeholders some of whom may not be connected directly to their overseas subsidiaries. Hence, it is important for their stakeholder relations, ethical footprint and liability to be considered (Tan, 2009). There has been limited research that has examined the relationship between stakeholders and the ethical behaviour of firms when operating in developing countries (Ekici and Onsel, 2013). Since, 1984, the concept of stakeholder theory has been developed based on empirical and theoretical data mainly from Europe and America which have operating contexts that are quite different from that of developing countries. Therefore, stakeholders interviewed argue that the concept is not totally applicable in its present form to a developing country context which has different stakeholder needs. This is particularly the case due to a dissimilar socio-economic and cultural ambience in these countries to that found in the developed world (Visser, 2005; Muthuri and Gilbert, 2011).

At present, there are European (Argandona and Von Weltzien Hoivik, 2010), Scandinavian (Nasi, 1997) and American (De George, 2011) perspectives on stakeholder theory, which emphasise the cultural diversity that comes into play even among the so called “Westernised” countries. Therefore with the very limited literature on stakeholder theory in a developing country context (except that by Visser (2005), Jamali (2010), Idemudia (2009), Amaeshi et al. (2007) and Frynas (2005; 2010)) there is a need to develop refined stakeholder theories that provide solutions which reflect the complexity of the developing world. Some examples of the complexity of the operating terrain of the developing world have already been mentioned in Chapter 3; they include a weak judicial system, corruption, limited regulation, and a large informal sector. Other potential influencers of stakeholder theory when applied in developing countries (which are relatively difficult to quantify) include cultural differences. These difficult to measure influencers of stakeholder theory (if applied in a developing country context); reflect Freeman's (2010) criticism of the way corporate planning applies stakeholder theory. Freeman (2010) argues that although the concept of stakeholders is used in corporate planning in, for example, Ansoff's (1965) work, it only considers aspects of strategy that could be quantified (Freeman, 2010). The concept of 'historical hangover' discussed in Chapters 5 and 6 addresses this gap by articulating the impact of an example of a developing country's culture on stakeholder theory.

Another caveat to the stakeholder framework as it applies to developing countries was identified by Freeman (2010:188) and labelled 'pitfalls for using the stakeholder concept'. Freeman (2010) argues that one of the requirements for the stakeholder concept to work is that the organisation must be an 'open' system i.e. willing to unearth difficult issues that may not necessarily have a solution. This principle appears to be contrary to the operating terrain of Nigeria (Frynas,2010) and other developing countries where many MNCs now operate, which is marked by a lack of transparency (Wiig and Kolstad, 2010). Since MNCs subsidiaries are not independent of this operating environment, and their organisational culture is sometimes influenced by the operating culture (Hofstede, 2007), this may explain why these foreign companies shroud some of their operations, that may negatively impact the society, in secrecy, or simply do not report them (Wood, 2010). This culture of secrecy among multinational subsidiaries may not be unrelated to the adverse legal consequences of some of their activities if reported in their home country.

After articulating some limitations of stakeholder theory particularly as it relates to MNCs and as discussed in chapter 3 of this research, the gaps in the literature have revealed that there is no consensus as regards the aggregate applicability of stakeholder theory in its present form due to breakthroughs in information technology and increasing growth in developing countries. The latter is because stakeholder theory was conceived in a developed country and the differences in culture, economic development and institutional structures raises the question of whether the concept is totally transferable from the developed to developing countries. Also, the debate regarding the relevance of stakeholder theory as it is today in other contexts are still on-going. Therefore the research questions below (which this research explored) addressed the gap on the level of applicability of stakeholder theory to a developing country context:

- How do the contextual realities of a developing country impact on stakeholder theory?
- How could the limitations of stakeholder theory in a developing country context be addressed?

Importantly, how the research questions are answered influences the worldview adopted by the researcher (Creswell, 2013), hence, a brief synopsis of the worldview espoused for this research will be given next.

This research has discussed various philosophical assumptions that underpin social research, called the worldview, in Chapter 4. The interpretive worldview was identified and some of the justifications for its use as the philosophical basis for this research revisiting stakeholder theory using a case study of the upstream sector of Nigeria's oil and gas industry were discussed. The interpretivism worldview was chosen as the epistemology of this research as the dominant conceptualisation of stakeholder theory is generally not based on data collected from developing countries and does not reflect the reality of stakeholders' views, experiences, culture and social settings particularly in Africa (Mathuri and Gilbert, 2011). To address this gap, it was necessary for the subjective views of the different stakeholders to be countenanced and this explains the reason behind this ontology (subjective) which influenced the research design. The methodology which is influenced by the worldview and categorised into method, data collection, research strategy and its justification including data analysis, was covered in Chapter 4. The actual research strategy (i.e. case study), data collection and how the data were analysed using thematic analysis, were also discussed in Chapter 4. Next is a brief explanation of how the research questions were answered.

7.2 Demonstrating how the research objectives have been addressed

This section articulates the research questions and the objectives connected to each question. Then an overview of how each of the research questions were answered will be presented. First to be discussed is how the first research question was addressed.

7.2.1 Demonstrating how the first research question and the first two research objectives were addressed

Using some arguments from the literature review and empirical data, this section will demonstrate how two of the three objectives connected to the first research question were addressed in this PhD thesis. The research question connected to the two research objectives is:

- How do the contextual realities of a developing country impact on stakeholder theory?

The research objectives are:

- To critically assess the conventional conceptualisation of stakeholder theory and how it applies to developing countries.

- To evaluate empirically the limitations of stakeholder theory.

There is a relative dearth of research on CSR and stakeholder theory in developing countries (Muthuri and Gilbert, 2011; Husted and Allen, 2007; Jamali and Mirshak, 2007; Julian and Ofori-dankwa, 2013). Hence, it is important to explore the features of developing countries, particularly those in Africa, and how these features affect our conceptualisation of stakeholder theory. Similar to many developing countries, African countries are characterised by weak judicial systems, corruption, limited regulation, large informal sectors (Visser, 2005; Frynas, 2010) and could offer valuable insights into how CSR and stakeholder theory are conceptualised (Prieto-Carrón et al., 2006, Jamali, 2014). Therefore, the importance of considering the context cannot be overemphasised due to the very limited literature on stakeholder theory in a developing country context (except those by, for example, Visser (2005), Jamali (2010), Idemudia (2009), Amaeshi et al. (2007) Frynas (2005; 2010) and Jamali, 2014) there is a need to develop refined stakeholder theories that provide solutions which reflect the complexity of the developing world. The discourse so far has given a synopsis of some of the limitations of previous research, gaps in the previous research and new global developments (e.g. the growth of economies of developing countries and less focus on weak stakeholders in these contexts). Furthermore, managers interviewed for this research claim that their stakeholder engagement approach is informed by the conceptualisation of stakeholder theory diffused from their head office in developed countries to the subsidiaries in developing countries. Also, the limitation of stakeholder theory as presently conceptualised has also been underscored by the problem statements in Nigeria which informed this research. This is because multinational oil companies operating in Nigeria claim on their websites that they practice stakeholder engagement but this is contrary to what the problem statements reveal:

- Firstly, after over five decades of oil production, the multinational oil companies operating in Nigeria's oil and gas industry and its stakeholders have received billions of dollars in revenue, however, in the Niger Delta where the oil is found, there is widespread poverty, reducing agricultural yields, conflict and environmental degradation (Amnesty, 2008;UNEP, 2011, Yusuf and Omoteso, 2015).
- Secondly, even though multinational oil companies who operate in this region claim to have expended millions of dollars on various CSR and stakeholder engagement programmes (Shell, 2013; Agip, 2013; Chevron, 2013; Exxon Mobil, 2013; Total 2013), the Niger Delta is still economically, socially and culturally depleted with the region having the country's highest rate of unemployment (Amnesty, 2010), the Ubuntu African tradition is being lost and prostitution and other social scourges are rife.

The multinational oil companies have stated on their website that they practice stakeholder engagement which has ethics embedded in it (see normative stakeholders in Section 3.63). This informs the question: why are the problem statements as detailed by credible sources such as Amnesty International and UNEP revealing a disconnection between what multinational oil companies claim on their website and what stakeholders say? This research provides ample empirical evidence to confirm the problem statements which state that there is a disparity in the power of the multinational oil companies and the local community coupled with Government Social Irresponsibility. Interviewees argued that power differentials and Government Social Irresponsibility contribute to Corporate Social Irresponsibility (e.g. environmental degradation) being committed with impunity. This is contrary to what some stakeholder theory academics assume, that external stakeholders are influential and uncompromising (e.g. Freeman, 1984; 2010; Walsh, 2005, Fanelli and

Misangyi, 2006; Gavin, Lange and Ashforth, 2015). Hence, big businesses are portrayed as being weak and less regulation of big business is recommended by these scholars (Blowfield and Murray, 2014). Statements from some stakeholders who were interviewed seem to show that the reverse is the case particularly in a developing country context such as Nigeria's oil and gas industry and is accentuated by the country's high reliance on revenue from oil. Thus, this research has demonstrated the high level of power of the multinational oil companies compared to the local community and contract staff. As demonstrated by the statements of the Manager of the indigenous oil company, chief of the community and the Reverend father, these drivers of high power differential (cited in Chapter 5) have led to Corporate Social Irresponsibility being committed with impunity in Nigeria's oil and gas industry. The drivers of power differential cited in the analysis chapter (e.g. conflict of jurisdiction, historical hangover, reverse isomorphism, imbalanced stakeholder relations, intra-stakeholder influence, and stakeholder power alliance and pluralised stakeholder duty) have highlighted the consequences of having weak stakeholders with no counterbalance over powerful multinational oil companies. Furthermore, some interviewees argue that because Nigeria's developing country context has ineffective stakeholders such as government, the multinational oil companies who have an instrumental approach to stakeholder engagement can get away with Corporate Social Irresponsibility. These interviewees (e.g. some multinational oil companies, the local community and the civil society) argue that engagement of stakeholders for instrumental purposes leads to ineffective CSR projects. The interviewees view on Corporate Social Irresponsibility may explain the problem statement about why the Niger Delta that is endowed with most of Nigeria's oil is still economically, socially and culturally depleted with the region having the country's highest rate of unemployment (Amnesty, 2010). This appears to be because the multinational oil companies claim that they only carry out CSR programmes to avoid conflict with the local community. Some interviewees contend that managers of the multinational oil companies know that government is generally culpable of committing government social irresponsibility. These interviewees (e.g. multinational oil companies, local community and civil society) argue that government does not provide social amenities for the local community and will not mete out punitive measures for the negative impact of multinational oil companies operations. Some other interviewees argue that the problem statement is a consequence of poor communities' willingness to overlook environmental degradation in exchange for CSR projects. Thus, these interviewees argue that all the multinational oil companies need to do is a few superficial CSR projects to hide their Corporate Social Irresponsibility.

Furthermore, in line with Xu and Meyer's (2013) position that governments in developing countries have heavy involvement in business, the joint venture partnership between the multinational oil companies and the government in Nigeria means that the government is a shareholder. Thus making it easy for the multinational oil companies to renew their licence from the government. Also, due to the big contribution of oil to over 80 percent of Nigeria's foreign earnings, interviewees argue that the government would lose revenue if the licenses of multinational oil companies are not renewed due to stakeholder issues committed by the multinational oil companies. Hence, in order not to sacrifice the country's revenue due to withheld operating licenses of the multinational oil companies, the rights and interests of stakeholders are neglected, which interviewees argue makes the multinational oil companies not to be accepted by stakeholders such as the local community. Therefore multinational oil companies are said to have partial legitimacy.

Contrary to some scholars' view (e.g. Freeman, 1984; 2010; Walsh, 2005; Fanelli and Misangyi, 2006), stakeholders interviewed argued that it is they (local communities and contract staff not the multinational oil companies) who are weak and their needs are not met.

Another important assumption of stakeholder theory which could be very costly when applied in the developing country context of Nigeria's oil and gas industry is that big businesses have intrinsic values that are sufficient for self-regulation and ensure that business activities lead to equity and justice in society (Freeman, 1984; 2010; Michael, 2003). However, some interviewed stakeholders emphasised that businesses are generally not ethical and the negative impact on weak stakeholders (Corporate Social Irresponsibility) due to lack of intrinsic values in developing countries.

Other stakeholders that were interviewed articulated the consequence of lack of intrinsic values of firms especially in Nigeria, an example of a developing country context where interviewees argue that Government Social Irresponsibility is widespread and have led to corporate social irresponsibility since the multinational oil companies are under regulated and powerful multinational oil companies could abuse the lax regulatory landscape in Nigeria. These interviewees argue that corporate social irresponsibility have adversely impacted the communities around the Niger Delta region in Nigeria.

Some interviewees (e.g. managers of; multinational oil companies, civil society, local community and regulators) have argued that challenges of ineffective government (Government Social Irresponsibility), ineffective CSR and Corporate Social Irresponsibility (e.g. abuse of multinational oil companies Multinational Oil Company power) articulated so far in this chapter have led to stakeholder social irresponsibility of other stakeholders (e.g. community). These interviewees have argued that members of the local community who take part in sabotage and support oil thieves do this to protest the negative consequence of multinational oil companies operations. Others argue that Corporate Social Irresponsibility and abuse of power articulated so far in this chapter are causes of conflict between the multinational oil companies and the local community. For example, an interviewee opined that there are secret plans for imminent conflict between members of the local community and the multinational oil companies.

Importantly, the conventional conceptualisation of stakeholder theory is that it is a theory of the firm (Freeman, 1984; Donaldson and Preston, 1995; Mitchell et al., 1997; Jones and Wicks, 1999; Tantalo and Priem, 2016; Bridouex and Stroelhurst, 2014); see Figure 7-1 which depicts the consequence of this view when applied to the context of Nigeria's oil and gas industry. Hence, research on stakeholder theory has been mainly focused on attributes of stakeholders (e.g. Mitchell, Agle and Wood, 1997; Mitchell eta al., 2011) while ignoring the attributes of the firm and its impact on stakeholders. Interviewees (e.g. the local community and the manager of an indigenous oil company) have argued that ignoring the attributes of the firm (e.g. power and legitimacy) relative to other stakeholders while focusing on the attribute of stakeholders contributes to multinational oil companies seeing stakeholders as mere tools for achieving the multinational oil companies objectives. These interviewees contend that seeing stakeholders as tools for achieving the multinational oil companies' goals is a contributor to Corporate Social Irresponsibility particularly in a developing country where Government Social Irresponsibility is widespread. The basis of the argument put forward by these stakeholders is that institutions are weak and there is less scrutiny of the firm in developing countries and this is exploited more by the firm if the conventional conceptualisation of stakeholder theory where the firm is put in the centre of the ST framework is applied in these contexts, see Figure 7-1. Stakeholders (e.g. the local community and contract staff) contend that the multinational oil companies only consider conditional responsibility (see "a" in Figure 7-1) to the stakeholders and the condition for this responsibility is only when these stakeholders could help the multinational oil company to achieve its goals. On the other hand, the multinational oil companies argue that the stakeholders also have limited responsibility (see “b” in Figure 7-1) for their actions such as sabotage, oil theft and kidnapping which informs why stakeholder social responsibility was conceived (see Chapter 5). Stakeholder social responsibility addresses the call for examining the limit of CSR (Fooks et al., 2013). Stakeholder social responsibility entails all stakeholders (e.g. government and local community) being held accountable by other stakeholders for the impact of each stakeholder on other stakeholders and society. However, the consideration of the responsibility of all stakeholders is not countenanced in conventional stakeholder theory as represented by Figure 7-1.

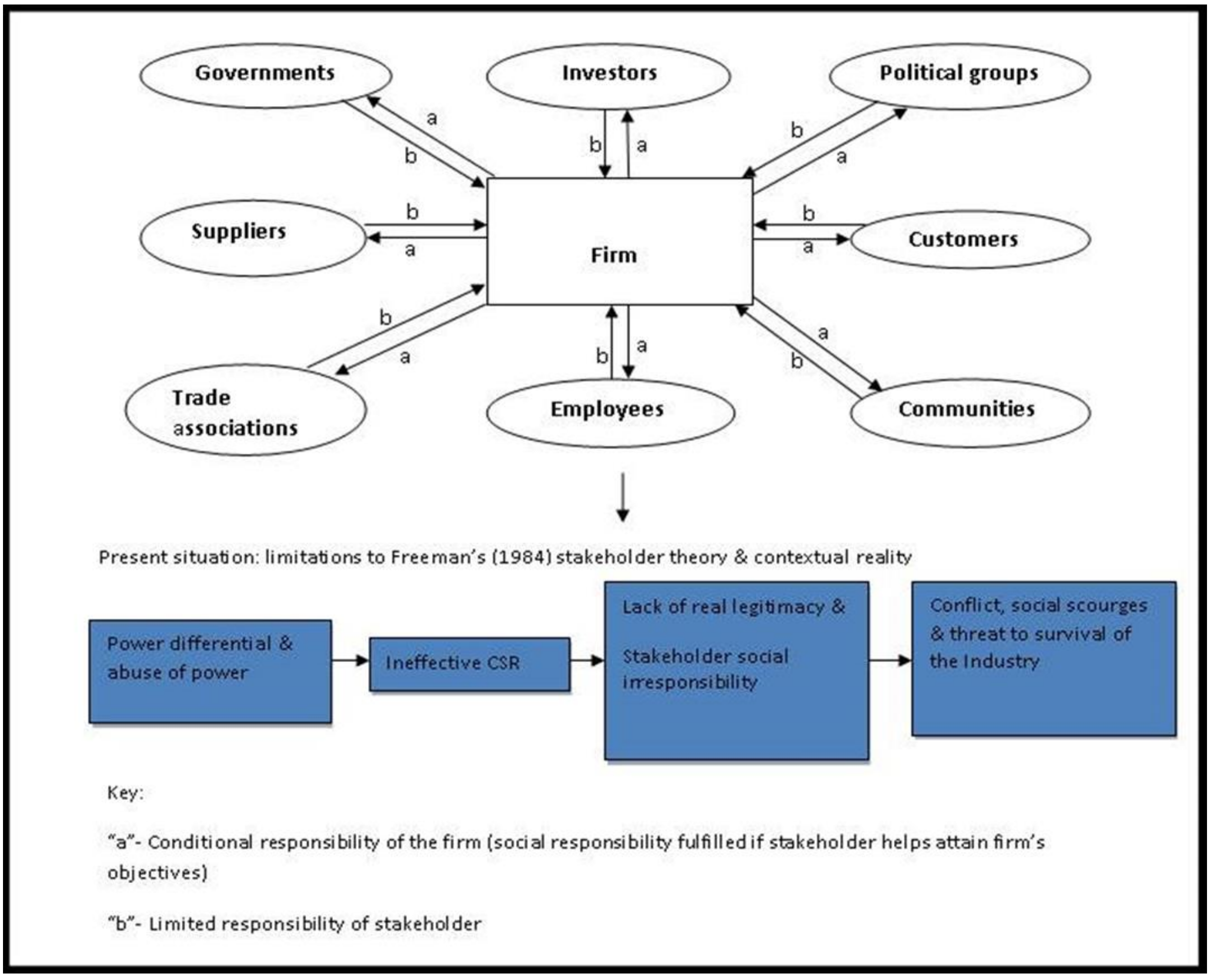


Figure 7-1 Limitation of Freeman’s (1984) stakeholder theory when applied to a developing country context.

The discourse so far has shown the contextual reality of a developing country's impact on the conceptualisation of stakeholder theory and an overview includes:

1. Some Stakeholders (e.g. the media, local community and the civil society) argue that the focus on the stakeholders as tools for achieving firms' objectives and have led to the neglect of the rights of stakeholders. Also, they argue that this had led to ineffective CSR since interviewees (some managers of multinational oil companies) argue that multinational oil companies do not care about the outcome of CSR insofar as CSR (even when superficial) helps the multinational oil companies to achieve its objectives. This has poignant implications on stakeholders (e.g. neglect of rights and negative impact of Corporate Social Irresponsibility) in a developing country contexts where government is accused of Government Social Irresponsibility (see Figure 7-1)

2. Some stakeholders (e.g. the civil society and local community) argue that ineffective government and Government Social Irresponsibility have led to being committed with impunity. Civil societies and multilateral organisations such as Amnesty International and UNEP contend that it is corporate social irresponsibility that causes community social irresponsibility. Thus, Amnesty International and UNEP argue that Government Social Irresponsibility, and community social irresponsibility threaten the survival of the oil and gas industry due to sabotage, kidnap and conflict becoming more widespread.

3. The joint venture partnership between the multinational oil companies and the government mean that the government is a shareholder, thus making it easy for the multinational oil companies to renew their licences from the government. Also, due to the big contribution of oil of over 80 percent of Nigeria's foreign earnings, the government would lose revenue if the licenses

of multinational oil companies were not renewed due to stakeholder issues. Hence, the rights and interest of stakeholders are neglected which interviewees argue makes the multinational oil companies not to be accepted by stakeholders such as the local community. Therefore multinational oil companies are said to have partial legitimacy.

This section has critically assessed the conventional conceptualisation of stakeholder theory and how it applies to developing countries and evaluated empirically the limitations of stakeholder theory. Hence, this section addresses the research question and the two research objectives stated at the beginning of 7.2.1.

7.2.2 Demonstrating how the second research question and third research objective were addressed

The second research question is:

- How could the limitations of stakeholder theory in a developing country context be addressed?

The third research objective is:

- To make possible recommendations to improve the conceptualisation of Stakeholder theory as it applies to an example of a developing country.

Thus far, the analysis from primary and secondary data collected from the upstream sector of the oil and gas industry in Nigeria (see Chapter 5) have offered some alternative concepts which reveal and address some of the limitations of Freeman's (1984) stakeholder theory. These alternative concepts have particularly highlighted the need to focus on weak stakeholders and their interests, plus the need to view the multinational oil companies as stakeholders in an industry, with equal rights to other stakeholders.

Emphasising stakeholder interest has led to a review of two of the stakeholder attributes which are power and legitimacy. A review of power as an attribute of stakeholders in the upstream sector of Nigeria's oil and gas industry has offered some insights into the limitations of having a high concentration of power in multinational oil companies without any corresponding institutional counterbalance. Exploring a case study which has weak institutional structures is important because, the original assumption of Freeman (1984; 2010) is that there are structures within society which help check powerful stakeholders. Freeman (1984; 2010) assumes that these stakeholders are too influential and need to be actively engaged by firms for these firms to succeed. However, this case has revealed the antithesis of stakeholder theory, that when institutions are weak and organisations are too powerful, it could lead to Corporate Social Irresponsibility being committed with impunity and result in adverse consequences for weak stakeholders and society at large.

However, this research has also highlighted that the current research's conceptualisation of stakeholder legitimacy does not incorporate ethics as argued in the normative stakeholder theory (see Chapter 3), and this allows powerful stakeholders (e.g. multinational oil companies) to acquire legitimacy in an unethical way. The non-inclusion of ethics in legitimacy has also led to terms such as Government Social Irresponsibility and community social irresponsibility to be examined. Some interviewees argue that failures of stakeholders such as government, local community, media and civil society have allowed the control of the industry by the very powerful and unchecked multinational oil companies, making the present situation unsustainable for the wellbeing of the various stakeholders within the society. Thus, these interviewees propose that normative emphasis when applying stakeholder theory could help address the huge gap between power and legitimacy which is present in this context. Also, interviewees have argued that irrespective of the level of power of a stakeholder, if the stakeholder's interest is legitimate from a normative stakeholder perspective, it should be countenanced.

A focus on the normative strand of stakeholder theory has revealed that even though multinational oil companies expend millions of pounds on CSR initiatives annually as demonstrated in the case of Nigeria, some interviewees say that the motivation is to consolidate their power base. Hence, these interviewees contend that the resource committed to CSR is not channelled to address real stakeholder needs, and this has resulted in high levels of poverty, conflict and environmental degradation in the Niger Delta, where Nigeria's oil is found.

Based on the insight gained from the data, this researcher proposes a societal view to stakeholder theory to address the limitations of the conventional stakeholder theory discussed so far. A societal view to stakeholder theory means that a multinational oil company is considered as a stakeholder within the society. Hence, unlike the studies of Mitchell et al. (1997) and Mitchell et al. (2011), the attributes of the firm (in this case the multinational oil company) and how their attributes (for example power, when expended) affect other stakeholders within the industry was examined. Also, to achieve the societal view of stakeholder theory, some interviewees argue that non-business stakeholders such as the civil society, the regulatory organisations in Nigeria's oil and gas industry, local community and the media need to be strengthened, such that they could make powerful stakeholders such as the multinational oil companies more accountable. This proposal is similar to Jamali and Neville's (2011) and Omoteso's (2011) suggestions on strengthening weak stakeholders for convergence of CSR which is synonymous with consideration of the interest of all stakeholders within the society.

The societal view of stakeholder theory framework takes a normative stakeholder approach to stakeholder responsibilities and objectives. Interviewees argue that focusing on the normative strand of stakeholder theory could help forestall stakeholder relativism which would help address Christensen et al.'s (2013) concern over corporate hypocrisy by organisations who claim to be practicing CSR when in actual fact they are practicing Corporate Social Irresponsibility. Hence, interviewees recommend that multinational oil companies should focus on the intrinsic drivers of ethics and not compromise on values even if the extrinsic value is overwhelming.

Also, the normative approach of the societal view of the stakeholder theory framework entails focusing on the full responsibility of each stakeholder for the survival of the society. This also involves each stakeholder giving unconditional consideration to the rights of the other stakeholders irrespective of whether it helps the subject stakeholder in each case (e.g. the firm) to attain its goal (Mellahi and Wood 2003; Wood, 2010). The societal view of the stakeholder theory framework as depicted in Figure 7-2 shows an arrow pointing to the positive consequences which could be achieved by focusing on all stakeholders' rights and responsibilities i.e. not only the firm's (shareholders) objectives and responsibilities.

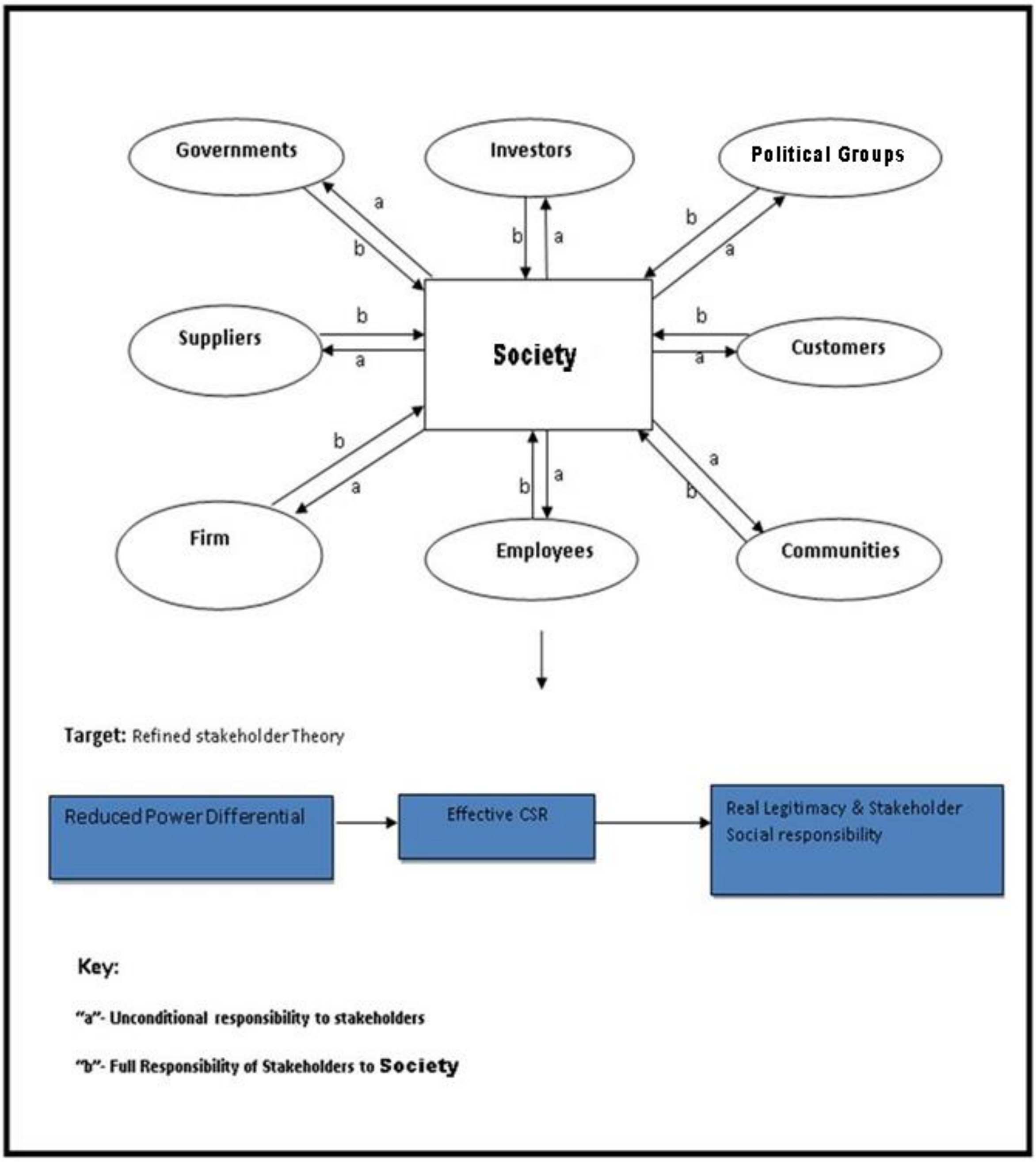


Figure 7-2 Societal view of stakeholder theory when applied to an example of a developing country (Nigeria).

Stakeholders interviewed for this research have argued that a societal approach to stakeholder theory would involve consideration of full responsibility of stakeholders to society depicted as "b" and unconditional responsibility of the collective stakeholders within society represented as "a" in Figure 7-2. Hence, interviewees argued that “a” and “b” in Figure 7-2 will result in not only the firm’s (shareholders) objectives and responsibilities being considered but all stakeholders’ rights and responsibilities being countenanced. The interviewees argue that it would help strengthen weak stakeholders and in the process create stability in the oil and gas industry via fewer conflicts. Informed by the findings of this research, other consequences of achieving the societal view of stakeholder theory, as depicted in Figure 7-2, include reduced power differential, effective CSR, real legitimacy being achieved and stakeholder social responsibility. This section has provided an overview which has articulated: How could the limitations of stakeholder theory in a developing country context be addressed? And made possible recommendations to improve the conceptualisation of Stakeholder theory as it applies to an example of a developing country. Hence, how the research question and research objective has been addressed has been demonstrated. Next to be discussed is the contribution of this research.

7.3 Lessons learnt

One of the lessons learned include flexibility with time. Flexibility with time is important because the researcher experienced last minute cancellations without prior warning of confirmed appointments. This appears to be normal in a Nigerian context perhaps because of the informal communication mode. If a researcher is not flexible with time then he/she may not be able to conduct interviews. Also, the researcher should also plan journeys to interview venues to either take into consideration traffic grid-lock or to leave home at times when traffic gridlock is minimal in big cities such as Lagos and in some cases Port Harcourt.

The researcher observed that work is done and goals are easily achieved when one builds cordial relationships with influential stakeholders. Hence, the researcher advises interviewees should not be taken aback if stakeholders ask personal questions as if well answered this could help build trust and strengthen relationships.

The researcher recommends to other researchers to be patient and persevere when trying to gain access to oil companies and government parastatals for interviews. This is because the policy in Nigeria is that before an interview could be granted by oil companies and government organisations in the oil and gas sector, approval must be sought from the Department of Petroleum Resources (DPR). The researcher had a lot of delay with gaining access partly because of the bureaucracy involved at the DPR as every researcher has to get a letter from the University delivered to the Department of Petroleum Resources and then follow-up n this letter. Upon sending someone to hand deliver the letter, the researcher was asked by the DPR to come from the UK to Nigeria to collect the letter. The researcher had to be innovative and got someone at university to call the DPR to request that the approval letter be issued without the researcher having to personally come to Nigeria to collect the approval.

The researcher also advises that researchers should have many members of a stakeholder group slated for interviews before proceeding for the field trip e.g. many members of the NGOs. This is to allow for having at least a member of a stakeholder group to interview due to sudden cancellations of interviews at the last minute.

The researcher also advises researchers who may going to rural areas where there may be no electricity should have backup batteries and should always backup the interviews conducted.

Also, the researcher should be psychologically and emotionally prepared to take risks of commuting on motto bikes on poor roads or dingy canoes to gain access to rural areas for interviews.

7.4 Contributions

This section classifies the contribution into theoretical, practical and policy implications. The section concludes with a display in tabular form an overview of the research similarities, differences and contributions

Theoretical contributions

Some of the underlying factors of a developing country context and how they affect stakeholder theory offer insights into how organisational behaviour of multinational oil companies varies across different operating environments. The contribution of a societal view of stakeholder theory helps provide an empirical basis to strengthen stakeholder theory and address the limitations of stakeholder theory which did not consider anything beyond the corporation's needs (Wood, 2010) or further than CSR, which this PhD research addresses by exploring stakeholder social responsibility.

Powerful stakeholders exist within all industries or societies. However, in line with Xu and Meyer's (2013) submission the regulatory arm of government is not independent of business in developing countries since government partners with business. Furthermore, the findings of this thesis reveal that the regulatory arm of government does not have the resources to challenge excesses of powerful business interests. This finding which is based on empirical data from a developing country context contributes insights to the antithesis of one of the assumptions of Freeman's (1984; 2010) stakeholder theory which professes that business should engage stakeholders to reduce government regulation of business and achieve self-regulation. This research provides empirically informed findings that are in contrast to Freeman's (1984; 2010) assumption in the example of a case where arms of government are socially irresponsible.

The definition of power adopted for this research is similar to that in the literature (e.g. Nebus and Rufín, 2010) and power is considered an attribute of stakeholders as is the case in the literature (e.g. Weber, 1947:152, Dahl, 1957; Zeitlin, 1974; Hymer, 1976; Fagre and Wells, 1982; Pitelis and Sugden, 1986; Cowling and Sugden, 1998; Yamin and Forsgren, 2006; Parent and Deephouse, 2007; Nebus and Rufín, 2010). However, in stakeholder parlance, businesses are not considered stakeholders within the industry (e.g. Freeman, 2010). Hence, there is no scrutiny of business attributes relative to other stakeholders, which this research explores. The approach taken by this research challenges the conceptual basis of stakeholder theory that does not consider the attributes of business relative to other stakeholders.

The concept of historical hangover discussed in this research is similar to past studies on stakeholders which have explored Multinational Oil Company's culture of engaging stakeholders' (e.g. Jones et al., 2007). Culture in the literature is defined as "beliefs, values, and practices that have evolved for solving stakeholder-related problems and otherwise managing relationships with stakeholders" (Jones et al., 2007:142), "we focus on the organisation-level variable and leave the examination of stakeholder subcultures, and possible differential treatment of stakeholders across firm subunits, to future research" (Jones et al., 2007:143). There has been limited focus on the drivers of how culture and history have contributed to the power of MNCs (Perrow, 2002; Banerjee, 2006; 2010). Cobb (2015) also called for future research on the drivers of power differentials. Hence, this research provides an empirical basis for how culture and history could contribute to high power differential. This study explores how history, local beliefs, and values have made multinational oil companies more influential, thus going beyond the culture of how organisations engage stakeholders and focusing on why organisations engage stakeholders the way they do, and what the limitations of how multinational oil companies engage stakeholders are. Thus, this research adds another dimension to stakeholder theory, by exploring the impact of a multinational oil company's history on its power and how it impacts other stakeholders.

Reverse isomorphism conceptualised in this research is similar to institutional entrepreneurship and institutional capture e.g. (Dacin et al, 2002; Garud, Hardy and Maguire 2007; Tracey et al., 2011) as it emphasises the ability of powerful actors (in this case multinational oil companies) to foster change among institutions who traditionally safeguard stability. Reverse isomorphism is different from institutional entrepreneurship as it focuses on the ability of powerful actors (Multinational Oil Companies) to influence multiple stakeholders to achieve convergence among diverse stakeholders who had never really safeguarded stability due to their being relatively young institutions.

Conflict of jurisdiction conceptualised in this research is similar to stakeholder conflicts and addresses institutional complexity, since two different regulatory organisations are saddled with the same responsibility for oversight, but make different demands on time and have different guidelines which are sometimes conflicting (Zilbner, 2011; Frunari, 2014). However, leading scholars on stakeholder conflict (e.g. Zilbner, 2011; Frunari, 2014) do not take into consideration institutional complexity, where two government agencies are saddled with similar responsibilities in regulating the industry and how this affects the power of actors. This may be because in the developed world this may not be very common. This finding provides an instance which challenges the assumption of stakeholder theory (e.g. Freeman, 2010) that stakeholders within a group would work together and would not have conflict. Also, Kujala, et al., (2012) and Hensiz, Dorobantu and Nartey (2014) addressed conflict between stakeholders and the firm. Carney, et al (2011) observed that there has been limited research on intra-stakeholder conflict. While Carney et al, (2011) theorised the intra-stakeholder conflict from a governance perspective, this research is not aware of any empirically informed study on intra-stakeholder conflict in the literature. Thus, this research offers insights into conflict among different stakeholder groups and shows that stakeholders are not homogenous and do not always coexist in harmony and provides directions for future research.

An imbalanced stakeholder relation is similar to stakeholder salience parlance (e.g. Mitchell et al., 1997) as stakeholders are engaged based on their attributes. Imbalanced stakeholder relations offer insights into a different operating context of an example of a developing country and provides an empirical basis for Jamali' s (2014) proposition on the need to incorporate the impact of a developing country context on CSR and stakeholder engagement conceptualisation. This provides an empirical basis in a developing country context.

Practice

The implication of this research for practitioners is that it offers insights that could help management practitioners understand institutional and managerial challenges relating to stakeholders and how they could be addressed in a developing country context. Also, some of the findings of this research could be useful for managers and policy makers in developed countries, if and when they experience crisis situations and/or decide to expand their operations into Sub-Saharan Africa. For example, pluralised stakeholder duty is quite similar to institutional complexity (e.g. Kostova, Roth and Dacin, 2008). However, pluralised stakeholder duty integrates institutional complexity into studies of stakeholder theory and offers specific examples of institutional complexity for a government institution (i.e. DPR, because the parent body of the institution i.e. NNPC or the Ministry of Petroleum is involved in profit maximisation). Since conflicting information is dispersed, this causes confusion for the regulator and weakens their ability. However, it is different from other research because it shows the weakness of a stakeholder in bringing the powerful multinational oil companies to account, since the manager in question is not sure of its role, however, this may make engaging this stakeholder more ambiguous for organisations. This contributes to practice as it shows how an ineffective or socially irresponsible stakeholder (e.g. government), due to an ambiguous remit, could strengthen the power of other stakeholders such as multinational oil companies.

The societal view of stakeholder theory offers a practical tool for effective and sustainable all stakeholders for stakeholder engagement and is in line with Walsh (2005) and Jamali' s (2008) praise for the conventional stakeholder theory, being pragmatic. However, the societal approach to stakeholder theory would ensure more sustainable outcomes (e.g. less conflict among stakeholders) by respecting the rights of all stakeholders. The consideration of stakeholder social responsibility has practical implications, because it proposes theoretical solutions that address practical challenges such as the threat to the survival of the stakeholders in the society due to neglect of the rights of weak stakeholders. Table 7-1 provides an overview of the research contribution by depicting some of the similarities and differences.

Policy

This research has policy implications because of concepts such as Government Social Irresponsibility which interviewees argue contribute to stakeholder relativism, and Corporate Social Irresponsibility could offer insights to governments in developed countries making policy (e.g. UK Anti-Bribery Act or the US Foreign Corrupt Practices Act) which could affect MNCs' behaviour in a developing country context.

Also, Government Social Irresponsibility could also offer insights to policy makers in developed countries to appreciate some of the consequences of Government Social Irresponsibility e.g. Corporate Social Irresponsibility and community social irresponsibility if there is a failure of government. This could also help policy makers in the West to make contingency plans to limit the negative impact on society. Importantly, discourse on Government Social Irresponsibility could offer African policy makers insights into how to take corrective action against Government Social Irresponsibility.

7.4.1 Overview of research similarities, differences and contributions:

Theme	Similarity	Difference	Contribution
Stakeholder theory as applied to the upstream sector of Nigeria's oil and gas industry	Powerful stakeholders exist within all industries or societies.	The regulatory arm of government is not independent of business. Since government partners with business, the regulatory arms of government are not independent of the arm of government that is in partnership with business. Furthermore, the regulatory arm of government does not have the resources to challenge excesses of powerful business interests.	Reveals the antithesis of Freeman's (1984, 2010) stakeholder theory which professes that businesses should engage stakeholders to reduce government regulation of business and achieve self-regulation.
Power	The definition of power is similar. Power is an attribute of stakeholders (Weber, 1947:152, Dahl, 1957, Zeitlin, 1974, Hymer, 1976, Fagre and Wells 1982, Pitelis and Sugden, 1986, Cowling and Sugden, 1998, Yamin and Forsgren, 2006, Parent and Deephouse, 2007:2, Nebus and Rufín 2010).	In stakeholder parlance, big businesses or even small businesses are not considered stakeholders within the industry (e.g. Freeman, 2010). Hence, there is no scrutiny of business attributes relative to other stakeholders.	Challenges the conceptual basis of stakeholder theory that does not consider the attributes of business relative to other stakeholders.
Drivers of power: historical hangover	Past studies on stakeholders have explored multinational oil company culture of engaging stakeholders' (e.g. Jones et al., 2007) "beliefs, values, and practices that have evolved for solving stakeholder-related problems and otherwise managing relationships with stakeholders" (Jones et al., 2007:142), "we focus on the organisation-level	Hence, this research provides empirical basis for how culture and history could contribute to high power differential. This study explores how history, local beliefs, and values have made multinational oil companies more influential, thus going beyond the culture of how organisations engage stakeholders and focusing on why	Adds another dimension to stakeholder theory, by exploring the impact of a multinational oil company's history on its power and how it impacts other stakeholders.

	variable and leave the examination of stakeholder subcultures, and possible differential treatment of stakeholders across firm subunits, to future research" (Jones et al., 2007:143). There has been limited focus on the drivers of how culture and history have contributed to the power of MNCs (Perrow, 2002, Banerjee, 2006, 2010). Cobb (2015) also called for future research on the drivers of power differentials.	organisations engage stakeholders the way they do, and what the limitations of how multinational oil companies engage stakeholders are.	

Theme	Similarity	Difference	Contribution
Reverse isomorphism	Similar to institutional entrepreneurship and institutional capture e.g. (Dacin *et al*, 2002 Garud, Hardy and Maguire's 2007, Tracey et al 2011) as it emphasises the ability of powerful actors (in this case multinational oil companies) to foster change among institutions who traditionally safeguard stability.	Reverse isomorphism is different from institutional entrepreneurship as it focuses on the ability of powerful actors (multinational oil companies) to influence multiple stakeholders to achieve convergence among diverse stakeholders who had never really safeguarded stability due to their being relative young institutions.	Conceptual.
Conflict of jurisdiction	Similar to stakeholder conflicts and addresses institutional complexity, since two different regulatory organisations are saddled with the same responsibility for oversight, but make different demands on time and have different guidelines which are sometimes conflicting (Zilbner, 2011, Frunari,2014).	Zilbner (2011) and Frunari, (2014) do not take into consideration institutional complexity, where two government agencies are saddled with similar responsibilities in regulating the industry and how this affects the power of actors. This may be because in the developed world this may not be very common.	Challenges the assumption of stakeholder theory that stakeholders within a group would work together and would not have conflict.
Pluralised stakeholder duty	This is quite similar to institutional complexity (e.g. Kostova, Roth, and Dacin, 2008)	Offers a specific example of institutional complexity for the institution (i.e. DPR, because the parent body of the institution i.e. NNPC or the Ministry of Petroleum is involved in profit maximisation). Since conflicting information is dispersed, this causes confusion for the regulator and weakens their ability. However, it is different from other research because it shows the weakness of a stakeholder in bringing	Contributes to practice as it shows how an ineffective stakeholder, due to an ambiguous remit, could strengthen the power of other stakeholders such as multinational oil companies.

		the powerful multinational oil companies to account, since the manager in question is not sure of its role, however, this may be more ambiguous for organisations.	
Theme	**Similarity**	**Difference**	**Contribution**
Intra-stakeholder conflict	Similar to Kujala, et al., (2012) and Hensiz, Dorobantu and Nartey (2014) focus on conflict between the firm and stakeholders. Also, this research is similar to Carney 'set al, (2011) theorisation of the intra-stakeholder conflict from a governance perspective,	Carney, et al (2011) observed that there has limited research on intra-stakeholder conflict. Intra-r conflict offers empirically informed insights into conflict among different stakeholder groups within the ST field and shows that stakeholders are not homogenous and do not always coexist in harmony.	Provides directions for future research.
Imbalanced stakeholder relations	Similar to stakeholder salience parlance (e.g. Mitchell et al., 1997) as stakeholders are engaged based on their attributes.	Offers insights into a different operating context of an example of a developing country and provides empirical basis for Jamali's (2014) proposition on the need to incorporate the impact of developing a country context on CSR and stakeholder engagement conceptualisation.	Provides an empirical basis in a developing country context.

Theme	Similarity	Difference	Contribution
Societal view of stakeholder theory framework	This framework is very similar to Freeman's (1984, 2010) stakeholder framework as it has a hub and spokes. Due to the simplified hub and spoke representation, it has been commended for its pragmatic approach to management (Walsh, 2005; Jamali, 2008).Hence, similar to Freeman's (2010) hub and spoke framework, this framework could be said to be pragmatic and simplified. The societal view addresses Wood's (2010) call for less focus on the firm and more on stakeholders. The discussion around stakeholder social responsibility informed by the societal view of the stakeholder addresses the question posed in the literature as to what the limits of Scare (Fooks et al., 2013). Importantly, the normative underpinning of the societal view of the stakeholder framework is similar to Donaldson and Preston's (1995) postulation that the normative strand of stakeholder theory is the core of the concept.	Unlike Freeman (2010) Tantalo and Priem, (2016); Bridouex and Stroelhurst, (2014), the societal view of stakeholder theory does not just focus on the firm and how the firm could use stakeholders to achieve its objectives (e.g. as in instrumental stakeholder theory, see Chapter 3). The societal view considers the firm as a stakeholder of the society and each stakeholder as important irrespective of whether it helps the firm to achieve its objective or not. Furthermore. The societal view provides an empirical basis for the consequences of Wood (2010). Also, the discussion around stakeholder social responsibility addresses Fooks et al.'s (2013) question and proffers empirical informed insights into a context and scenario where this question is most important.	Provides empirically informed insights into an example of a context that Fooks et al.'s (2013) question is particularly relevant. This question is most relevant in a developing country context where not only the corporation is socially irresponsible but other stakeholders such as governments are also irresponsible. The implication of this research for practitioners is that it offers insights that could help management practitioners understand institutional and managerial challenges relating to stakeholders and how they could be addressed in a developing country context. Also, some of the findings of this research could be useful for managers and policy makers in developed countries, if and when they experience crisis situations (e.g. failure of institutions) and/or decide to expand their operations into Sub-Saharan Africa.

Table 7-1 Overview of research similarity, differences and contribution.

7.5 Limitations of the research

The main limitation of this research is the finite nature of the resource available for the research. The researcher had to rely on data from the literature for insights into features of developed countries while comparing features of developing countries with developed countries. However, this limitation was addressed by the researcher ensuring that most of the sources of literature used were peer reviewed, hence quality was assured.

Another limitation is that while Historical hangover discussed in this research explored the historical and cultural impact of the home countries on Multinational power, this research does not explore the cultural implication of MNOCs home country on the MNOC's behaviour in Nigeria.

Also, while some twenty interviewees representing different stakeholder groups were asked to give feedback on the emerging themes and the framework developed after preliminary analysis, more insights may have been generated if all the seventy-five interviewees were approached for their feedback and comments. However, due to limited resources in terms of time and funds, the researcher could only reach out to some of the interviewees to get feedback on the emerging themes. Also, due to finite resources and limited trust among stakeholders, the researcher was unable to bring all the stakeholders to a single venue and find out their collective feedback about themes such as stakeholder social responsibility and a societal view to stakeholder theory.

Furthermore, this research spoke with interviewees at the time that the price of oil was high, however, it would be interesting to explore the stakeholder engagement practice of oil companies at time that the price of oil is low. Therefore, this offers an opportunity for future research in this area.

Also, due to dearth of resources this research did not explore a change of multinational and stakeholder behaviour over time as this could have offered some interesting insights.

Next to be discussed is some potential areas for future research.

7.6 Future research

Since there is still limited research in developing countries (Julian and Ofori-dankwa, 2013), future research could explore more case-studies of developing countries as they affect the conceptualisation of stakeholder theory. Also future research could compare the stakeholder theory practice of MNCs across developing countries. Other future research could explore the differences of stakeholder engagement practices among MNCs originating from developing countries compared to those originating from developed countries. Future research should explore social responsibility of other stakeholders namely, civil society and the media. Also, future research could explore primary sources of data from other industries to explore if stakeholder issues articulated in this research applies because this would offer further insights into the conceptualisation of Stakeholder Theory. Also, future research could explore using an action research to apply the societal view of stakeholder theory proposed in this thesis to some of Nigeria's oil and gas industry problems with the intent of preferring solutions.

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Appendix A: **Interview Schedule**

A) Oil companies

Shell, Mobil, Chevron, Total and Agip Port Harcourt & Lagos

1. CSR Manager
2. Government Relations manager
3. Environmental manager

B) National House of Assembly

Chairman House committee on the Environment & Clerk, House committee on the Environment

C) Civil Society

Friends of the Earth, Transparency International, Centre for CSR, Greenpeace & Amnesty International

D) Regulatory bodies

NNPC, DPR, NOSDRA is under Ministry of Environment, NLNG &NESPREA Nigerian Environmental Standard Regulatory E Agency

E) Local communities

4 communities for each oil companies. They would comprise of: Farmers, Fishermen, Head of communities, Women leaders, MASSOP President (Youth leader) & Press

Interview questions

Community

1. Level of involvement of community with Oil Company, NGOs and Regulatory orgs? Are there any stakeholders that you do not engage?
2. What is the basis of engagement of communities Oil Company, NGOs and Regulatory orgs?
3. Have there been improvements in relations in the past years?
4. Do oil companies, NGOs and regulatory organisations affect you?
5. Do you think that you have an influence over oil companies' policies? Could you give examples?
6. What are possible challenges with engagement with oil companies?
7. Have you ever had oil related disasters? E.g. oil spillage, gas flaring, oil related accidents? Which of the disasters have had the greatest impact on your family, employment and the community as a whole? When is the first oil related disaster that you can recall? Have there been changes to the type of oil related disasters that have happened over time?
8. What was the cause of this disaster and how severe was this disaster?
9. How do you get to notify your stakeholders of such disasters?
10. How were these disasters managed?
11. Are there areas that should be improved in disaster management? What do you like about how these disasters were managed?
12. What would like the oil companies, regulatory organisations and the civil society to do better in the future?
13. Does oil spillage have any impact on you, positive or negative?

14. Describe the process of cleaning oil spillages?
15. Does gas flaring affect local community?
16. How does offshore exploration affect communities as compared to onshore oil production?

Oil companies

1. What CSR strategies are the most effective in engaging stakeholders?

- How do you meet stakeholder needs?
- Do you think you do enough?
- What more could you do, A) Sensitisation of local community B) Engaging the regulatory organisations better C) More voice to the Union?
- Are there some stakeholders that you do not engage? If so why?

2. Are stakeholders satisfied with your level of engagement?

3. Why do you have CSR strategies? To what extent is it for any of the following? Could you rank the purposes below from the most important to the least important.

- For reputation purposes
- Due to influence from head offices
- For ethical reasons
- For legitimacy

4. Which of your CSR strategies were developed in Nigeria and which were developed overseas?

5. Do local issues affect your CSR policy? How do you manage this?

6. Could you list the stakeholders that you engage? Kindly rank them according to how you consider them to be (a) powerful, (b) legitimate and (c) urgent? Why do you consider these stakeholders to be powerful, legitimate and urgent?

7. Which of the stakeholders do you find most challenging to engage?

8. How do you measure the impact of your CSR/stakeholder engagement strategies?

9. Which of your CSR strategies have worked best and which have not been very successful?

10. Among those CSR strategies that have worked on in the past, what would you do differently?

11. Why do you implement CSR strategies?

12. What are barriers to implementing CSR strategies?

13. What would make it easier to do more?

14. What makes it easier to justify extra cost/time/ effort?

15. What are influencers of your CSR strategies?

16. Could you tell me the process of implementing CSR strategies?

17. What attitude of communities, government, NGOs, unions and competitors do you consider to be most business friendly?

18. Are there differences in the way this subsidiary in Nigeria operates compared to other African or European countries? How does this shape your strategy in general and your CSR policies and implementation?

19. How important is your subsidiary in Nigeria to your headquarters in terms of profit, revenues and overall growth strategy.

20. What is the Nigerian contribution to Shell's drive to reduce its carbon foot print, via clean production of gas, investment in biofuel and carbon capture and storage.

Regulatory organisations

1. Please could you tell me how you work?
2. Who are your stakeholders and how do you engage them?
3. What is your main objective?
4. How do you engage stakeholders?
5. Do you have any instruments for checks and balances?
6. How do you measure your performance?
7. How do you measure the performance of the oil companies?
8. Could you mention cases in which you have influenced stakeholders to take a stance?
9. Have there been cases in which stakeholders have defied you and what have you learnt from these cases?
10. What are the challenges you experience in regulating the oil industry? What enablers do you require to overcome these barriers?
11. Are their particular local contexts issues that have helped you regulate the oil and gas industry?
12. How do you ensure that regulations are properly implemented?

13. What do you think is different in the regulatory environment of Nigeria to other African and European Countries?

Civil Society

1. How do you measure your impact?
2. Which stakeholders do you engage? Are there any that you do not engage?
3. What is the process of your stakeholder engagement?
4. How are you funded?
5. To what extent do your funders influence your policy area?
6. Do you believe that the local context affects the oil companies' CSR strategies?
7. Are there any issues that you believe oil companies, regulatory organisations and the communities should be tackling?
8. How do you determine your areas of advocacy?
9. Do oil companies and regulatory organisations engage stakeholders? If yes, why do oil companies, regulatory organisations engage stakeholders?
10. What are the contextual issues that has made your work easier?
11. Are there challenges that are specific to Nigeria or the oil industry that makes your work difficult?
12. What do you require to overcome these challenges? What have you done in the past to overcome these?
13. Are there specific enablers in the oil industry or in Nigeria?

Union

1. What are key areas of your employees issues that you represent? What determines the area that you represent?
2. Have there been any incidents with the company that you have had? Please narrate.
3. How did you manage this incident?
4. What did you learn from this incident?
5. Who are your stakeholders?
6. How would you compare the labour relations of this subsidiary compared to overseas?
7. What are enablers for your work as a barrier?
8. What are context specific enablers which are context specific or otherwise?
9. What do you need to overcome these barriers?
10. To what extent do you believe that you have influence of the subsidiary?
11. Have there been cases that the companies defied you? How did you manage this?
12. How do your members measure your performance?
13. What is the impact of your activities on the subsidiary, the multinational and the industry as a whole?
14. Are there any consequences of your activities on you as an individual?

Appendix B: Some Examples of how different themes were generated

Appendix B1: Overview of how Historical Hangover was generated

Source	**Quotes**	**Codes**	**Patterns**	**Themes**	**Meaning of theme**
Secondary Data	Radical economic policy of the British colonial government, Shell was granted a monopoly oil exploration license covering the entire territory of Nigeria.	Radical Economic policy British Colonial government Monopoly Entire Territory	Dictatorial Domination Advantage Past	Historical Hangover	Customs, values and legacies related to domination in Nigeria that have survived from the past and have given some particular entities associated with this history some advantage over other stakeholders.
Interview: Manager, Agip	If it is a managing director (MD) that understands Nigeria… and does what he's supposed to do, he could always pick up the phone and call whoever he wants to call. But some MD's don't do that, but they would usually have the numbers of the top people in government and can reach them, you know, one on one... like I said, because you are from an oil company, a European or American company, people will be kind of dazzled by all that, because white nationals in the past have been masters of black people during the colonial era and afterwards due to their military prowess as seen during the second world war, this legacy still remains in the subconscious minds of Nigerians.	Managing Director Understands Expected Power Oil company European American Dazzled White nationals Past Masters Black people Colonial Era Afterwards Military Prowess Second World War Legacy Subconscious minds	Boss Knowledge Influence Descent Overwhelmed Period History Hidden Leftover		

Appendix B2: Overview of how Reverse Isomorphism was generated

Source	Quotes	Codes	Patterns	Themes	Meaning of theme
Interview: Elder in local community	All the youth leaders for example, those of them who have aligned themselves with the companies because the multinational oil companies have little favours to dispense and you know because of the level of poverty here. For example, if a man is hungry and he has nothing doing, so maybe today you give him two hundred naira (80 British pence), tomorrow you give him two hundred naira and maybe in a week's time give him a thousand naira (£4), his loyalty is to you, the only truth he knows is whatever you tell him.	Aligned Little favours Poverty Loyalty Role Reversal	Convergence Goodwill Philanthropy Allegiance	Reverse isomorphism	Reverse isomorphism is the ability of organisations (multinational oil companies in this case) to form alliances and influence some set of institutions (e.g. government, media, local community, some of civil society etc.) to behave in a certain way which conforms to what suits these companies. or The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Interview: Manager Chevron	To me personally… I feel that it is wrong if they want to do oversight functions. Why can't they have budget to sponsor themselves for overseas training?	Conflict of interest Budget	Non-supervision Dependence	Reverse isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.
Source	**Quotes**	**Codes**	**Patterns**	**Themes**	**Meaning of theme**
Energy Editor, National Newspaper	Oil companies give a brown envelope to journalists… i.e. oil companies bribe journalist to write in their favour, the bribery comes in the form of adverts oil companies give journalist so that they can write favourable stories.	Bribe Positive Coverage	Manipulate Goodwill	Reverse isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Secondary Data : Amnesty (2006)	It's also clear that oil companies wield tremendous influence over the regulatory regime that governs their operations.	Tremendous influence Regulatory regime	Control of regulators	Reverse isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Source	Quotes	Codes	Patterns	Themes	Meaning of theme
Interview: Editor, National Newspaper	It must be admitted that oil companies are extremely influential. In any society, if you have a sector that is, like I said, contributing significantly, not a small bit, but significantly, to your revenue, that industry will be extremely influential and they do have access all the way to talk to the president and when they do have issues they can call the minister or president to resolve the issue. It's not unheard of, it's not unusual, and it's not shocking, it happens everywhere in the world. We do know that big businesses have a lot of influence on the government in many countries in the world, even in America.	Extremely influential Influence Lobbying Significant contribution	Powerful Central Manipulative	Reverse, isomorphism	The ability of managers of multinational oil companies to manipulate symbolic stakeholders to attain resources such as social or legal license to operate. Some of the stakeholders that were interviewed for this research believe that multinational oil companies achieve reverse isomorphism without much difficulty partly due to the resources that they either have amassed over the years or are perceived to possess.

Appendix B3: Overview of how intra-stakeholder conflict was generated

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Secondary data: Online news platform	Hon. Ken Omatsone, has accused the management of the multinational oil companies operating in the Niger Delta of employing divide and rule tactics aimed at causing disaffection among the people of their host communities. Omatsone, in an interview with newsmen, expressed regret that the management of oil companies were often discovered to be the architects of chaos and crisis, which had been the lots of virtually all the oil producing communities in the Niger Delta region.	Divide and rule Disaffection Crisis Chaos	Conflict	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.
Secondary data: Online News: (CNN, 2009).	...accuses the Nigerian government and the foreign oil companies of trying to divide and conquer the local populace.	Divide and conquer	Suppressio n	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.
Member of the local community	For example, when some of these landlords organise peacefully to demonstrate their feelings… but the multinational oil company speak to the government who then use the police on them, the oil company also will organise some of the youths, give them money because of poverty then the youths fight the indigenes (landlords) that are protesting, these are all the things they do.	Demonstrate Subdual Protesting	Conflict	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.

Source	Quotes	Codes	Patterns	Theme	Meaning of theme
Interview : Reverend father, local community	If a community protest they would be arrested and detained by Total Fina Elf, they have boys that do fight for them. Some time ago our women protested that Elf damaged their cassava without them knowing, they went there, Total Fina Elf did not even listen to them, but instead, Total Fina Elf used some of the community boys to beat up those women. So how can you push further? Everybody is living in fear.	Protest Arrest Detained Fight Damaged Ignore Beat up Frightened	Conflict	Intra-stakeholder conflict	Intra-stakeholder conflict is a clash between different members of a particular stakeholder group e.g. conflict between neighbouring communities.

Appendix C1: Sample of how codes emerged from an interview with a member of local community

Raw quotes	**Summary**	**Codes**	**Conceptual representation**
the relationship between the company and the community, I cannot give you an objective definition of how they relate but I would say, my opinion is subjective to my observation, for me for instance, ELF, operates on the policy I called divide and rule, I mean… (Total Fina Elf), they operate on the principle of divide and rule,	Divide and rule	Relationship Objective definition Operates Policy	Conflict Stakeholder Management
Elf for instance is not ignorant of what the community needs, or what they are supposed to provide for the community or how they are supposed to run their company, but for the fact that they know that the people are ignorant on how they ought to operate, so they themselves do not open up to the community that this is what we ought to do according to the law as it is required, but instead, they instigate the community leaders, against their subjects	Oil companies instigate community leaders against subjects	Ignorant Needs Run Law Instigate Leaders	Stakeholder needs Corporate social performance
for instance in 1980s when they came to establish the gas plant; since 1980s till today, no agreement between elf and Obiti community, regarding the land they acquire, how it	Land grabbing: No agreement between	Agreement Acquire	Business Ethics

was acquired, for how much it was acquired, and how the operations are going to be carried out,	Oil Company and community	Operations	
there is no such agreement, even the upgrading they are into now, there is no agreement, a land well worth over three hundred and something acres of land, there is no agreement, instead what they introduced is what they called MOU, and the MOU, if you study it does not consider the community,	Oil Company MOU with community does not consider community interest	MOU Community interest	Social license
Well …they only agree on ten of (empl) as regard to the development of the project, 60/40 percentage, that means in the employment, they will give the community 60 percent, and ELF will take 40 percent, but even at that 60 percent, the community has not seen up to 20 percent;	Oil company agreement with community not fulfilled	Non-Fulfilment	Trust: Ethics
Yes, most of the boys that find themselves into that side is either they brought that chance, some brought it at 200, 000 naira…	Corruption in fulfilling agreement	Corruption	Business Ethics
They generated power from the gas plant, but prior to this time, all the AGAE communities were getting their power from the gas plant, but as it stands now, the turbine can no longer carry the entire AGAE, now the thing is now	CSR that is not sustained	Sustainability	CSP and Sustainability

rationed, some communities are connected to NEPA, WHILE SOME COMMUNITES ARE CONNECTED TO THE GAS PLANT. The reason being the turbine is faulty, and is not able to carry the entire community, and for me, I think that elf is in a position to replace the turbine but they wouldn't want to do that.			
another problem I found out with elf and the community is poor representatives, Our chiefs, the people we call our elite that we send there to go and represent us only go there to go and represent their pockets,	Community leaders represent their pockets	Corruption	Business Ethics
it is like in a community of the blind, 'one –eyed man is the king'. These our elite are considered to be those who have sight…who see and we don't see, and they have access to go to elf, whatsoever they tell elf, elf believes, and whatsoever they come home to tell us, they force us to believe. there is no verification, there is a gap between elf and the community,	Gap between community and Oil Company	Verification Trust	Ethics
the elders are in their houses, they are the aged men and these aged men they are not educated, they can't read, and the only way they convince them is by taking money to them, imagine a poor man who has not seen one million all	Oil company negotiation with middlemen is the cause of the problem	Thumbprint Birth right Hope Promise	Stakeholder symbols

the days of his life ,bulk, and now you are seeing a million naira and you are seeing a life boat, or gold, and say just thumbprint and they make a lot of promise, the eldest man will thumbprint because he has a hope that seeing this one million naira, tomorrow is going to be better, but after the thumb printing, he has sold his birthright, that is what we are suffering, so for me, elf is not treating my people well,		Treatment	
I will like elf to do 1, elf should go back to the law governing their operation in Nigeria.	Oil Company should go back to law governing operation	Law Operation Governance	CSIR
I always have this argument, you talk about govt when there is politics and you talk about politics when there is a polity, we don't have a polity before we talk about politics, because when you talk about politics, you talk about the people, the govt does not even believe that people is existing , several times, the senators have been here,	Government does not believe people are existing	Polity People Existence	Polity/Government Social Responsibility
they did not do anything, we are yet to hear from them, my brother, the truth is that ed people are in servitude, we are in perpetual servitude, we cannot say anything.	Community in perpetual servitude	Servitude	Normative Stakeholder

well the human rights activists have been here since the case is on, some individuals are making impact	Civil society make some impact on oil company	Impact	Stakeholder Social Impact
there are so many cases in the courts, but elf will always buy their way, because the judges are working for the govt, and the govt is directly involved in the operation of elf, so how can you push further?	Corruption: Oil companies buy judgment	Buy Corruption Judges	Institutional weakness
This is our problem. And in E. there is a way you talk about elf and the next day, you will be kidnapped,	Activist within community are kidnapped by oil companies' agents	Kidnap	CSIR? Conflict
yes. They are hired by elf, they call them spies,	Oil companies have spies within community	Spies	Conflict
they call these people spies, and their business is t report to elf that so so person says, like me for instance, nobody from my family can go for anything in elf, because we have filed several litigations against elf, anybody that bears the name Eku, you can't get anything from elf, because they have marked that surname with red biro, it is written in capital letter and underlined, Eku is inimical to elf, why	Trouble shooters cannot get jobs at Oil Company	Litigations Inimical	Conflict

because my elder brother who is a lawyer has always been taking elf to court, and so they said Eku family is inimical, they can't come to us			
there are several cases we won them, elf till today has not paid, some of the cases are now in appeal court,	Court judgments in Nigeria against Oil Company were not respected	Victory Appeal Court Compensation	Institutional weakness
we have cases of land stealing, forceful acquisition of land	Land stealing Forceful acquisition	Land stealing Forceful acquisition	Power
: even if there is land tenure system, the LT system gives the land lord the right to the surface of the land, all the things that exist on the surface of the land belongs to the landlord, but whatsoever that is underground belongs to the FG. That is obvious, but now, FG cannot make use of what is underground without damaging the things that are on the surface of the land, and if such damages must be carried out, the landlord should know and should consent to that,	Abuse of Nigerian Land tenure system	Consent	Limitations in Stakeholder Engagement
it means that they should seek their consent and it should tell them that we want to carry out an operation in your	Use of land without owner's consent	Consent Negotiation	Limitations of stakeholder engagement

land , we need your consent, lets negotiate, what is the financial involvement, how much do we pay, you, we have to resort back to law because there is rules governing how to acquire land in Nigeria, they agree, it should be documented, they sign, the mode of acquiring the land, is it to lease? or to buy perpetually? But for us we don't know how , whether they hijack or they lease or they buy.		Agree Acquiring Hijack	
there have been demonstrations, but as it stands now, elf cornered our representatives and our youth body to sign an undertaking that there will be no more demonstration and anybody who carry out any demonstration will be dealt with .	Undertaking: No demonstration	Undertaking Demonstration Dealt with Divide and rule	Selective stakeholder engagement
they would be arrested and detained by elf, (third party speaking-'they have boys that do fight for them') some time ago our women protested that elf damaged their cassava without them knowing, they went there, elf did not even listen to them, but instead, elf used some of the community boys to beat up those women. So how can you push further, so everybody is living in fear,	Everybody is living in fear	Fight Protest Beat fear	Conflict
My brother you don't have gun and I have gun in my hand, and what will you do? It is either you are ready to die and	Revolution is imminent	Die Kill	Conflict

you keep on saying something and I will still kill you and nobody will hear what you are saying, I know of a truth that there are some persons that are revving for revolution, which will come up any moment from now, but it is still underground,.		Truth Revolution underground	
The only thing church can do is to pray, and to teach its members on how to conduct themselves, the church per se doesn't have any active role to play, because the land does not belong to the church though it belongs to the church indirectly because the members are the owners of the land, but the church itself cannot walk up to elf and tell elf that what you are doing is wrong.	Church teach members on how to conduct itself	Teach Conduct Active Indirectly Owners Wrong	Role of Institutions
Pentecostal Fellowship of Nigeria, the impediments in this case is that the people this way are poor, the people in this side of Nigeria are very poor. For a church to organize and say that we are sending our representatives to France, England or America, it needs a lot of money.	Church is poor	Poor Organize representative	Weak institutional structures

for you to send letters means there must be a connection, there must be a link between the church here and the church in France, take this community for instance, we have Seven Day Adventist, WE Assemblies of God Church, we have Deeper Life and most of all these churches are autonomous churches,	Limited connection between Nigerian churches in local community and foreign churches	Connection Link	Limits to International perspective to stakeholders
they autonomous because their overseers are within this country, so it will be hard for them to write to France to influence ELF, it is difficult, it means that they are going beyond their limit, the only thing the church can do is to teach their members how to conduct themselves and pray for the community, because I know that these bad boys doesn't go to church,	Indigenous church means there is limited international influence	Hard Influence Teach Conduct Pray Bad boys	Institutional influence
well it can only apply if maybe some members of Elf management are members of those churches, but where they are not, it is very difficult,	Conditions for church to have international influence	Apply Difficult Institution	Influence of Local Institution
Except maybe the church from now will sit up, everybody in … community is afraid of what to say, how to say it, at least you think of your children first, you have to live for your wife or your children, not because you are fighting	Fear of speaking out	Live Afraid fighting eliminated care	Conflict

for the community and you are eliminated and nobody cares for them, everybody is careful, that is the problem,		Careful Problem	
I know that churches have been carrying out crusades, they have been carrying out seminars, they have been preaching, but it is another thing to teach and preach, it is another thing for the congregation to hear all your preaching, and take it home, and then practicalise them, so that is why I say the church has been praying and they are still praying and we believe that someday, God will intervene, the bible says that when the righteous rule, the people rejoice, for now, so long as elf and egbi is concerned, the unrighteous are the people ruling,	Unrighteous are the people ruling	Preach Ruling Practicalise Intervene Unrighteous	Stakeholder perception
what I want Total to do is that Total should come down o the people and find out the problem of the people and Total should stop using cult boys to beat up our fathers and our mothers and to harras our brothers who at one time would want to defend the right of the people, they should stop using those bad boys even if you go to that gas plant… you will see a lot of those bad boys, they stay there every day and night, and Total pay them , they pay them, but the graduates will not be employed, they will pay these	Oil Company should liaise directly with community	Come down Beat up Harass Pay Hooligan Disturb Kill	Stakeholder Engagement Solution to conflict

hooligans just to disturb their brothers, imagine where your younger brother is employed to watch your father's gate, to stop you from entering inside, what will you do? Would you kill your brother?, no. that is the problem we are in.			

Appendix C2: Sample Emergent codes from interview with Multinational oil company

Raw quote	**summary**	**codes**	**Theoretical representation**
The presidency, ministries such as the ministry of environment because of the nature of our job, we have the em... Ministry of internal affairs of because we work a lot with expatriates, immigration laws are of -------- to us, ministry of the Niger Delta, because of the area where we work, sometimes we interact with the international planning commission, ------- not just now but into the future em... So institutions like that and also--- em we also interact with em we have obviously with our competitors or other people, we interact with other companies and forums with companies that deal with our type of business so we can handle issues together, so you have the em.. what is known as the OPTS Organisation of Private.... -------OPTS is essentially a pressure group for oil companies em.. We have a group like the Nigerian Economic Summit Group which is like a private sector think thank , you we	Corporate-Stakeholder interaction	• Constituents • Pressure Group • Anti-Trust • Reverse Isomorphism • Cosmetic conformity	Corportae-Stakeholder Engagement Institutional Environments

just keep tabs on what is going on there also help us know the temperature economically and also politically. Underground, our job is a very difficult one, the terrain is difficult so we have strong relations with the host communities and communities impacted by our operations, Agip operates essentially in Delta, Imo, Abia, Bayelsa. So in all those, we interact with all communities where we operate, with their chiefs, with their royal representatives they might have ...that that's.....			
we definitely consider them stake holders because they can shape opinion, and they can very critical pressure groups. For instance currently there is a bill in the national Assembly, a petroleum industry bill, which is expected to radically change or radically affect our industry and many of the driving forces behind the PIB are civil society groups. So we often don't directly interact with them but we just keep tabs on what they are saying and what they are doing and what effect its having on public opinion, that's quite important for us. Sometimes when even society groups outside the country publish reports on the oil industry and the impact	NGOs are opinion shapers and critical pressure group	• Opinion shapers • Critical Pressure groups • Radical change • Indirect interactions • Internationalizati on of issues, • Public opinion • Driving forces	

on the environment, we are always interested in that because these days especially for Nigeria, Nigerian oil industry operations are been internationalized, so that what companies do here, sometimes they are doing it to answer for it in their home countries. For example shell is having lots of problem with Netherlands at the moment they are been sued in the US, you know, we keep tabs on what people are saying outside and inside in the civil society sector about our industry.			
if there is I am not aware but my company... Companies have different strategies and my company in Nigeria likes to keep a very low profile, so if they don't have to make their selves known to you, they don't. So we prefer to just monitor what's going on and only come forward when we absolutely have to, that's just how my own company is. Some other companies are more proactive like shell is a lot more proactive in that department but Agip like to keep a low profile.	Strategy: Keep low profile	Low profile strategy Proactive strategy Monitor	Corporate Strategy
it's shaped from the head quarters	HQ influence on Subsidiary media	Headquarter influence	Institutional theory

	strategy		
I don't..I've never been to Italy so I really don't know Italians. I would also think it's a corporate culture	Corporate Culture shaped from headquarters	Shaping Corporate Culture	Influence of headquarters
yea, personally one of my tasks every morning is to go through every major newspaper and find stories that first of all major national newspapers..... If Agip appears in any story we want to know why, what's with that new story, new story on the industry and new story on just the politics and the economy because in Nigeria all these things are very intertwined. Because yo cannot do business in Nigeria without keeping very close watch on political events and then the pronouncement of key decision makers in the economy	Politics and Economy intertwined How does corporate organization find out stakeholder perception& the importance strategy	• Cohesion of government corporation • Stakeholder Perception • Political events • Pronouncement of Decision makers	• Corporate-Government Relations • Stakeholder perception and strategy
em i just bring to the attention of senior management most times it's just, it's just frames; it just lets us know okay this is what is going on. Sometimes it reveals trends, somebody is saying this, trends that you will like to watch. Sometimes it reveals this that could be effects to your business like if suddenly they decide to change the laws on	Media as source of information on business environment	• Trends • Radical effect • Impact on business • Expatriate quota • Threats • Information	Information on Business Environment

expatriate quotas for instance you know it could radically affect how you bring people in to work in the country or somebody say they are going to... It just reveals threats trends. So that's kind of what you watch out for. It's not often you may not need to act on it but sometimes you may call on people to go find out I saw this in the papers you know, it's just a very important source of information for us			
like I said Agip keeps a low profile, we have very tight em... control from the head quarters. So the Nigerian subsidiary, you can't just issue statement or give press conferences without approval from Milan So he keeps a very tight lid on things: however when we do certain that we think the public should be aware of, we do al lot of CSR project, and em we do invite the press you know just to see that we are doing this we are doing that or a lot of times we have to issue invitations to the press, we hardly just call a press briefing to tell people about our briefings	CSR as a major means of developing local corporate brand	Low profile brand Enhancement via CSR	Reason for CSR
the most important, that's a very tricky one, because each one would affect you differently. The communities I think we would have to put very high	Local community most important…can bring worst outcome	• stakeholder salience • Worst outcome • Difficult relations	Stakeholder salience

up on the list because they can do what is..They can bring about the worst outcome for an oil company which is to stop the whole operations you know... So they rank really high up on the list, so the top decision makers like the president, the minister of petroleum, the em.... GMD of NNPC, also rank pretty high because they can make things very difficult for you and because they are our partners, we are always interacting with them, it's very good, it’s very important to maintain healthy relations with them em...			
well... Again one of the functions of my department is to facilitate access for the company, we're the... I work in the public affairs department and our main role is to liaise with public institutions on behalf of the company, so it's our job to make it easy when our boss is going to see these people. So we actually cultivate contact with relevant agencies and departments that will help us when we need to see these people. And it ranges from who happens to be in office, there are some people, you know Nigeria, because of the Nigerian culture which is very sad one really, we tend to defer, Nigerians tend	Informal nature of relationship between government and corporation	• Cohesion • Deference • Contextual Reality • Access • Stakeholder Perception	Stakeholder Engagement:Corporate-Stakeholder Interaction

to be quite defer towards Europeans or white skinned people, so you will be surprised at how eager some people are to sit with the MD of an oil company and again because it is an oil company and has all the trappings that come with being an oil company, some people are quite eager to see you and so make it easy and more easy than it should be to see a public official so that makes our jobs easier you know but em.. generally we just cultivate with relevant protocol officers in the department, get them to know what is happening in all these and when our bosses need to see someone we tell them it has been facilitated but i do think that Nigerians, the Nigerian culture is a bit too... I just... I think to see the President of a country or the minister i think they should make it a bit more formal that...			
the MD... it depends on the MD. It's our MD that most understands Nigeria and it could appear and does what he's suppose to do, he could always pick up the phone and call whoever he wants to call. But some MD'S don't that but its very possible, they would usually have the numbers of the top people	Expatriate executive have very informal relationship with government	• Informal relationship • Historical hang over	Contextual realities

and can reach them you know one on one, not until i .... It depends on the attitude, if the other person on the other line, the other side the minister or the president just feels why would you want to.... You know they can.... we have people that are like that, why would you want to just call me, I'm the president, i don't have time to deal with so, so and so person, we have people that put those barriers and insist on formality, we have people that like i said that because you are from an oil company, an European, who will be kind of dazzled by all that---- so it's a possibility, it can happen.			
those are really our two key people, everybody else would watch, they could certainly become very important depending.. But these two are important, they can cut off your life power at any moment, everybody else just watch very closely and if they suddenly become important you treat them as such and when they stop being important, you treat them as such.	Dynamics of stakeholder salience	Cut off Stakeholder salience Life power	Fluid nature of stakeholder salience
communities are complex because they are so many and among themselves they have so many interests	Rationale behind divide and rule	• Community complex • Diverse interest	Intra-stakeholder conflict

and when you are just one and the person on the other side is a large group and also quarrel among themselves it means that you are often able to manipulate things simply because they are not one harmonious cohesive group.		• Manipulate • Divide and rule • Harmonious • Cohesive group • Conflict	
So what we do with communities a lot of times we are able to ignore a lot of their----- because again to be honest there's a bit of business of petitions --------- oil companies so it is quite regular you receive petitions every other day, you know your pipeline burst, this this that, you are operating in our communities you are not giving us jobs, it's an endless, oil companies in Nigeria local government, they receive request for scholarship, jobs water schools, everything and there is just no way you can accommodate all those requests.	Oil company pseudo local government	• Petition • Failure of government	Institutional theory
So some of them we ignore because we clearly see. In fact the golden rule is that you ignore them until they do something that really makes you act, so if you just get a petition you may just ignore, if they are serious they might send another one. And when that start escalating their methods, that's what	Ignore community except were necessary	Non-Engagement Forced Engagement Escalated pressure	Stakeholder Engagement

demonstrates their seriousness, so it is the person that comes with something that you must answer, that you act, if you know what I mean.			
If it's very clear, very glaring that we have done something wrong, we fix it, not really, i'm not saying that, when we've done something wrong we fix it from the wrong but when it's gray, you may or may not, these are issue i'm talking about. If a community takes an issue to the national assembly, we would have to at least talk to you with public officials but still that may not resolve your case, the national assembly might pass a resolution and we will kind of just keep quiet about it because it's really not, it's not binding on us.	National Assembly resolution not binding on Oil Company	• Ethical Responsibility • Delay Tactics •	
We might start getting, if there is a community and you have those links, they might start getting you know like we might get the minister of Niger Delta involved, we might start bringing in these our top decision makers again the dynamics change depending on how serious they themselves take it, you know unfortunately sometimes Nigerians use the misery of other Nigerians for their personal benefit. So it depends on how seriously that person	Alliance between community and key government official is a big threat for company	• Changed dynamics • Self Interest • Legitimacy • Shut down	• Legitimacy • Ethics

that you have taken your case to is actually taking your case and not seeing it as an opportunity to extract something for himself. I think the key, the strongest weapons that a community have is a threat of shut down------- we will react because the last thing an MD in Nigeria wants to tell Milan is that operations were shut down.			
Well i have somebody that handles communities and he has very very good contacts and we usually have one or two, we usually have a group of people whose judgment we rely on. So if they tell you this is a threat---- because they are in the field they know who is who, they know who you can ignore, they know who should take seriously and sometimes you know you could have a community up with arms at your gates in the field and what we normally do you know once that happens is to send out our community guys to make sure, to talk to these people. Another key ways a communities pressure us is when their protest are carried by the papers because it brings us to, oil companies don't like being in newspapers especially in Nigeria because so they are rarely in the newspapers for	Means of oil company pressure	• Trusted Informants • Threat • Forced communication • Pressure • Stakeholder Alliance • Bad Image	Conflict between company and stakeholders

anything good. if i give scholarship to 1,000, nobody, you hardly hear, so the moment you just hear Igbeba youths are people... So that is the image we have, so we don't seeing that in the papers. So when you see stories like that in the papers you try and react and that kind of thing. So with the communities it is quite tough for them mostly because a lot people just exploit them, just exploit the fact that oil companies have a bad image and they just want you get a job for them there or whatever. So there is a lot to ignore and it just dies by itself because there is nothing there. So the one where there is really something there, those people would do more than just send a petition to your office. You know if you don't answer them they'll go the minister, they'll go to the national assembly, they will start talking tom your, the people that you'll have to listen to and if you still don't answer them then one day at your gate protesting.			
they do but it hasn't, It has succeeded, every time civil society groups are always involved you know, once there's an oil spill you will always find a civil	Civil society pressure on Oil Company not so significant	• Internationalizing • Ineffective Tool • Demonstration • Globalisation	Globalisation and stakeholder theory

society group there....... And something like that, they help to take these stories to the media and when there is need for some public demonstrations here in Abuja at the gate of the National Assembly, they help to do things like that, so they play a part, those of them that are interested in the environmental degradation or pollution--------- they play a part and obviously amnesty international, friends of the earth, have played a big role in what's happening with shell ever since when Ken Saro Wiwa was killed, they played a big role in internationalizing that dimension. But it is not yet, it's something we're still, you know personally I will still watch very carefully, there's not yet a very effective tool, but something that does need watching because soon you can do something in Nigeria and they will protesting against it in Milan, it's possible because of globalization and the way the world is moving. But it's not yet something that has been effectively used in consistent basis.		• Watch	
since 1963, but we are relatively small compared to shell and we actually ----- operating after buying into a bigger player ------ but shell is player in the field,	Conservative publicity strategy	• Maintaining legitimacy • Conservative • Publicity strategy	Legitimacy

though, and that Ogoni incident is like June 12 for IBB as in the way June 12 hangs around IBB'S neck and he just can't, is the way that Ogoni Incident and the killing of Ken Saro Wiwa because they were involved but to many people it was as if it was shell that killed him. So that exposed them in a way that they can't really hide back that's one but em Agip makes a conscious effort not to be seen, not to be heard, you know there are many-----there are very positive things that Agip does that even me as a Nigerian who works in an oil company and who is very skeptical-------- I call what is wrong is wrong. But even for me I've seen things that they've done that are even quite good but even that they don't publicize, so it's a very very conservative publicity strategy, very.			
You are right, it was an oversight on my side the employees, oil sector workers are probably have some of the most effective union in Nigeria, now that's my opinion. They are one of the highest paid workers, have some of the best conditions of service and they defend their conditions of service. One of the primary objectives at least of the union	Unions are only concerned in pay package	• Effective Union • Defend • Reactionary • Self-interest	• Critical stakeholder • Enlightened self interest

in my company is to defend our salaries and allowances and benefits. That's why I probably think of them as a stakeholder because they are quite a reactionary group, the only time we threatened to shut down the system was the management wanted to interfere with salaries, our benefits and allowances their concerns don't go beyond their pay package.			
it's important but it's an issue, but in my mind not effectively tackled by unions like i said it's one thing to complain about it's another thing to take action against it. And what I've seen unions regularly take actions against is pay package related issues but the tensions between expatriate staff and local staff is a big discussion topic people don't really appear to be willing to take action on it. There's just lots of corruption in the system, if companies are able to bring in people for jobs that Nigerians could do, under false pretenses, I don't think things like could go on in such a large scale without collusion on the part of the officials.	Unions don't really tackle abuse of expatriate quota	• Corrupted system • Tensions • False pretenses • Collusion • Selected battles	Weak Institutional structures
exactly, so you have a big problem, a company might employ a contract staff and a contract staff	HR issues not tackled by union	• Contract staff • Tackled • Militantly	Stakeholder issues

for fifteen years, twenty years and were never converted you know but still expatriates are brought in to do jobs and once in a while employment is placed, these people are brought in. So you have staff issues that are not really tackled by the union, head-on maybe behind closed doors they are talking in management but are not militantly tackled			
they just turn an eye, you somebody says he's coming to be maybe, because the idea is that you must coming to do a job that you don't have many Nigerians who can do, so you must be coming to be the technical something something manager, meanwhile the job he's coming to do is financing manager. And obviously, he's suppose to submit evidence of whichever technical and he doesn't do that and he just issue the quota, issue the permit, it's just that kind of life, it might because we don't really care or maybe he's been bribed or	Weak Institutional structures	• Negligence • Bribe •	Business Ethics
they just turn an eye, you somebody says he's coming to be maybe, because the idea is that you must coming to do a job that you don't have many	Deception in importing skilled force	• Deception • Importing expats • Care • Bribe	• Business Ethics • Corporate Social Irresponsibility •

Nigerians who can do, so you must be coming to be the technical something something manager, meanwhile the job he's coming to do is financing manager. And obviously, he's suppose to submit evidence of whichever technical and he doesn't do that and he just issue the quota, issue the permit, it's just that kind of life, it might because we don't really care or maybe he's been bribed or		• Circumventing system	
Just look around you, there are no jobs, so you stay where you are, you do not have the option of quitting, so you can just complain but you are getting a far better deal than the average Nigerian. So if you are to dare complain outside the office, you'll probably be lynched because what you are getting as your subsidy allowance is other people's salary, the economic situation is a check. You can complain but nobody wants to lose their job. Apart from that because the job situation is so dire, nobody quits, you do your work anyhow and just go to work and come back, you don't stress yourself, you are just a demotivated staff you are not going to quit because you have nowhere else to go.	High unemployment source of motivation	• No option • Quitting • Economic condition • Demotivated	• Employee motivation • Intra Stakeholder influence

it's true that the top hierarchy is dominated by male, I believe it's just the effect of the culture we live in, and there is no active open discrimination against women. If you want to contest for a position contest. And of late we have actually seen the number of women right from the minister of petroleum herself being put in for very senior positions, we are moving with the trends of the rest of the World. Oil companies like I said have quite progressive conditions of service for Nigerian companies just because it's an international organization they will have to. So women have generous, not as generous as the UK, I think in the UK can get up to one year-------. in my company i think they up to three to four months so we have maternity leave, what we are fighting for is paternity leave, paying maternity leaves and crèche is still something that we don't yet have but in those areas we have good conditions of service, I guess it's also one of the reasons why like I said you may grumble but you just, because you are paid well, you have lots of allowances. So some of these issues no matter how they militate against you,	Stakeholder individual needs and corporate performance	• Stakeholder individual needs • Active discrimination • Nigerian mentality • High ideals	• Culture • Stakeholder individual needs and corporate performance

where we are in Nigeria now, the primary need of every Nigerian is capital, once you are getting money a very basic need is being fulfilled everything else for you is a luxury. I think as times change and the economic circumstances change more opportunities open up in other economic centers, then they might start having a fight for higher ideals or goals. Think of management theory in the hierarchy of needs, so you start moving, but for now a man that came from abject poverty yesterday but today is now been paid a million is now fighting for, you know let him settle his children first you know that's the kind of mentality.			
yea they can defy the union, it always depends on the dynamics of the two or bunch of the two individuals involved. You can have a strong union for a season, maybe a union that is led by somebody who has been in the company, knows the system, knows the HR rules, the policies, you cannot bam booze this person and has a strong grip on his exco people, that kind of person would give management a tough time, and you defy them at your own risk if they tell you they are going to	Dynamisms of Union power	• Power dynamics • Leadership	Stakeholder salience

shut down your system, you take them by their words. Then you can now have a union leader that is kind weak, compromises, then the dynamics will swing in favour of management, union might say something and management will say no we are not going to take it. So it depends always on who is involved.			
there had been instances like that, union work is dangerous work. And some people had suffered stagnation because of union. If you are particular troublesome unionist, they might just promote you quickly because once you get there you can't be in the union again, so it works both ways, it's either they keep you or they quickly move you, so they can move you out of the level where you can be in the union.	Frustration of troubleshooter	• Weakening stakeholder power	Stakeholder Power
like i said it's just the European culture, French, Italians, I think it's their culture, they are not like the Americans or British who fire people easily, and again firing somebody in Nigeria is like death sentence, yea because things are bad out there, I think it's a combination of the two cultures meeting because we as a people we don't like firing people,	Headquarter Country culture impacts on organizational culture on dismissal	• Employee dismissal • French culture • British Culture • Nigerian Culture • Death Sentence • Cultures meeting • Nigeria's Welfare System	Impact of headquarter on subsidiary strategy

we just keep people on, just let them be there where the enemies are, so that's our attitude, you walk into many ministries you see people just sitting down doing nothing, but that is the welfare system we have.			
well for us as oil companies, we have to do it, the sociopolitical dynamic has created a law, not a written law but as an oil companies we must because we have so despoiled their environment that it is almost our obligation to do that. CSR is an obligation So it's not so much as philanthropy just that we have to do it. So communities have become so concientised and radicalized that they will give you trouble if you don't do it. CSR is for avoiding trouble It's not like before where they will not come and ask for it, now they don't ask they demand it's their right. CSR is community right So you must, that's just the sociopolitical situation on ground, if you are going to operate in this community, you have to give us something.	• CSR is an obligation • CSR is for avoiding trouble • CSR is community right • CSR barter for social license • CSR as a response to resource control • CSR as a means of getting government approval • CSR as a means of continuation of operation • CSR as tradeoff for damage of environment • CSR is a bad deal	• Unwritten law • Sociopolitical dynamic • Despoiled environment • Philanthropy • Radicalized • Stakeholder right • Sociopolitical reality • Corporate-stakeholder barter • Resource control • Compulsory CSR	Definition of CSR

CSR barter for social license Apart from that, there is that one happening underground level, so even if there is no law, there is no policy, they will trouble you, they will protest until you give them light or water, or employ some of their people, give them scholarships. Then on the political legal side, the event of Saro Wiwa and all that stuff that happened kind of, you know there is a political movement for resource control in Niger Delta, this is our resource, so that in itself is coming to have a portion that, that region where you operate deserves to be given some things back. CSR as a response to resource control And that has now crystalised in a law you have the NDDC Niger Delta Development Commission, whose job is to fast track the development of the Niger delta and as matter of law, you have to contribute 3% of your profit back to the organisation, so that's a compulsory CSR you must do that, and it is not what you are doing, you must still do what you what you are doing, so when you are submitting your budget to NAPIMS for approval, CSR projects must be there, community			

development projects, so its just the practice, CSR as a means of getting government approval it's just standard practice now, just because of how much trouble your operation in Niger Delta has generated, so everybody is just doing all they can to keep people pacified so that they can continue to drill for oil, CSR as a means of continuation of operation and I'm very cynical because now I think, rather, in my mind a slight shift that has occurred, rather than insisting that oil companies do not damage the environment or repair the environment, people are now willing to trade damage for the environment for CSR projects which for me is a very bad deal. CSR as tradeoff for damage of environment Even though there is pressure on oil companies to clean up their acts at least a lot of rhethoric------- and they themselves are making efforts to but the overwhelming communities pressure is to get projects from you rather than to stop you from polluting their environment. So your pipeline can burst, but give us something, you understand what I mean, it is strange, but I just think it's something			

that is happening in Nigeria CSR is a bad deal			
There is that, it costs more to do some of the upgrades than to pay the fines, but the fact of lack of strong political will like i said people are more interested in extracting benefits than putting an end to certain practices. Self Interest And it's just also the general level of inefficiency that affects the Nigerian public service regulators of oil sectors are not separate or impervious----sometimes they are so much coziness, everybody is in bed with each other, the relationship is too cozy so that you are allowed to get away with things just because the guy on the opposite side ------ is your friend, you send him on courses, sponsor courses for him to go here and there, pay a little bribe, here and there. Conflict of interest And then the fact that the government itself does not even fund them properly so if DPR wants to come and see something in Agip facility it's Agip helicopter DPR will use, so you use oil company	• Self Interest • Conflict of interest • Compromised regulatory structure • Community demand	• Self Interest • Conflict of interest • Corruption • Weak Institutional Structure • Stakeholder demand	Institutional Theory Stakeholder Interest/needs

resources to supervise oito ecl companies, you know it can't work like that there's already conflict in interest, but they don't have the helicopters, they don't have the facilities, so they use our facilities to come and supervise us, so it's quite a compromised regulatory structure, but just because the public service generally is in that state in itself from the operational point of view, it takes oil spillage and gas flaring, so that are the things that fall out directly from you operating in a community, the other issues are just their own community demands, you should employ somebody from this community if you are doing a project in this community, don't bring anybody from outside, let it be somebody from here that will do this projects in this place, you know our children need scholarship, all theses kind of demands are not part of your operation but they are the demand that are making on you. But in terms of environmental impact,			

Glossary

Abduction - involves iteration between existing theories in the literature and what happens in reality to develop new theoretical models and concepts (Dubois and Gadde, 2002).

Abductive Approach - This is a combination of the induction and abduction approaches i.e. the process of forming an explanatory hypothesis (Suddaby, 2006:639)

Advocacy - The worldview classified as advocacy is underpinned by a political worldview, collaborative in outlook and focuses on issues and empowerment

Analytical Assumption - The research analysis is guided by the assumptions that the researcher makes about the relationship between theory and empirical data (Bryman and Bell, 2007).

Axiology - is the philosophical study of value. It is either the collective term for ethics and aesthetics - philosophical fields that depend crucially on notions of worth or the foundation for these fields, and thus similar to value theory and meta-ethics.

Balanced Legitimacy – This could be defined as when institutions have a consensus about what is considered to be an acceptable social system and therefore measure legitimacy from a common base line

Biodiversity-This is the variety of life in the world or in a particular habitat or ecosystem

Business ethics (also corporate ethics) - is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations

Business resources – These are anything and everything that helps a company operate and do business. This can include the use of human capital, natural resources, tangible resources such as property or production machinery, intangible resources such as brand image and knowledge, financial resources and anything else a particular business may use to make a profit

Case Study - Yin (2003:13) defines a case study as an "empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are not clearly evident".

Codes - These are defined as "the most basic elements of the raw data that could be assembled in a meaningful way" (Braun and Clarke, 2006:18) and are part of the analysis process (Miles and Huberman, 1994). Coding entails organising data into meaningful groups (Tuckeet, 2005)

Coercive power - is the ability of a manager to force an employee to follow an order by threatening the employee with punishment if the employee does not comply with the order. The most important concept to understand about coercive power is that it uses the application of force

Colony - a country or area under the full or partial political control of another country, typically a distant one, and occupied by settlers from that country

Community Social Irresponsibility - This refers to the process where members of local communities lay a legitimate claim against the upstream sector of Nigeria's oil and gas industry because they own the land where oil is found and they are adversely affected by the operations of multinational oil companies since they rely on the environment for their sustenance

Conceptualization – This is the process of development and clarification of concepts. In other words, clarifying one's concepts with words and examples and arriving at precise verbal definitions

Conflict of Jurisdiction - This is defined as a clash between two government agencies about whose job it is to regulate the industry

Contract sanctity - This case means that once multinational oil companies go into an agreement with the Nigerian Government, both parties are obligated to fulfil the terms of the contract

Construct Validity - Construct validity is the quality of the conceptualisation of the relevant concept (Gilbert et al., 2009). Since case study researchers have been criticised for using subjective judgement (Yin, 1994), Bryman and Bell (2011) contend that various forms of bias should be addressed via sampling

Corporate Governance – This is the system of rules, practices and processes by which a company is directed and controlled. It essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community.

Corporate Scandal - arising from apparent corporate exploitation of some stakeholders and limited consideration of weak stakeholders'. This is alleged or actual unethical behavior by people acting within or on behalf of a corporation.

Corporation – This a company or group of people authorized to act as a single entity (legally a person) and recognized as such in law

Corporate Social Irresponsibility – This provides the empirical underpinning which supports Greenwood's (2007) thesis that an instrumental engagement of stakeholders, with the aim of attaining corporate objectives, is not synonymous with Corporate Social Responsibility

Corporate Social Responsibility- This is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

Corporate-Stakeholder Barter - This concept, which is informed by the data collected for this PhD research, is a means by which some stakeholders and multinational oil companies protect their interests

Culture - Culture in the literature is defined as “beliefs, values, and practices that have evolved for solving stakeholder-related problems and otherwise managing relationships with stakeholders

Data Analysis - Stake (1995) defines analysis as a combination of breaking down and synthesis of an area of study

Data collection – This is the process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes.

Data Display – This can be defined as a visual format that presents information systematically so that the user can draw valid information from the data and take needed action” (Miles and Huberman, 1994:91)

Deductive Approach - This involves research conducted by testing hypotheses/propositions, generated from a review of literature before data collection begins and the latter is used to verify the former (Saunders et al., 2007; Parkhe, 1993).

Descriptive Stakeholder Theory - Donaldson and Preston (1995) and Jones (1995) purport that a descriptive theory is one that defines the actual firm's characteristics and behaviour; hence a descriptive stakeholder theory articulates the actual organisation's performance as regards stakeholders (Swanson, 1999)

Determinism - the doctrine that all events, including human action, are ultimately determined by causes external to the will. Some philosophers have taken determinism to imply that individual human beings have no free will and cannot be held morally responsible for their actions

Developed Country - A developed country, industrialized country, or "more economically developed country" (MEDC), is a sovereign state that has a highly developed economy and advanced technological infrastructure relative to other less industrialized nations

Developing Country - A developing country, also called a less developed country or underdeveloped country, is a nation with an underdeveloped industrial base, and a low Human Development Index (HDI) relative to other countries

Diverging Stakeholder Interests - This concept is relevant in this context and related to this research because stakeholders' interests within a group are not always homogeneous; they vary and are dynamic

Economist Intelligence Unit - This is an independent business within The Economist Group providing forecasting and advisory services through research and analysis

Empirical evidence - also known as sense experience, is a collective term for the knowledge or source of knowledge acquired by means of the senses, particularly by observation and experimentation

Epistemology - it is the study of knowledge and justified belief. It questions what knowledge is and how it can be acquired, and the extent to which knowledge pertinent to any given subject or entity can be acquired.

Ethical Stakeholder Barter - This is defined as the exchange of resources between corporations and stakeholders which does not lead to ethical deficit on either side

Ethics - One of the criticisms of the case study research strategy relates to ethical considerations (Williams, 1996). Ethical concerns, such as taking informed consent of interviewees, were taken into consideration (BERA, 2004).

Fiduciary - involving trust, especially with regard to the relationship between a trustee and a beneficiary

Functionalists – They have an objective stance; they believe that human behaviour can be understood by rationalization

Generalizability

Government Social Irresponsibility – This occurs when the government fails in its fundamental function of providing services to the public including administration of justice, protection of civil liberty and provision of public goods and services (e.g. infrastructure projects that the society needs)

Gross Domestic Product (**GDP**) – This is the broadest quantitative measure of a nation's total economic activity. More specifically, **GDP** represents the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time

Historical hangover - This is defined as the customs, values and legacies, related to domination in Nigeria, that have survived from the past and have given some particular organisations or institutions associated with this history some advantage over other stakeholders

Imbalanced Legitimacy - This reveals a lack of consensus about the social system that some interviewees (e.g. the local community and civil society) believe should be adopted is partial and full legitimacy

Imbalanced Stakeholder Relations - This occur when multinational oil companies give some stakeholders more attention than others, where the degree of organisational responsiveness to stakeholder needs is determined by the level of power that the stakeholder wields

Inductive Approach - The inductive approach involves the development of theory from empirical data (Parkhe, 1993)

Institutional Complexity – This occurs where two government agencies are saddled with similar responsibilities for regulating the industry and how this affects the power of actors

Institutional Entrepreneurship - This is defined as "activities of actors (institutional entrepreneurs) who have interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones

Institutional Theory - This is the study of how institutions enforce conformity among powerful actors (e.g. Multinational Oil Companies), offers valuable insights into the behavior of powerful actors and how they engage stakeholders in different contexts

Instrumental Stakeholder Theory - These explores the connection, or lack of one, between corporate-stakeholder activity and corporate objectives. Instrumental stakeholder theory offers insights into how, when and why organizations can engage in CSR which would result in normative ends such as stakeholder engagement

Interpretive Worldview - The researcher that applies the interpretive paradigm believes that the social world is an evolving process, which should be understood from individuals' perceptions, and the frame of reference should be that of the participants and not that of the observer (Burrell and Morgan, 1993).

Intra-stakeholder conflict - This is a clash between different members of a particular stakeholder group, e.g. between neighbouring communities

Intra-stakeholder Influence - This involves organisations (in this case multinational oil companies) leveraging the weak situations of members of a stakeholder group to directly or indirectly influence other members of this group to behave in a certain way

Interviewee – An interviewee is a person being interviewed (e.g. managers of stakeholder social irresponsibility, civil society groups, local community etc.)

Joint Venture - A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity

Legitimacy – This is a generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995:574).

Marketing - the action or business of promoting and selling products or services, including market research and advertising.

Methodology - This is defined as the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method(s) adopted (Saunders, et al. 2009).

Mineral Resource - This is a mineral concentration which is known, estimated and interpreted from specific geological evidence and knowledge and with reasonable prospects for economic extraction

Multinational Company - A corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they co-ordinate global management

Natural Resources – These are materials or substances such as minerals, forests, water, and fertile land that occur in nature and can be used for economic gain.

Normative Stakeholder approach - The normative approach of the societal view of the stakeholder theory framework entails focusing on the full responsibility of each stakeholder to the wellbeing of the society

Objectivism –This is the ontological position that assumes that realities exist external to the social actors (Guba and Lincoln, 1979).

Ontology – This is the philosophical classification that is concerned with the nature of the social realities investigated (Guba and Lincoln, 1979) and the researcher's view of how the world functions

Organization of Petroleum Exporting Countries (OPEC) - This is a cartel that aims to manage the supply of oil in an effort to set the price of oil on the world market, in order to avoid fluctuations that might affect the economies of both producing and purchasing countries

Particularisation - This entails knowing and understanding a particular case, saying that "the emphasis is on uniqueness and not primarily how it differs from others" (Stake, 1995:8).

Pluralised stakeholder duty – This entails some stakeholders having different views of their mandate

Policy - A policy is a deliberate system of principles to guide decisions and achieve rational outcomes. A policy is a statement of intent, and is implemented as a procedure or protocol

Power - is also defined as the ability for an organization to attain its objective even though there is resistance

Purposeful Sampling - This involves "selecting cases for study (e.g. people, organizations, communities, culture, events etc.) because they are information rich, illuminative and offer useful manifestations of the phenomenon of interest" (Patton, 2002:40).

Qualitative analysis – This entails concentrating on the instance, trying to pull it apart and put it back together more meaningfully (Stake, 1995:75).

Qualitative Data - This captures and communicates someone else's experiences of the world in his/her or own words (Patton, 2002:47).

Radical Humanists –They have a subjective view and believe in liberating humanity from social constraints that they believe inhibit human prospects. The radical humanist advocates radical change of dominant ideologies

Radical structuralists – They have an objective ideology and are interested in radical change from an objective and positivistic stance; they emphasise structural conflicts and paradoxes within society

Reductionism - the practice of analyzing and describing a complex phenomenon in terms of phenomena that are held to represent a simpler or more fundamental level, especially when this is said to provide a sufficient explanation

Reflections - This section articulates a few exceptions that need to be discussed based on the insights gleaned from the data collected for this research

Reflexivity – These entails a "process whereby researchers place themselves and their practices under scrutiny, acknowledging the ethical dilemmas that permeate the research process and impinge on the creation of knowledge" (McGraw, Zvonkovic, and Walker, 2000:68)

Regulation - A regulation is a legal norm intended to shape conduct that is a by-product of imperfection. A regulation may be used to prescribe or proscribe conduct ("command-and-control" regulation), to calibrate incentives ("incentive" regulation), or to change preferences ("preferences shaping "regulation"

Research Design - The importance of a carefully designed study was articulated by Bryman and Bell (2011:40) and defined research design as "a framework for the collection and analysis of data".

Research Epistemology – This shows the relationship between the researcher and the research (Guba and Lincoln, 1994)

Research Sampling -The research sample is "the segment of the population which is selected for research" (Bryman, 2007:182).

Resource Collectivism – This is defined as where weak stakeholders (e.g. the local community) leverage the more dominant stakeholders, using attributes that they possess to challenge powerful stakeholders

Reverse Isomorphism – It emphasizes the ability of powerful actors (in this case multinational oil companies) to foster change among institutions that traditionally safeguard stability. It focuses on the ability of powerful actors (Multinational Oil Companies) to influence multiple stakeholders to achieve convergence among diverse stakeholders who had never really safeguarded stability due to their being relatively young institutions

Sampling - The research sample is “the segment of the population which is selected for research” (Bryman, 2007:182). The population referred to here could be human or nonhuman and “is the full set of cases from which the sample is taken” (Saunders et al., 2009:21).

Shareholder - Any person, company or other institution that owns at least one share of a company’s stock. Shareholders are a company's owners. They have the potential to profit if the company does well, but that comes with the potential to lose if the company does poorly. A shareholder may also be referred to as a "stockholder"

Social science research – This investigates human behavior. This is the collection of academic disciplines which study any aspect of social behavior and the functioning of society

Separationist - an advocate of secession or separation from a larger group

Situation-Target-Proposal - the current process (situation), the near-term and vision of the process (target), and how to change or improve the situation to attain the target (proposal)

Stakeholder – A stakeholder is a person/company/entity that can affect or be affected by the organization's actions, objectives and policies. Some examples of key stakeholders are creditors, directors, employees, government (and its agencies), owners (shareholders), suppliers

Stakeholder Social Responsibility - Stakeholder social responsibility is defined as the ethical obligation, on owners of stakes in an industry, based on its impact, to themselves and other stakeholders

Stakeholder Social Irresponsibility - This could be defined as an occurrence that happens entities that have stakes in an industry are negligent of their social, ethical or environmental obligations, which this research showcases, based on data generated from different stakeholder

Stakeholder Theory (ST) - is a **theory** of organizational management and business ethics that addresses morals and values in managing an organization

Stakeholder Power Alliance - This involves powerful stakeholders such as the government or the multinational oil companies forming influential partnerships to suppress the interests and rights of weaker stakeholders

Stakeholder Relativism – This explains the differences in the way that Multinational oil companies engage with stakeholders in a developed country environment compared to a developing country.

Subjectivism – This implies that realities are influenced by actors' experiences, and the meanings they give to it

Thematic Analysis - These involves searching across a data set – be that a number of interviews or focus groups, or a range of texts – to find and make inferences of repeated patterns of meaning" (Braun and Clarke, 2006:16).

Triangulation - is a powerful technique that facilitates validation of data through cross verification from two or more sources. In particular, it refers to the application and combination of several research methods in the study of the same phenomenon.

United Nation Human Development Index (UNHDI) - This is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living

Unethical Stakeholder Barter - This is defined as an exchange of resources that leads to both parties knowingly compromising morality

Unit of Analysis – This is defined as “the fundamental problem of defining what the case is” (Yin, 2003:22)

Upstream sector - The upstream oil sector is also commonly known as the exploration and production, a stage in the process of gas or oil extraction and production before the raw material is ready for refining. It includes searching for potential underground or underwater crude oil and natural gas fields, drilling exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil and/or raw natural gas to the surface

Urgency - This is the degree to which stakeholder claims call for immediate attention. Mitchell et al. (1997) derived the concept of urgency of claim from the crisis and issue management field

Worldview – This can be defined the implicit and explicit assumptions of how they view the world and how it should be researched (Burrell and Morgan, 1979).