

# Multinational Corporations' use of CSR strategies and norm diffusion: A case of Shell in Nigeria



*Figure 1: Perawongmetha, A. (n.d.).*

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## Abstract

After the Cold War, globalisation emerged and the expansion of offshore business grew. Royal Dutch Shell plc. also known as Shell, has been operating in Nigeria since 1936. Before Nigeria's independence in 1960, Nigeria was a British colony. Even after Nigeria's independence in 1960, Shell remained (Shell, n.d.) Shell's operations have been controversial especially regarding the environmental efforts and the transparency on this matter. Shell has been accused of breaching code of conduct, neglecting human rights, and disobeying environmental regulations set up by the federal government of Nigeria. One historical event differs from others. In 2008 and 2009, oil spills impacted and contaminated the water in the Imo River and the surrounding communities in the Southern East parts of Nigeria better known as the region of Niger Delta. More specifically, Shell has been accused of not cleaning up the oil spills which is continuously degrading the livelihood of the people in the community surrounding the oil spills. The interest of conducting this thesis on how Shell promotes its CSR strategy was derived from these problematics. Through the approach of qualitative content analysis (QCA), Shell promotion of CSR strategy will be investigated to see if Shell has undermined their norms in the process of conducting business in Nigeria. The QCA coding frame has been organised according to the key elements of the theories of transformative CSR and transnationalism which makes up 8 categories and 15 subcategories. At the end of this thesis, the findings are presented. This thesis concludes that Shell has complied to all the key elements of Visser's (2014) transformative CSR by creating value, governing transparently, contributing to society and integrating environmental practices.

In this process, Shell is involving the community and business principles are being internalised. The critical perspectives of the analysis discuss the validity of the theories, the choice of data, ways in which the findings align with the existing literature, and lastly areas which Shell has avoided to report on. Concludingly, Shell promotes its CSR strategy through the tools of transformative CSR however they do undermine its norms due to the lack of clear instructed norms, and therefore most of goals set before them can be categorised as values.

## Abbreviations

CCR – Corporate-community relationship

CSR – Corporate Social Responsibility

GMoU – Global Memorandum of Understanding

MOSOP – Movement of Survival of the People

QCA – Qualitative Content Analysis

SPDC – Shell Petroleum Developing Company

UN – United Nations

UNDP – United Nations Development Programme

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## 1. Introduction

As globalisation progresses so does the movement of businesses. Multinational Corporations (MNCs) expanding their business globally for profitability reasons in terms of cheap labour, production cost etc. In 1950s, the notion of Corporate Social Responsibility (CSR) emerged with focus of appearing more transparent to the public eye (Paetzold, 2010, pp. 3-4). This is done by reporting on activities, relationships, finances etc. and can be displayed in for example annual reports and sustainability reports.

In the case of Royal Dutch Shell plc., also known as Shell, started operating in Nigeria at the start of 1936 under the name of Shell D’Arcy. At that time, Nigeria was still a part of the British colonial empire. After gaining an exploration oil license, Shell executed their first drill in 1956 and since then Shell has been extracting oil from Nigeria’s rich oil reserves (Shell, n.d.b). In 1979, Shell D’Arcy changed to their name to Shell Petroleum Development Company (SPDC) and operating as a joint venture for Shell, which they continue doing (Shell, n.d.b). Over the years, Shell have faced multiple accusations of violating human right regulations as well not complying with Nigerian national environmental law. One of the most spoken of incident occurred in 2008 and 2009. Major oil spills took place in the Imo River in South East Nigeria. The leak contaminated the water and cutting off the fishing industry and a sustainable food source for many communities. The saddle community of Bodo was heavily affected by the situation, and in 2015 the SPDC joint venture paid 55 million pounds as compensation for damages in the Bodo community. Shell has been heavily criticised for its actions and the slow response to the oil spill cleans ups in area of Niger Delta.

Shell’s sustainability reports entail information about their economic, social and environmental contributions they have made in all the areas which they operate in. Regarding the special reports on Nigeria, Shell explains internal improvement and cooperations which they have negotiated throughout the years. Moreover, Shell have put a lot of emphasis on the communal work they have contributed to in Nigeria. Anything from upgrades in households to giving children the opportunity to go to school and get higher education. The financial and the environmental contributions are having a major impact on Nigeria. Million dollars contributions have helped Nigeria towards developing and improving infrastructures in multiple communities. In terms of environmental contributions, Shell present their prevention plans, and the percentages of how many prospected spills then have prevented by repairing pipelines.

Due to the scrutiny and all negative accusations Shell has faced, the thought of investigating Shell and how they respond to these accusations was put into focus. In this thesis, the question of **how does Shell promote their CSR strategy in Nigeria without undermining the diffusion of norms through sustainability reports of 2007-2019** will be investigated. This will be answered through a thorough analysis of transformative CSR and transnational perspective on norm diffusion with the methods of qualitative content analysis (QCA).

### 1.1. Literature Review

Since Shell's first operation in Nigeria in 1958, their influence has been highly discussed by scholars. Many claims that Shell has breach code of conduct and in a lot of ways have avoided the regulations and guidance set up by Nigerian Federal Government. The mentioned scholars down below have questioned several problematics and possible solutions regarding Shell's operations in Nigeria, and their relationship with the Nigerian state and local community.

Hennchen (2015) explains more specifically in *"Royal Dutch Shell in Nigeria: Where does the Responsibility End?"* how Shell has been engaged with Nigeria and the government for over 60 years. The engagement has involved exploration of oil in the whole country. Hennchen (2015) argues further how MNCs has faced challenges by addressing their corporate responsibilities (p. 2). In the process of presenting their responsibilities, would also make them consider solutions to issues within global regulation and public goods which public institutions have not been able to address yet (Hennchen, 2015, p. 2). Moreover, throughout the article Hennchen (2015) outlines Shell's CSR activities with most the emphasis on the years from 1994-1999. In these years, Shell was facing large charges on human rights violations due to the events of the Movement of Survival of the People (MOSOP) which non-violently protested mainly against Shell. However, the hanging of the MOSOP's leaders in 1995, led to a lawsuit being filed against Shell even though it was the actions of the Nigerian military government (p. 4). This case was one of the first cases filed by the general public against a large multinational company. It was settled in 2009 by Shell paying 15.5 million US dollars with the explanation that it was time to draw a line under the past and move towards reconciliation (Hennchen, 2015, p. 4). In 1997, Shell revised their CSR strategy as well as their General Business Principles due to the realisation of the degrade in their own societal expectation. After the revised CSR strategy, Hennchen (2015) states the improvements of community development happened on a governmental

and non-governmental level. The joining of global governance initiatives was some of the new measure which Shell has taken (pp. 4-5).

In terms of the aim of Hennchen's (2015) article, she questions whether Shell's operations and actions have had a political and economic influence in Nigeria. Furthermore, as the title also suggest, she questions where the responsibility ends, and if Shell can be blamed for the allegations of misconduct. Partly, she concludes that Shell has been a forerunner in terms of CSR however the history seems to repeat itself and questions like how can Shell redefine their CSR strategies while trying to balance the political and economic challenges have surfaced.

Additionally, in *Environmental Cost and Responsibilities Resulting from Oil Exploitation in Developing Countries: The Case of the Niger Delta in Nigeria*, Eweje (2006) investigates practices and policies in 2006 which ought to explain exploitation and production of oil in Nigeria and the following environmental degradation. Moreover, he also mentions the emerging necessity for multinational corporations to address their positive contribution to the environment, however it is argued that companies operating in developing countries have found themselves bearing more responsibility when it comes to environmental degradation. In this connection, it is argued that the CSR strategy from the perspective of a company, it focussed around their relationship with stakeholders and governments (Eweje, 2006, p. 28). Throughout the presented case study, Eweje (2006) suggest that the host communities are to be protected by the MNCs, and moreover the MNCs should be protecting the host communities by assisting them in maintaining regulations, law and monitoring to avoid environmental degradation. Hence, regulations and law have been found inadequate due to lack of establishment of international regulation standards (p. 45). Moreover, the case study also shows that oil companies invest in environmental project which they claim to decrease their environmental impact. Therefore, Eweje (2006) states that pollution prevention pays while pollution does not. Lastly, a result of the lack of practise and regulations, MNCs have from then on incorporated multiple initiatives into their business strategies so they can appear socially responsible for all their actions (p. 52)

In terms of the involvement of the oil host communities, Orubu, Odusola & Ehwarieme (2004) explore the effect of community involvement. In the 1990s, a social movement MOSOP was formed with the intention of informing the international community about the environmental, social and economic suffering happening in the Ogoni region (p. 204). Orubu, Odusola & Ehwarieme (2004)



strongly state that the host communities and oil companies need to find a compromise or a solution to environmental issues together (p. 211). However, concludingly the role of the community and their influence have not been legitimatised or acknowledged by environment policies or management. Moreover, the authors suggest that a sustainable partnership would benefit with monitoring and regulating oil companies hereby attempting to reduce the environmental impact the oil industry has caused so far (Orubu, Odusola & Ehwarieme, 2004, p. 204). Additionally, Idemudia & Ite (2006) also address the relationship between corporations and the communities and their strategies (p. 194). More specifically, they argue the reasons why oil companies fail to implement corporate social responsibility standards amongst host communities and furthermore the need for CSR strategies. They include the communities' perceptions meanwhile also addressing the absence of governmental enforcements (Idemudia & Ite, 2006, p. 194). Compared to other articles, Idemudia & Ite (2006) suggest that CSR strategies of oil companies have generated a culture of dependency which has resulted in a negative attitude towards oil companies (p. 196). It is mentioned that communities hardly contribute to any of the ongoing projects, monitoring or environmental protection which makes it difficult for companies to maintain a corporate-community relation (Idemudia & Ite, 2006, p. 196). Corporate-community relations (CCR) and CSR have similarities as they both prone to conflict in terms of the situation in Nigeria. However, Idemudia & Ite (2006), explains further the CCR must identify the foundation of social conflict by being a mediator of creating stronger relations. On the other side, CSR is criticised for being empty promises and therefore CSR strategies should have the solo purpose of manage relationships (p. 204). Concludingly, CSR and CCR strategies have been moving away from it aim to address the social aspect of their business which initiate conflicts, therefore Idemudia & Ite (2006) suggest a tri-sector partnership (p. 205). This partnership consists of the host-communities, the government and the oil companies, and by including all three parts it will encourage more development and conflict solution in Nigeria (Idemudia & Ite, 2006, p. 205).

As illustrated above, CSR malpractice and corporate-community relations have been highly discussed among scholars. These topics will be reflected upon and incorporated in this thesis. Furthermore, this project has the advantage of supporting other academic articles and further research. The aim is to contribute to the already existing literature on how Shell as a multinational corporation has reacted to the oil spills in 2008 through their CSR strategy in the sustainability reports from 2007-2019 without undermining the corporation's norms.

## 1.2. Limitations

Before investigating the ways, Shell is promoting their CSR strategy through their sustainability reports, it is not only important to note the limitations of this thesis, but also its strengths. By conducting this thesis, it will inform the readers about how multinational corporation deals with CSR strategies and how they promote them. Moreover, also creating awareness of Shell's reporting of its activities in Nigeria through official reports. Glazing through the results if you type "Shell in Nigeria" in the Google Search bar, there is mostly article regarding Shell neglecting the host communities and the environment in Niger Delta. Through the method of qualitative content analysis, it can eliminate the claims of wrongful doings in Niger Delta by doing an in-depth analysis on Shell's operational strategies in Nigeria. Another strength is with the material available, a historical development can be detected to see if any changes have been made, and if Shell's role in Nigeria has changed over the years.

Despite the thesis's many strengths, the boundaries must also be acknowledged. A bias is expected to be created in the material analysed since it is Shell's own reporting on their actions. There is limited availability of supporting material to back up Shell's claims of their activity in Nigeria. Most scholarly articles address how Shell is lacking transparency especially when it comes to reporting of what is happening in Nigeria. Since there is no official document from the federal government of Nigeria stating and confirming the conditions regarding the oil spills in Niger Delta, it can be hard to differentiate between what claims are truthful.

Unfortunately, it is not possible to include every aspect and all the claims against Shell in this thesis. Throughout the work process, the decision of decreasing the focus only to Shell's sustainability reports was made. Therefore, with the limited material available it is only possible to investigate Shell's perspective to the oil spills.

### 1.3. Problem Searching

In the process of making a successful thesis, the problem search is a key element of execution. The problem search should be derived from the research question which explains or ought to investigate a problem. With the changing landscape of sustainable energy, the future of oil companies is being threatened. Like many companies, Royal Dutch plc is also trying to live up to sustainable requirements informally formed by the international society. In this case, the problem of Shell's CSR strategy originates from the accusations of Shell not acting responsibly when it came to the oil spill in Bodo in 2008 and 2009, and moreover the general wonder of how MNCs are operating responsibly across borders. The presented problem was selected due to the interest of the accusations which Shell has faced are truthful, and how Shell is responding to the problematics. Moreover, with the emergence of a more climate focused business practice, the necessity of transparency and honest reporting has increased. Therefore, Shell's sustainability reports were chosen to be analysed and discussed. It is believed that this case study will exemplify Shell's responses while also attempt to investigate and question if Shell is undermining its norms. Furthermore, by considering the critical point of the CSR practice which Shell utilise in the reports from 2007-2019, it is possible to investigate if Shell has changed its CSR strategy and its priorities over the years.

### 1.4. Theory Selection

Throughout this thesis, the theory of transformative CSR joint with transnationalism will be forming the structure of the analysis. The aim of these two theories are to investigate and explore Shell's operational strategies in Nigeria without undermining their norms. Moreover, the characteristics of transformative CSR and the four stages of transnational norm diffusion will be forming the coding frame for the qualitative content analysis in order to help exploring the different aspects of CSR strategies. The theory of transnationalism was chosen due to the aspect of diffusion, which will be described later in the theory section. The aspect of norm diffusion will help to investigate how Shell execute their strategies while trying to maintain their business principles, good status and reputation. Together, these two main theories complement each other by investigating the same problem with two different approaches. While transformative CSR focuses on Shell's activities and their reporting, transnationalism focuses on how and if norms has been transferred through business practices. After reading the empirical material, the decision of matching these two theories with the material was made. The theories are well-suited for the material to explore and answer the research question.

## 2. Methodology

### 2.1. Ontology

According to Della Porta & Keating (2008) ontology is relating to the question of what we study. Moreover, it is the “object of investigation” which also questions how the world is composed and fits together and how we understand it (p. 21). Within social science, the researchers are convinced that reality has different shapes and it only known to a certain degree. Reality can be described as “methodology individualism” where object can be categorised such as gender, ethnicity and class, and only revealed to the researcher as a certain object (Della Porta & Keating, 2008, p. 21).

In this thesis, the ontological perspective is inspired by the notion of interpretivism. In social research, the perspective of interpretivism is historically situated, and the social world is culturally constructed (Hughes et al, 2010 pp. 61-62). Moreover, the objectivity and subjectivity are intrinsically linked which in terms of investigation will help to interpret reality and the interpretation which are culturally derived ((Della Porta & Keating, 2008).

### 2.2. Epistemology

Compared to ontology, epistemology is concerned around knowledge and in other words, how we know things. It addresses the existence of the limitation and nature of knowledge. Therefore, researchers believe in the necessity of claiming sources, while also considering that there is no objective knowledge since knowledge is influence by individual’s educational and social foundations (Della Porta & Keating, 2008, p. 21).

Based on Weber’s notion of ‘verstehen’ and ‘erklären’, means understanding and explaining, the epistemological perspective of this paper is taken from the paradigm interpretivism (Blaxter, Hughes, & Tight, 2010, pp. 61-62). Therefore, the aim of this paper is to understand the actions taken by Shell and understand how they have used these actions to promote their CSR strategy. Sustainability reports are considered as contextual knowledge and will therefore be used as the material for the main analysis.

### 3. Theory

#### 3.1. Transformative CSR

The theory of transformative CSR was formed by the critical perspectives and the considered limitations. According to Visser (2014) a new definition of CSR has been elaborated which he also calls “DNA responsibility bases” and is inspired by the four amino acids in a DNA composition. The four components of the bases are *value creation, good governance, societal contribution and environmental integrity*.

Before describing the DNA of Visser’s CSR 2.0, it is important to recognise and shortly address the history, and the stages towards the final thoughts of transformative CSR. Throughout Visser’s (2014) book *CSR 2.0 Transforming Corporate Sustainability and Responsibility*, he demonstrates other critics’ point of view, and what they all have in common are, that CSR is an inadequate response of multinational corporations to either emphasize their positive action or to hide them (p. 2). Mostly Visser (2014) point out that Porter and Kramer have admitted that the practice of CSR has become more prevalent among MNCs, however they also claim “CSR as a ‘mind-set in which societal issues are at the periphery, not the core’ and ‘a reaction to external pressure – emerged largely to improve firm’ reputations” (p. 2). From all the criticism, Visser (2014) is convinced that the previous CSR practices have failed, however by identifying the limitations and “reforms its nature” then the future of CSR practices will have a chance to survive (p. 3).

In terms of the stages towards transformative CSR, Visser (2014) proceeds by explaining with the experience of working with companies on CSR in over 60 countries, he divides the stages into categories, which are as following: *Defensive CSR, Charitable CSR, Promotional CSR, Strategic CSR* and lastly *Transformative CSR* (p. 8).

*Defensive CSR* also categorised as the Age of Greed due to the ideology of “bigger is better”. CSR was only executed if *it can be shown that shareholders value will be protected as a result*, and moreover any evidence of staff motivation, commitment and productivity was highly prioritised. It was believed that the evidence will “fending off regulation or avoiding fines and penalties” (Visser, 2014, p. 9). Selfishness is a natural behavior in the Age of Greed; however, they must be controlled by norms and rule.

*Charitable CSR* is also embedded with greed. Charity is often funded through monetary contributions. However, it is argued that in every society there is signs of solidarity and sharing (Visser, 2014 p. 10). Visser (2014) exemplifies multibillionaires like Bill Gates and John D. Rockefeller whose contributions were carried out by foundations with their name on and therefore is seen as public act and communicated as legacy statements. These acts will be overshadowed over the generosity instead of focusing on how they made their money in the first place. Therefore, *Charitable CSR*'s focus is giving back to the society either from personal or corporate wealth (p. 11).

*Promotional CSR* is concern with the big marketing drivers for CSR, like the self-regulating UN Global Compact. These initiatives have pro and cons according to Visser (2014). The general interest to incorporate the different criteria into business strategies has increased, however it leaves the companies to get stuck with conditions which cannot be changed, and therefore they are destined to fail (p. 12). Whether it is called 'greenwashing', 'blue washing', and 'whitewashing', *promotional CSR* is trying to close the gap between the claims of CSR and the actual performance and influence of the given corporation (Visser, 2014, p. 14).

From the Age of Management, *Strategic CSR* emerged. The main characteristics of this stage is that CSR is involved in a company's core business by implementing environmental and social management systems for example environmental certifications. Visser (2014) quotes Porter and Kramer, and they claim "the essential test that should guide CSR is not whether a cause is worthy but whether it present an opportunity to create shared values – that is, a meaningful benefit for society that is also valuable to the business" (p. 15).

Lastly, *Transformative CSR*. In the Age of Responsibility, the focus is on the micro level of CSR by understanding the interconnections of the macro level system. By identifying the core problems of irresponsibility along with unsustainability, the aim is to change societal and economic strategies to optimise the overall result. For *transformative CSR* to be successful, company must have ambitions to live up to the admission. And by innovative measure companies can use CSR as a catalyst for systematic change such as policy reforms, cultural values through lobbying (Visser, 2014, pp. 16-17). This will make the CSR easy to live up to because the core problems have been identified, and the vision for the CSR strategies are more considered and determined.

In terms of the DNA of transformative CSR and as earlier mentioned, the notions of *value creation*, *good governance*, *social contribution* and *environmental integrity* forms the fundamental vision for Visser's CSR 2.0. *Value creation* evolves mainly around the financial profitability and economic development. Companies often contribute to infrastructure through investments, creating jobs and providing skill development which improves the local business. However, it is important to ask the question whether the investment benefits or if its harmful (Visser, 2014, pp. 3-4).

In terms of *good governance*, Visser (2014) claims that this area is not new however, his view of good governance in the practice of CSR has not been recognised. Institutions need to be transparent and fair in order to exceed good governance. This can for example be done through reporting honestly on their actions, governmental support, prevention of bankruptcy and corruption using multiple social media platforms and branding techniques (p. 4)

Following, *societal contribution* is highlighting the importance of fair labour practice, and moreover community participation and supply chain integrity. Like in *good governance*, reporting on charitable funding, social collaboration and good labour conditions. However, Visser (2014) argues that these elements of *social contribution* have been categorised as critical elements of CSR due to highly sensitivity (p. 4).

Finally, *environmental integrity* suggests maintaining and improving the ecosystem which the companies are operating in. The hope of becoming carbon neutral and consuming zero waste have led many agendas and strategies towards a more sustainable way of conducting business. Environmental integrity is looking for new innovative approaches to biodiversity conservation, ecosystem restoration and waste elimination and reporting on these matters will only strengthen the transparency of the CSR practice (Visser, 2014, pp. 3-4).

### 3.2. Transnationalism

As encyclopedia Britannica proposes, the notion of transnationalism addresses the diffusion of political, economic and social processes which extends beyond the control of the state (Huff, 2014). The diffusion of process often takes place within the boundaries of the country, and it can be executed by non-state actors, nation states and international corporations.

According to Risse (2013), after the Cold War, globalisation emerged which expanded the interests for transnationalism, transnational relations and international corporations (p. 2). International interdependence also emerged from the shadows of globalisation and derived from international dependence, diffusion followed (Gilardi, 2013, p. 8). Throughout Gilardi's (2013) article Transnational Diffusion: Norms, Ideas, and Policies in the Handbook of International Relations, he argues how decision in one country influence the international context with the special focus of ideas, norms and policies (p. 2) A diffusion can occur in multiple ways, and as also Gilardi (2013) argues, literature has been approaching the issues and understanding of diffusion with the perspective on mechanisms. "A mechanism can be defined as "a systematic set of statements that provide a plausible account of how [two variables] are linked" (p. 8). These systematic set of statements have been grouped into four categories which ought to explain how policy choices and norms can be affected by international influence. The four categories are as followed: *coercion*, *competition*, *learning* and *emulation*.

*Coercion* deals with the imposition of policy by international organisation and countries. These powerful organs can pressure state to implement policies and laws. In correlation, the concept of conditionality has been the driving force for countries to adopt these foreign policies (Gilardi, 2013, pp. 8-9). Conditionality explains the conditions set up by the enforcer for the counterpart to get access certain benefits or resources. The International Monetary Fund, The World Bank and the European Union have been examples of conditionality due to their legitimate status as international financial institutions (Gilardi, 2013, pp. 8-9). In the case of *competition*, it explains how countries or international actors "influence one another because they try to attract economic resource" (Gilardi, 2013, pp. 8-9).

*Learning* is explored through experience. Policy makers with experience are more likely to prevent and foresee the consequences of policy change. This is accomplished by looking into reports and



cooperating with other countries, and moreover learning from previous mistakes made by themselves or even other actors (Gilardi, 2013, p. 11). Concludingly this means that countries and other actors are more likely to adopt a policy or norm if it has been successful elsewhere, and therefore learned from others.

*Emulation* can be defined as a process where policies are diffused due to the social and normative aspect and not because of their objective characteristics. According to Finnemore & Sikkink (1998) the idea of norm diffusion has a *norm life cycle* which includes norm emergence, “norm cascade”, and internationalisation (p. 895). In the case of norm emergence, norm entrepreneurs with organisation platforms are the active driver of norm building. The characteristics of norm entrepreneurs are knowledge of appropriate behaviour in their community, and norm entrepreneurs are often exemplified as organisations, social movements, and transnational advocacies. Moreover, they are also critical towards norm emergence due to the way norms have been framed before. Entrepreneurs need to set a frame to promote a broader understanding and adoption of the issues which contribution to norm building. Therefore, the criticism consists of the way the issues have been communicated (Finnemore & Sikkink, 1998, p. 895). As Finnemore and Sikkink (1998) argues, the ‘logic of appropriateness’ which relates to norms, need to be approached reversely by acting inappropriate. In order to identify which issues, need to be framed, organisation must disobey and with this technique norm entrepreneurs can use persuasion as a tool to send a message as well as frame issues (pp. 895-896). Furthermore, the motivation of the norm entrepreneurs can be described through three motives: empathy, altruism and ideational commitment. Empathy is linked to the compassion norm entrepreneurs have for other actor’s ideas. Some argues that empathy will lead to interdependence and even though the norm entrepreneurs does not benefit from the cooperation, the empathy withholds. In the case of altruism, actors act in the benefit of others but however take the risk of harming other actors. Lastly, ideational commitment refers to promotion of norms, and the norm entrepreneurs’ true believe in values and ideals even though it has no overall effect or benefit.

As mentioned earlier, when norm entrepreneurs are operating at the international level, they will need to have an organisational platform to promote their norms. Some platforms are designed for one specific purpose, however platforms with multiple purpose also occurs. It is argued for example that institution like the UN, World Bank, Greenpeace change their norms, so it correlates to the purpose of the explicit organisation etc., (Finnemore & Sikkink, 1998, p. 899). For organisations, it is

important make use of their strengths and expertise to secure good and appropriate behaviour, not only to prove it to themselves but also to other states to endorse their norms. However, organisations like the abovementioned is not tailored to promote norms, they have the great advantage of accessibility of limited resources (Finnemore & Sikkink, 1998, p. 900). To sum up, Finnemore & Sikkink (1998) point out that “[...] the ultimate goal is not to challenge the “truth” of something, but to challenge whether it is good, appropriate, and deserving of praise” and through organisational platforms, norm entrepreneurs have the capacity to persuade actors (p. 900).

*Norm cascade* is categorised by socialisation and identity. International organisation and other norm entrepreneurs are “agents of socialisation” with initiating norm building. Finnemore & Sikkink (1998) suggest that studies show how international norm diffusion also influence and initiate norm building without creating a domestic pressure for change (p. 902). In connection to *norm cascade*, the identity plays a larger role than expected. States’ identity is shaped by the actions of the international society including the adoption of new laws and policies. States find similarities among other states when trying to identify themselves. The risk of adopting the same norms are higher due to shared values both politically and socially. However, it is argued that a peer pressure is created among states with the similar identity. For states to resist to the peer pressure, Finnemore and Sikkink (1998) is proposing three element which can using as a response to the pressure. These are *legitimation*, *conformity* and *esteem* (p. 903). Legitimation is important for states to obtain, and to recognise who possess the legitimacy in the international system. Referring to domestic legitimacy, it is a belief that there is no alternative for a better domestic political system and structure than the already existing. Therefore, it is not uncommon to compared other state’s choice of political system to your own state in order to optimise and stay legitimate (Finnemore & Sikkink, 1998, p. 903). As Finnemore & Sikkink (1998) state, international legitimacy and domestic legitimacy are interlinked. International legitimacy is important for domestic legitimacy to validate the condition of their power by reflecting on the domestic government and its rules and laws. Concludingly, legitimacy is responding to peer pressure by proving to the norm entrepreneurs and the international society that they have the power to avoid the pressure.

*Conformity* involves around the social proof. States want to show that they comply with the adopted norms as well as becoming a part of the social environment. Moreover, conformity creates the sense of belonging (p. 18). Connectedly, *esteem* is linked also legitimation. It is mentioned that “leaders of

states sometimes follow norms because they want for others to think well of them, and they want to think well of themselves” hence enhancing the national esteem (Finnemore & Sikkink, 1998, pp. 903-904). Lastly, complying with norms also avoid accusations of norm violations.

The third and last stage is internalisation. Internal norms have been centralised and have been considered powerful due to the limitations of internal norms. Norms have not been questioned nor been discussed or heavily considered. As Finnemore & Sikkink (1998) propose, it’s because norms are not controversial and is not at the focus of the conversation (p. 904). Norms are adopted due to conformity which is explained as above. Furthermore, internalised norms can be categorised as those norms in which institutional has made a habit and therefore ‘taken-for-granted’ (Finnemore & Sikkink, 1998, p. 904). Internalised norms are created through engaged cooperation within. Finnemore & Sikkink (1998) heavily argues that involvement of for example local communities and governments, creates stability, predictability and habits of trust (p. 905).

## 4. Research Design and Methods

### 4.1. Case Study Design

The case study research method can be described as an empirical inquiry which ought to interpret and investigate the complexity of a real-world case where the contextuality and the phenomenon are not clearly proven Yin (2014). In other words, Yin (2014) argues the case study is often executed when a case needs to be clarified and explained further. The case study needs to withhold a possible problem, whether it is regarding a person, entity or country (pp. 16-17). Additionally, Robert Stake (1995) also address case study research by emphasizing that a case study’s aim is to understand the situation well as the activity or actions within the single case, even though it might not be relevant for the overall result (p. xi). Despite the focus of one case, multiple source must be incorporate into the interpretation of the case study (Yin, 2014, p. 17)

The case study research design has been chosen for this thesis, due to the aim of investigation and interpreting Shell CSR strategy without undermining their norms. This research method will allow this paper to explore in depth and introduce the different aspects of the chosen case, and moreover presenting them according to the outcome of this thesis. With the focus on Shell, a lot of aspect have been explored and the case study enables the perspectives to be narrowed down and be more precise addressing one problem.

#### 4.2. Case Selection

As presented in the literature review, scholars have questioned the activities of Shell based on their actions and accusations of bribery and political influence. However so far none has explored how Shell present themselves in their strategy, and in this case, the sustainability reports from 2007 to 2019. Moreover, as the author's interest for environmental management and corporate social responsibility, the case of Shell's CSR in Nigeria was highly attractive. Nigeria is sitting on a landmine of oil and since early 1950s MNCs have tried to take advantages of that. The investigation of how MNCs are operating responsibly on foreign territory was very interesting. With the method of qualitative content analysis and the theory of transformative CSR and transnationalism, this can help widen our knowledge of how MNCs is cooperating their own strategy into their operations without undermining their norms.

#### 4.3. Data collection and selection

In order to answer the research question, the main empirical data will be derived from Shell's sustainability reports from 2007-2019. The sustainability reports present an insight into how the company has promised to operate in Nigeria. These reports have been easily accessible both through Shell's own website but also through UN Global Compact self-reporting data base.

The choice of these materials was made since sustainability reports have been used to show how a company plans and expects to act towards good labour and responsible environmental action. In order to secure and maintain the focus of Shell operating in Nigeria, only one section in sustainability reports concerning the specific strategy in Nigeria have been chosen for the analysis. Furthermore, the aim of the sustainability reports must be noted. Shell's aim of the sustainability reports is to present themselves as transparent, while securing good governance at the same time. Moreover, in the report, the attention is on good governance through reporting on the situation in Nigeria and how these often limits their operations in Nigeria.

#### 4.4. Data Analysis: Qualitative Content Analysis (QCA)

Qualitative Content Analysis (QCA) is a method which derives a certain meaning of qualitative data such as articles, interviews, statement through a coding frame. The origins of QCA comes from the interest of the expansion of the media and their effects in the first twentieth hundred. Additionally, the interest of analysing Nazi propaganda in 1941, became more convenient for American government together with their allies. In the aftermath of the discovery of QCA, scholars have argued

back and forth between a quantitative content analysis and a qualitative content analysis. Both methods share many features and are very similar, such as the coding frame. However, the major difference in the two methods are found in how they conduct 'meaning'. While quantitative content analysis has a more "manifest meaning", the qualitative content analysis is, as described "applied to latent and more context-dependent meaning" (Schreier & Flick, 2014, p. 172). The focus of quantitative content analysis is to test hypothesis based on the material. The coding frame is concept-driven which means that other material may be involved in the analysis (Schreier & Flick, 2014, p. 172). On the contrary, the focus of qualitative analysis is to describe or prove a claim through the main analysed data, and therefore is the coding frame more data driven (Schreier & Flick, 2014, p. 174). In relation to this thesis, qualitative content analysis will be applied due to its focus and the data driven coding frame. According to Schreier and Flick (2014) QCA can be described with three key features, firstly systematic, secondly flexibility and thirdly data reduction (p. 170). All features are data driven and embedded in the coding frame. According to Schreier & Flick (2014) a system is created when applying the coding frame as a tool (p. 170). More specifically, a coding frame is a form of layer which can be applied to a set of data, where a frame can withhold over 100 categories and subcategories. Therefore, it is important to be selective regarding categories, and they must relate to the research question and the material which ought to be analysed. By applying the layer of a coding frame to one or multiple data, it will create a systemic order hence consistency. As a result, the description and interpretation of the data will also be aligned in the systematic order (Schreier & Flick, 2014, p. 171). Moreover, QCA is also systematic in the way that its going through different stages of analysis. The possibility for the coding frame to change is most likely, however it is seen as adjusting. At the same time is it often when applying QCA that the coding frame will be requested twice on the material. As also known, double coding is used to test the quality of the categories or subcategories definition. The aim is to make the definitions so accurate as possible so the double coding will be very similar to the first coding (Schreier & Flick, 2014, p. 183)

In terms of flexibility, the coding frame must be ready for editing. Even though it is stated that quantitative content analysis's focus is concept-driven, it is possible for qualitative content analysis to incorporate concept-driven meaning as well as having data-driven meanings. However, the main part of analysis must be data-driven meanings. Due to this incorporation, the method is seen as flexible (Schreier & Flick, 2014, p. 185). In QCA, reduction of data occurs when researchers choose categories for the coding frame. A researcher chooses categories and subcategories selectively

in order to ensure that the research can handle the amount of data while still being relevant for the research question (Schreier & Flick, 2014, p. 170).

Both Schreier (2013) and Mayring (2010) explains the 8 steps towards a successful QCA. The steps are as following: 1. Deciding on a research question, 2. Selecting material, 3. Building a coding frame, 4. Segmentation, 5. Trial coding, 6. Evaluating and modifying coding frame, 7. Main analysis and 8. Presenting and interpreting the findings. These steps will be explained thoroughly in the next section (Schreier & Flick, 2014, pp. 174-175).

Deciding on a research question and selecting material is self-explanatory and therefore will not be addressed further. However, building a coding frame is very significant as the coding frame is the main core of QCA. As mentioned earlier, the coding frame consist of categories and subcategories. The main categories are related to the research aim of information and the subcategories are more specified towards the material and the data within (Schreier & Flick, 2014, p. 175). Coding frames do have certain requirements of unidimensionality, mutual exclusiveness and exhaustiveness. The main categories must display one aspect of the material, as explained by Schreier (2014) in *The SAGE Handbook of Qualitative Content Analysis*. Moreover, the subcategories are created mutually exclusive, and they can only occur under one main category at a time. Moreover, it is also a requirement that all material will be covered by at least one category to ensure a consistency and efficient (Schreier & Flick, 2014, p. 176).

In terms of segmentation, consistency is the focus. Segmentation addresses the process of putting the material into unit under a category or subcategory. The units can be presented by a whole book but also just a single word, however the way these units are being divided is *very specific*. Units are divided by two criteria, a thematic or formal, in order to differentiate between a starting or closing unit. The formal criterion is signaled by a word, paragraph or sentence whereas the thematic criterion looks for a change of topic in the material. It is stated that the thematic often provides a “less clear cut” than the formal criterion, however it often more suitable for the coding frame (Schreier & Flick, 2014, p. 177).

The trial coding process can be classified as the pilot phase. This phase is necessary to modify the coding frame for the second round of coding. As earlier mentioned, two rounds of coding, known as double coding, will ensure the quality of the material by modifying the coding frame after the trial coding. The evaluation and modification are based on how successful the trial but also two criteria consistency and validity. If the subcategories are inconsistent, they will either be relocated to other

categories or deleted. In the case of validity, the subcategories are being questioned whether they are being valid, and how close they are *incorporated in the material*. The modifications will be applied to the new coding frame, and the second round of coding can proceed (Schreier & Flick, 2014, p. 179).

After the double coding, the next step is the main analysis. In the main analysis all the materials have been run through the coding frame. As Schreier (2013) suggests, all material should be organised and presented via a coding sheet which will be prepared and presented in the main analysis (Schreier & Flick, 2014, p. 180). The material needs to respond to the research question while explaining, for example through quotes or other supporting sources, what the meaning of the material is. In this thesis, the finding of the coding frame moreover the material will be presented through coherent text with supporting sources and evidence as well as examples of the coding frame.

#### 4.5. Categories and definitions

As stated above, a coding frame consist of a set of categories which constitute the structure of the coding frame. In this paper, categories are decided upon the characteristics which are found in the applicable theories stated below. Throughout the material, evidence of categories or subcategories will be discovered and analysed to answer the research question.

For the first trial coding, the coding frame will contain of 2 main perspective *transformative CSR* and *Norm Diffusion*. It must be noted, that these are not considered categories, however the actual categories are correlating and linked to their main perspectives. Under *transformative CSR*, the categories are *value creation*, *good governance*, *societal contribution*, and *environmental integrity*. Each category has its own requirements and subcategories. *Value creation* withholds the subcategories of creating jobs, development and investments. *Good governance* deals with transparency and reporting. Within this category it is important to differentiate between transparency and reporting due to their similarities. Transparency will be used when Shell explains operation based on their norms or values, whereas reporting is used when basic fact about operation, circumstances in Nigeria etc. are mentioned. *Societal contribution* is referring to any signs of labour and social collaboration. Lastly, *environmental integrity* addresses the desire to protect the environment and therefore the subcategories have been named prevention and waste elimination. All subcategories can identify which elements of CSR Shell utilise.

In terms of the category *norm diffusion*, the subcategories are as following, *coercion*, *competition*, *learning* and *emulation*. These subcategories were chosen due to their essential role in notion of *norm*

*diffusion*. As described later in the theory section, *coercion* deals with conditionalities in which MNCs can possess. The subcategory's aim is to discover if Shell has presented any conditions to operate in Nigeria, or if there are any conditionalities in which Shell should be aware of. Additionally, in the subcategory of competition, the relevance of competitor must be pointed out, therefore the sub-subcategory is competitors, and the aim is to investigate whether Shell operate alone or with other actors. Regarding *learning*, actors learn from others and their mistakes with the purpose of improving and strengthen themselves. The sub-subcategory of learning is comparison, and this is executed through the understanding of Shell comparing their operations or outcome to other actors or perspectives. The last subcategory within *norm diffusion*, is emulation. The subcategories are norm emergence, norm cascade and internalisation. Norm emergence refers to how Shell is the norm emergence and how they suggest alternative initiatives. Norm cascade explains Shell's identity and legitimacy in an international context, and the aim is to explore if Shell exhibits legitimacy while working with other partners. Internalisation evolves the involvement of the community, and how they engaged themselves into project which are initiated by Shell. The purpose with all the subcategories and sub-subcategories is to investigate how norm diffusion has been used in Shell's sustainability report from 2007-2019.

#### 4.6. Changes to Coding frame

Throughout the trial coding, the pre-set subcategories were proven to be vague and hard to differentiate due to overlapping definitions and therefore in need of correction. The subcategories within transnationalism remain the same, however will be reconsidered through the round of double coding. The subcategories within CSR will need to be changed. It was discovered that the subcategories *creating jobs* and *labour* were similar, and therefore *creating job* will be erased from the coding frame, with the argument that it does not contribute to *value creation* as much as *labour* in *social contribution*. The argument is supported by the findings in the analysis material. Additionally, the subcategory *social collaboration* and *prevention* will be changing names. *Social collaboration* will change into two separate subcategories *health* and *education* due to the tendency of frequent investments within the areas of health and education. In the subcategories of transnationalism, *development* appears to be too broad, however it will remain as a subcategory but changed to *economic development*. Throughout the first trial, examples of how Shell created and contributed development in Nigeria was exponential. However, the content in which they withhold pointed towards economic development rather than social development. Hence, the need for a name



change occurred. With this change, the subcategories *investments* and *economic development* might overlap, and therefore it is important to make a clear distinction between the subcategories. The key elements to *investments* are general investments which does involve further involvement, in other words Shell is only a sponsor. Examples have been found in Shell's sustainability report from 2017 and 2018 which will be explained later in the analysis. As for *economic development*, the key elements are the general development initiatives which Shell promotes in Nigeria. If examples of development refer specific to another subcategories of *health*, *labour* and *education*, then they are categorised according to the correlating subcategories within *social contribution* and not categorised as *economic development*. Examples of *economic development* are explained further in the analysis. Another case like this, is the differentiation between *transparency* and *reporting*. *Transparency* is used when Shell is referring to their norms as well as business goals which are stated above. *Reporting* is used when Shell is addressing the actions in Nigeria. Simple fact regarding the conditions at the oil spill sites, like theft and corruption.

The coding sheet for both trial coding and the double coding can be explored in the appendixes.

## 5. Analysis

### 5.1. History of Shell's activities in Nigeria

In order to fully understand Shell's CSR strategy from 2007, it is important to shortly outline Shell's history of involvement with conducting business in Nigeria, from the first operation until today. In 1936, The Royal Dutch Shell Group established the Shell D'Arcy which was the first Shell company in Nigeria. By 1958, Shell was granted with an exploration license to inspect Nigeria for oil. Throughout 1956 to 1958, the first drillings and the first oil export occurred. Shortly after the independence of Nigeria the 1<sup>st</sup> of October 1960, Shell commissioned export terminals. The Federal Nigerian Government wanted to be involved with Shell operations, and therefore in 1973 the first participation agreement was set into place. The government acquired 35 % of the shares, and yet a year later, the government increased the equity to 55 %. Another 5 years later, the third and fourth participation agreement was passed with first 60 % and then 80 % of the shares later the same year (Shell, n.d.b). In the years to follow, new participation agreements and other agreements occurred. However, in 1990 the Movement of the Survival of the Ogoni People (MOSOP) was establish and led by the environment rights activist Ken Saro-Wiwa who starts campaigning for getting a share of the oil wealth because they are extracting it from the Ogoni People's habitat (Reuters, 2018) . In 1993,

the MOSOP organised a protest where Shell and oil production was their target which ended in a violent riot with 9 hangings of the leaders of MOSOP later in 1995 (Reuters, 2018). Nigeria's military government occupied the Ogoni region, which made Shell withdraw from the area. In the years after, SPDC prioritised further development of natural energy. Shell Nigeria Gas Company was established, and offshore operations were initiated. Even though Shell decreased their activity in Niger Delta area, signs of exploration still impacted the environment in Niger Delta. In 2008, two larger spills on pipelines occurred and affected the region of Ogoniland especially the Bodo community. And with no signs of clean-ups, a group of Nigerians from the community of Bodo filed a lawsuit in 2012, with the claims of compensation for the 2008 oil spill to rebuild their community (Reuters, 2018). Yet again in 2013, the organisation Friends of the Earth and the wives of the MOSOP leaders filed another lawsuit against Shell. The Dutch court ruled Shell to be partially responsible for the oil spills and general pollution in Niger Delta. In 2015, Shell agreed of the responsibility for the Bodo oil spills and compensated with 55 million pounds to the villages in Ogoniland, to clean up their land (Reuters, 2018). As shown, Shell developed slowly and progressively in Nigeria both onshore and offshore.

## 5.2. Definition of Norms

The literature of norms has discussed the definition's variations, however the definition which George C. Homan's illustrates was notified as the more general explanation. "A norm is a statement specifying how a person is, or persons of a particular sort are, expected to behave in given circumstances - expected, in the first instance, by the person that utters the norm. What I expect of you is what you ought to do" (Opp, 2015). As Homan defines, norms are statements regarding behaviour which distinguish from beliefs and attitude (Opp, 2015). Moreover, norms are often being used to define institutions. It is argued that "an institution is a regularity of behaviour or a rule that is generally accepted by member of a social group [...]" and that is being applied by the institution as well as organisation (Opp, 2015).

Since the notion of value is very similar to norms and at times hard to differentiate from, a definition of values will be necessary to limit the confusion. Just as the literature on norms, values do also have many variations. Values have been described as "satisfaction, enjoyment, an attitude taken up towards an object which is valued" (Osborne, 1931 p. 436). Moreover, values have related to ideals, and as Osborne (1931) states, "values are the object of socially approved ideals or purposes" (p. 436).

### 5.1. Shell's general business principles

Before displaying the analysis of the sustainability reports, the general business principles of Shell must be explained. The core values of Shell are honesty, integrity and the respect for people. Moreover, the importance of trust, openness, pride, teamwork and professionalism is also mentioned in Shell's report of general business principles (Shell, 2014b). Furthermore, it is stated that Shell comply with five areas of responsibility: to their shareholders, to their customers, to their employees, to whom they do business with and to the society. In terms of the general business principles, Shell reports on 8 different areas. Principle 1, Economy. For Shell to continue operating and keep on growing, investments are essential. Principle 2, Competition. Shell embraces free competition, and therefore seek to compete ethically, lawfully and fairly. Principle 3, Business Integrity. As earlier stated, the core values are based on honesty and integrity. Business must be conducted lawfully from both Shell's side but also from the ones Shell are doing business with. Bribes, indirect offers and payment are strictly prohibited. Employee conflict will be considered as obstacles and therefore must be avoided. Principle 4, Political Activities. As a company, Shell does not involve in political activities, however cooperating with governments, Shell have the right to act according to its values. Principle 5, Health, Safety, Security, and The Environment. By setting certain standards, target for improvements and reports on these matters. Principle 6, Local communities. Shell intent to improve their social impact of their business, and with both directly and indirectly contributions Shell claims they have a constructive interest in societal matters. Principle 7, Communication and engagement. Shell acknowledges engagement through regularly dialogue with their stakeholders. By honest reporting on their performances, Shell comply by listening and responding honestly. Which leads to the last principle. Principle 8, Compliance. The overall claim of compliance according to laws and regulations in the countries which they are working within (Shell, 2014b, pp. 1-12).

After examining the general business principle, the question of whether these principles are norms or values appeared. Referring to the definition of the norms and values, the difference is that norms are a statement regarding how a person should behave whereas values concerns general standards which decides what is good and bad. On this basis of the definitions, the abovementioned principles will be evaluated according to norms and values with the perspective of the Shell operations in Nigeria. Principle 1 regarding economy is a value due to the general standard of good practice, meaning investments are choices of the individual. Principle 2, competition is also a value since Shell allows competition, and yet again this a choice of Shell and how they accept competition. However, principle 3 regarding business integrity is a norm. Shell must comply lawfully, and actions of bribery and

misconduct is prohibited. Additionally, principle 4 is also norm. As an MNC, Shell ought to not interfere politically as Shell clearly states in their business principles. Regarding principle 5, this principle is split due to the argument that it is partly based on norms and values. Health, safety and security are norms due to rational choice of doing good, however environment is a norm due to the lawfully obligations which the Nigerian government have set for any company working in Nigeria. Principle 6 address the local communities. The commitment made to the communities is also considered a value as it is a choice of doing good. Principle 7 includes the communication and engagement, which more specifically address honest reporting and communication with Shell stakeholders. The principle is considered a value since Shell is not obliged to uphold the requirement of communicating, but however, this can be a good thing to do. Lastly, principle 8 regarding compliance is a norm since Shell should comply with all laws and regulations in the countries, they are operation within, especially Nigeria.

The general business principles' usage in the sustainability report will be discussed in the section of *sub-conclusions and further considerations*.

## 5.2. A transformative CSR perspective of Shell's sustainability reports

Through the lenses of transformative CSR, the sustainability reports have been analysed through the 4 categories and the 9 correlating subcategories. To sum up, the categories of the final and double coding frame are *Value Creation*, *Good Governance*, *Social Contribution*, and *Environmental Integrity*. As for *Value Creation* the subcategories are *investment and economic development*. *Good governance* entails *transparency and reporting*. The category of *social contribution* entails two subcategories *labour, health and education*. And lastly, *environmental integrity* holds the subcategories of *waste elimination and prevention*.

### 5.2.1. Value creation

Concerning the first category of *value creation*, Shell express a need for value and status through their investments and economic development. Throughout the 2007-2019 sustainability reports, value creation is often displayed through the investments in which Shell has made either to the Nigerian government through royalties and taxes, or towards projects concerning energy, like gas and solar energy. Moreover, Shell address their lack of funding throughout the years of 2007 and 2008. Shell is a multinational corporation which is primarily funded through stakeholders as a public limited company that survives on investments from shareholders. As described in the theory regarding value creation, it is important to ask the question of whether the investments of Shell are beneficial or

harmful (Visser, 2014, pp. 3-4). When looking into the sustainability report of 2018 and closer at the subcategory of *investments*, it has been displayed 13 times in connection with a new project. One of the 13 displays is the example of the independent and Nigerian company called “All On” explores the expansion of off-grid energy with the aim of supplying all Nigerians electricity. Shell has helped All On since the beginning of the project (Shell, 2018, p. 40). This investment is beneficial both for the project itself but also in terms of Shell’s value creation. When Shell is reporting on this matter, it creates trust and legitimacy, and furthermore creates a good understanding of Shell’s further investments. They contribute and support local businesses. The same example of investment was used in the report from 2017 (Shell, 2017, p. 29).

In terms of *economic development*, the subcategory has been mentioned more frequently than investments. It has been categorised 51 times throughout the sustainability reports from 2007 to 2019, whereas *investments* only called upon 13 times. This result was projected since the main actions of Shell’s economic development are focused on helping in Nigeria. Since 2016, Shell has been reporting transparently on their economic development and contributions in Nigeria. It has been displayed as following.

“\$29 billion: economic contribution from the SPDC JV partners to the Nigerian government from 2012–2016. \$1.4 billion: Shell share of royalties and corporate taxes paid to the Nigerian government in 2016 (SPDC \$1billion; SNEPCo \$0.4 billion). 94%: Shell Companies in Nigeria contracts awarded to Nigerian companies. \$0.74 billion: Shell Companies in Nigeria spend on contracts awarded to Nigerian companies. 96%: employees of Shell Companies in Nigeria are Nigerian” (Shell, 2016, p. 34).

Other examples of *economic development* are shown through all the sustainability reports. It is often that general reporting, like the following example, that economic development consists of. “SOCIAL INVESTMENT PROGRAMMES. Shell companies in Nigeria work with all tiers of government, communities and civil society to fund and implement social investment programmes” (Shell, 2017, p. 29). Additionally, *economic development* complies with value creation by reporting on which contribution the company has made. However, it can be claimed that these contributions are often profitable for Shell to make in order to secure their value creation and strengthen their corporate-community relations.

### 5.2.2. Good governance

The category of *good governance* entails the subcategories *transparency* and *reporting*. In the case of *transparency*, the subcategory was frequently mentioned throughout all the reports. *Transparency* is used to appear fair and to present themselves as a company with no faults. As mentioned earlier, *transparency* has been utilised by mentioning Shell's general business principles, and therefore the examples in the analysed material reflects upon these definitions.

For example, in the report from 2018 it states, "Spill response and prevention in Nigeria: Shell Companies in Nigeria continue their relentless focus on working with communities and managing their impact on the environment" (Shell, 2018, p. 41). In this example, Shell is referring to their continuing work with the community on the environmental concern. However, according to the National Environment Regulation 2009, to have an operating oil license you are obligated to pay your taxes but most importantly you have a commitment to the environment (The Federal Government of Nigeria, 2009, p. 1123). If not complying with these laws, Shell and other oil companies have the risk of losing their exploration license in Nigeria. Even though most of the material within the subcategory of *transparency* is reported, it must also be looked at from a critical point of view. The known oil spill which occurred in Imo River in 2008 and 2009 has not been addressed directly.

However, in relation to the spills, in 2015 Shell announced that they have paid a large sum of money in settlement to the community of Bodo (Shell, 2015, p. 24). The attention was drawn to this area due to the issues of cleaning up after the oil spill. The long-lasting pollution of water and soil affected the Ogoni and Bodo community surrounding the river heavily. Relating to more announcements, Shell is constantly working of initiatives and agreements the communities to clean up the area. For example, these examples are especially emphasised in 2007, 2009, 2014 and 2015, where is it explained as following citation. "As operator of the joint venture, SPDC continued to clean up old oil spills. We have re-estimated our operational oil spills volume for 2008 – from 2,200 to 8,800 tonnes – to include the results of investigations completed in 2009, in line with normal practice" (Shell, 2009, p. 22). Through their efforts they show good governance in terms efforts and awareness.

In terms of *reporting*, it is the category with most classification. As mentioned earlier, *reporting* focuses of reporting on Shell's own actions and general circumstances in Nigeria. After analysing the first three sustainability reports, a pattern emerged. Reporting on theft and how it is relating to the oil spills appears in every sustainability report. Not only is it a problem for Nigeria but a continuing problem in Shell's way of operating. "The increase in 2018 can in part be explained by increased

availability of our production facilities following the repair of a major export line in 2017. Since 2012, SPDC has removed more than 1,160 illegal theft points” (Shell, 2018, p. 42). As stated, the improvement of the conditions of the pipelines, and removal of theft point has now increased Shell performance of oil mining. Furthermore, all the information regarding the reduction in oil spills and gas flaring, collaborative initiative which Shell participates in and the guidelines and reports which United Nations Environment Programme (UNEP) have presented, are also a part of the frequent examples which *reporting* withholds. Overall, reporting contains general information regarding simple activities.

### 5.2.3. Social contribution

*Labour, health and education* are the major drivers of the category of *social contribution*. *Labour* was chosen as a subcategory due to the claim of Shell creating jobs when they are working with local communities. *Labour* only appears 5 times altogether over the 12-year period. The examples of labour is display through not only creating jobs for Nigerians but also involving them in projects where Shell are the leading actor. The sustainability report from 2019 suggests following:

“In 2019, Shell companies awarded contracts worth more than \$1.1 billion to Nigerian firms and helped to develop infrastructure. SPDC worked with around 286 Nigerian companies and about 3,000 Nigerians to deliver the Southern Swamp Associated Gas Solution project. The contracted companies provided services including building processing facilities, laying pipelines and providing commercial offshore divers” (Shell, 2019 p. 73).

This example can be argued from two different perspective. Firstly, Shell does create more opportunities for Nigerian firms to develop further and therefore this act can be acknowledge as a social contribution. Secondly, in terms of creating jobs, it is controversial that they are creating new jobs when they are contracting companies to do their projects.

Another initiative to involve communities in Shell works is the Global Memorandum of Understanding (GMoU) agreement which were signed in 2006. In the sustainability report of 2007, the first step of the community agreement GMoU is mentioned (Shell, 2007, p. 25). According to SPDC’s website, the GMoU is an agreement which is represented by local communities and their local governments, as well with the support from the federal government, Shell and non-profit- and developing NGOs. Some of the terms of this agreement is for the communities to decide themselves which development they seek and in return SPDC and their other partners will provide funding for five years to ensure a stable process for the communities’ development plans (Shell, n.d.a). Shell

reported the progress of the initiative, and by the end of 2011 Shell has ensure the involvement of 290 communities which makes up for 30 % of the local communities in area of Niger Delta. And with 569 projects completed through GMoU, Shell announces this community agreement to be very successful (Shell, n.d.a).

Investments towards hospitals have been made since 1980s, however the concern for reporting on *health* has only appeared from 2013 and onwards in the reports. In 2015 and 2019, the focus of *health* was particularly higher than the other years. The reason for this is the citing of the health-insurance which Shell and its joint ventures had set up at the hospital in Port Harcourt in 2010. This establishment was also shortly mentioned in the report from 2010, where it was stated that 8000 Nigerian signed up by the end of 2010 (Shell, 2010, p. 19). The health-insurance became more popular amongst Nigerians, and in 2015 the health-insurance gained 45,000 new members to its already 550,000 members (Shell, 2015, p. 25). In 2019, Shell states that they aim to improve the health care in Nigeria by making treatment for diseases such as cancer, get vaccines and maternity help more accessible for everyone in Nigeria (Shell, 2019, p. 73). Moreover, the health-insurance initiative snowballed the idea for proper cookstoves for the communities in 2016. New kitchen equipment can have an effect in people's health and overall well-being (Shell, 2015, p. 25).

The major contributions which Shell are making according to *social contribution* are the investments going towards *education*. Like many other cooperations and agreements, Shell does want to improve the educational system in Nigeria. It was mentioned that, "In 2013, almost 1,800 secondary school places and 850 university scholarships were offered, with more than \$7 million invested in the programme" (Shell, 2013, p. 24). Another example is Cradle to Career which pays for the children from rural areas in the Nigeria Delta to attend secondary school. The programme launched in 2010, and 360 students was signed in the programme at the end of 2014 (Shell, 2014, p. 36).

To take a quick glance of education in Nigeria, UNICEF states that even though the primary school is compulsory and free, 10.5 million of Nigeria's children are not in school. It is only 61 percent of the country's 6-11 years old who go to school, and approximately 35.6 percent of the 3-5 years old who receive early daycare (UNICEF, n.d.). With the general information about the education in Nigeria, it is a clear that the educational system is slowly degrading, and therefore Shell has an interest in helping Nigeria with this problem, while they also present themselves a the good governance.



#### 5.2.4. Environmental Integrity

*Environmental integration* entails the two subcategories *waste elimination* and *prevention*. Both subcategories were frequently discussed through the sustainability reports. The reason for the transparency of environmental impact could be due to the requirement from the federal government of Nigeria, of ‘cleaning up after yourself’ and act responsible towards the nature surrounding the operations (The Federal Government of Nigeria, 2009, p. 1123). In terms of *waste elimination*, the subcategory has often evolved around the clean-up of the oil spills. An example that is often mentioned is the action of cleanups as demonstrated in the following quote.

“As operator of the joint venture, SPDC continued to clean up old oil spills. In 2007, it completed the clean up of 61 out of 74 outstanding sites. Of the remaining 13, communities refused access to eight of the sites and work continues on the remaining five. By 2006, SPDC had dramatically reduced operational spills, thanks to better pipeline monitoring and maintenance” (Shell, 2007, p. 25).

As earlier mentioned, the sustainability reports were chosen from the perspective of the historical events of the major oil spills in Niger Delta in 2008, and therefore the expectation of this problem being addressed in 2008 and 2009 was high. The report in 2007 was included to show what the conditions and the focus of Shell’s reporting in Niger Delta was before the spills. In 2008, the same style of reporting as the example above, was presented. With other words, these are just general reporting on how Shell has prevented further oil spills by improving the conditions of the pipelines. And yet again in 2009, no reporting regarding the actions to prevent the spills in Niger Delta. Therefore, and according to the report in the following years of the oil spill, no immediate action has been reported. In the 2019 report, more specific evidence appeared. Shell address the spill affecting the Bodo community and the prospected plans to eliminate the waste which have been caused by Shell. The thoughts of the lack of reporting will be further developed in the discussion. Moreover, Shell decided to take further action when it came to the climate and commitments. Shell touch upon their vision of tackling single-use plastic usage at their facilities. They started the initiative by introducing water refilling systems and reusable bottles (Shell, 2019, p. 75).

*Prevention* has decided upon due to Shell plans of preventing oil spill in the future. With 47 citations, *prevention* often portraits Shell’s continuing involvement of protecting their pipelines. As just mentioned, Shell was highly engaged in 2019, and they laid out a plan for the clean-up in the Bodo community. Their proposal is “1) removal of free-surface oil, 2) remediation of soil and 3) planting of mangroves and monitoring” (Shell, 2019, p. 75). Other examples of *prevention* include more

initiatives the SPDC has made to help the process of cleaning up in those communities where they operated in. The following quote exemplifies what the purpose of the many initiatives can be. “In 2017, SPDC launched new initiatives, such as a Niger Delta biodiversity strategy and a toolkit which provides guidance on restoring mangroves that will help to strengthen its remediation and rehabilitation efforts” (Shell, 2017, p. 30). SPDC take alternative measures to enhance their environmental initiatives.

#### 5.2.5. Sub-conclusion and further considerations

Looking through the lenses of norms, transformative CSR has portrayed some norms in the sustainability reports. In terms *value reaction*, investments and economic development has been reported on. The findings suggest that Shell has created value through the contributions to the local communities or Nigerian firms. Relating this to norms, it can be argued that Shell does undermine its norms since the subcategories *investment* and *economic development* unfolds as values. Furthermore, through *good governance* Shell appears transparent by reporting on the conditions in Nigeria. To the public eye, Shell’s transparency creates legitimacy and trust, however looking at their *good governance* from a normative perspective, it can be concluded that these subcategories are values due to the ideal purpose of appearing honest and transparent. In the case of *social contributions*, the findings show that Shell has contributed a lot to the local communities, both through labour, health and education. Shell has help set up educational funds and programme while also ensuring a functional healthcare system. Like the previous categories, the *social contribution* is also perceived as a value to the general purpose of reporting on contribution to the local communities. Despite the previous 3 categories, *environmental integrity* is a norm. As mentioned earlier, the federal Nigerian government has set of regulations in which Shell need to obey by otherwise the government have the executive power to withdraw the exploration license and discharge a fine for misconduct.

As the sub-conclusion suggest, 3 categories of transformative CSR have been categorised as values, whereas only one a norm. Therefore, it can be concluded that Shell does undermine its norms from the perspective of transformative CSR.

Referring to Shell’s business principles which were presented earlier, the analysed tendencies within CSR in the sustainability report have shown some similarities with some of the principle. Business principle 1 regarding economy can be compared with Shell’s investments due to the statements of

investments are essential for Shell future economic growth. Even the sustainability reports do not withhold an economic overview, Shell investments is still the focus of analysis. Business principle 5 which concerns health, safety, security has been addressed in the sustainability reports a one major focus of Shell's priorities. Due to oil theft and criminal activity in Niger Delta, Shell's has struggled with the safety of their staff and contractors and in 2007, Shell workers were kidnapped by the militants. Luckily, they were not harmed further (Shell, 2007, p. 25). By reporting on this matter, Shell achieves transparency, and hereby comply with their business principle. Moreover, business principle 6 address the cooperation with the local community. Since GMoU was signed in 2006, Shell has involved the local community in more project which are stated throughout the reports. Principle 7 talks about communication and engagement. Alone the sustainability reports are proving of complying with this principle. By reporting on different situations in Nigeria, Shell is informing their stakeholders of activities in Nigeria. Furthermore, the suggests which Shell has presented for the government as tightening their security and improving the monitoring of oil theft in the Niger Delta, will also be encountered as communication and engagement. Regarding principle 8, it addresses compliance. Since the sustainability reports are Shell's perspective on reporting, being biased can only be assumed. As any other MNC, Shell only has the interest of protecting their reputation and complying with the business principles they have set up for themselves to create legitimacy and trust. Referring to the chapter regarding *Shell's general business principles*. It is stated which principles can be considered as norms and which as values. Regarding which norms and values, Shell only makes use of one norm, which is compliance. This create another example of Shell undermining its norms.

As one might wonder, not all the principles have been utilised in the perspective of transformative CSR. Principle 2, 3 and 4 have not been mentioned. The three principles concerning competition, business integrity and political activity are not relevant for the sustainability reports due to the connotation as well as no mentioning of the principles in the reports.

Moreover, the priority of the different categories must be addressed. Looking at it from a statistically point of view the category of *good governance* have been mentioned 288 times throughout the coding frame and therefore the category utilised the most and prioritised more than other categories combined. Based on the usage of *good governance*, it can be stated due to the purpose of the sustainability reports, the result was expected. The subcategory of *transparency* increased over the analysed 12-year period. From 2007 to 2013, only 32 of the total 103 citations was mentioned. And

naturally from 2014 to 2019 the remaining citations was mentioned. The focus of transparent has been shifted. The same pattern surfaced in the subcategory of *reporting, investments, economic development, labour, education, health, waste and prevention*. An event which can be considered while wondering about the increased amount of citations, is the lawsuit which were filed against Shell in 2012 by the Bodo community. They requested a compensation for the oil spills in 2008 and 2009 which caused losses due to health issue and decreased their overall standard of living. And to uphold Shell's reputation, Shell would have to evaluate their strategies. And as mentioned earlier in the literature review, Shell revised their CSR strategy and general business principles in 1997, just a few years later after the death of the MOSOP leaders (Hennchen, 2015, p. 4). Therefore, increased focus on CSR after a historical event is not uncommon.

Throughout the trial coding, patterns of tendencies started to appear. As explained earlier, the stages of CSR started to surface. In the older reports it is important to notice with which intentions and aim has Shell reported. With the evidence of Shell negotiating a GMoU agreement, it can be interpreted as a strategic move. As earlier quoted, Visser cites Porter and Kramer, business should look to create shared values with its partners, and therefore each cause will be beneficial to both Shell and the communities as well (Visser, p. 15). However, the shift from Strategic CSR to Transformative CSR happened in 2011 where reports from Presidential Commission questioned SPDC's effort to clean up. According to Shell's statements, they have reacted to the accusation of a lack of proper clean up. Yet again in the 2012, Shell reevaluated their activities due to another report in Ogoniland. According to these measures, Shell have acknowledged their irresponsibility of oil spills and tackled this problem by initiating improvements and clean up action. Based on these actions, it can be claimed that Shell has followed the essential elements and focus of Transformative CSR of recognising one's weaknesses and turning them into strengths. And therefore, it can be concluded that Shell has transitioned from Strategic CSR to Transformative CSR with the 2012 as the turning point.

### 5.3. A transnational perspective of Shell's sustainability reports

To achieve a transnational perspective of Shell's sustainability reports, as well as to answer the research question of how does Shell promote their CSR strategy in Nigeria without undermining the diffusion of norms, an analysis applying elements of transnationalism is needed. To recap, within the lenses of transnationalism, 4 categories and 6 subcategories were created. The 4 categories were formed according to the 4 stages of norm diffusion which are *coercion*, *competition*, *learning* and *emulation*. The meaning and development of these categories can be further discovered in the section of *Categories and Definitions*. The correlating subcategories will be explained through the findings of the analysed material.

#### 5.3.1. Coercion

Within the category of *coercion*, *conditionality* was selected as the subcategory. *Conditionality* was mentioned occasionally, however throughout the sustainability report of 2009 *conditionality* was cited 4 times, which is also the largest citing of all reports analysed. One example is "We are lending money to the government to fund its share of this project. The gas will be used to provide energy for the domestic market. SPDC has received instructions from the government not to decrease production to reduce flaring" (Shell, 2009, p. 23). This example does not directly describe a form of conditionality, however when looking at it critically, a reason for conditionality surfaces. Shell is lending money to the Nigerian government to fund a project they are sharing. Even though it might be Shell's interest to help, the thought of them not gaining anything in the process is unlikely for a multinational corporation like Shell. Therefore, it is believed in this example, that the government would have expressed conditions for Shell to continue their production of gas and hereby reduce gas flaring, as stated in the example (Shell, 2009, p. 23). After all, it is the Federal Nigerian Government, who controls the distribution of oil exploration licenses and punish those who neglect regulations with fines. Yet again in the report of 2017, it is stated "some of these investments are mandated by federal legislation, such as requiring all oil companies in Nigeria to contribute funds from their annual budgets to the Niger Delta Development Commission" (Shell, 2017, p. 29). This exemplifies, the conditionality quite well. The conditions are embedded in the federal legislation and therefore must Shell comply with these laws.

In terms of *conditionality*, many claims can be made regarding Shell and the government's relationship. Looking at the bigger picture, Shell extracts large amount of oil from Nigeria's

underground, and Nigeria is benefitting when selling the oil. Therefore, *conditionality* applies and occurs for both parties. This business relationship will be shortly touch upon in the discussion.

### 5.3.2. Competition

The category of *competition* withholds the subcategory of *competitors*. Since it is Shell's sustainability reports which are being analysed, the expected cites of *competitors* will be less. However, an example of competition has been shown in the report of 2011. "It also held meetings with community leaders, regulatory authorities and social organisations to discuss these issues and SPDC oil spill management practices" (Shell, 2011). When talking about competitors, it must be remembered that it is not referring to the direct competition from other oil companies, but purely in terms of norms. One might ask if cooperation will harm one's influence of norm diffusion, and the answer can and will not be explored since it is not the focus of the thesis. Furthermore, in 2018 Shell initiated a collaboration with International Union for Conservation of Nature with the aim of enhancing environmental protection (Shell, 2018, p. 41). At times, collaborations can have a positive outcome. It was mentioned that an independent advisory panel gave Shell input on their view on environmental integrity, and Shell claims that with this feedback they have strengthened their environmental effort (Shell, 2018, p. 41). However, this feedback can contribute to the competition of norms when suggests of changes are being made.

### 5.3.3. Learning

The example of the independent advisory panel can also be related to the content of *comparisons* and *learning*. Shell can compare themselves, their norms and CSR strategy to others, and the other way around. *Comparisons* occurs 8 times throughout the analysed material which makes it one of the least emerging subcategories. However, in the sustainability reports from 2007, 2008 and 2009, *comparisons* are the first subcategory presented. In all examples of the subcategory, Nigeria is portrayed as a country with large gas and oil reservoir who can help the growing demand for energy worldwide (Shell, 2008, p. 20). And as for Shell, they are immediately helping Nigeria to achieve their full potential.

### 5.3.4. Emulation

In the case of *emulation*, the three subcategories are *norm emergence*, *norm cascade* and *internalisation*. *Norm emergence* occurs frequently due to Shell reporting on which parties they are working with. "Shell companies in Nigeria are also working with federal and state government

agencies, communities and civil society groups, such as non-governmental organisations, to try to create a safe operating environment” (Shell, 2017, p. 28). Because Shell is working with all above-mentioned agencies, they can be postulated as the norm emergence since it is those who are engaging the norms and the collaboration with the different agencies. Other examples of *norm emergence* have shown to have different perspectives. It is exemplified when Shell suggests new initiative directly. As shown in the following example, “[...] Government must lead the way. The best contribution SPDC can make is to grow and sustain our business in a responsible way: this will maximise revenues to the government, protect tens of thousands of jobs, provide valuable contracts to Nigerian companies, and develop industry skills” (Shell, 2010, p. 18). Shell leads by example due to the claim that their best contribution is to act responsible. Concludingly, *norm emergence* suggests two ways of being a norm entrepreneur. The first is cooperation with other states, and how companies indirectly affects their partners with norm diffusion. The second is the direct suggestions of action to the government or other partners. As stated above, Shell is suggesting the government to act, however in the case a simple suggestion does not make Shell a norm entrepreneur.

As presented in the section of *categories and definitions* and in the theory section, the subcategory of *norm cascade* is based on socialisation and identity. Throughout the sustainability reports Shell’s identity and their legitimacy is being examined. Shell reported “We have also taken important steps forward to formalise the role of non-governmental organisations (NGOs) and other civil society representatives in the Joint Investigation Visits (JIVs) that follow oil spills” (Shell, 2014, p. 35). The cooperation between Shell and NGOs and the way Shell is formalising the role of NGOs, can be interpreted as Shell is utilising their legitimacy in terms of strengthening their relationship. Shell’s identity can be analysed through their business principles. Shell has set up standards which they wish to oblige to and which they see fitting into the companies aim. The usage of the business principle will be further addressed in section of *sub-conclusion and further considerations*.

Lastly, the last subcategory *internalisation*. This subcategory explores the involvement of the communities. As Shell states in their 2019 sustainability report “SPDC also works with a range of stakeholders in the Niger Delta to build greater trust in spill response and clean-up processes. Local communities take part in the remediation work for operational spills” (Shell, 2019, p. 75). With the agreement of GMoU, Shell and the communities more interlinked than even before. As mentioned earlier, the agreement allows community to flourish through funding of Shell. Therefore, and in the abovementioned, the local community is involved in the remediation work together with Shell. In

2010 report, the positive response of the GMoU was expressed due to the community's influence in the decision-making process (Shell, 2010, p. 18).

#### 5.3.5. Sub-conclusion and further considerations

The findings of transnationalism suggest that Shell is under implicit conditionality imposed by the federal Nigerian government. In order to obtain their exploration license, they need to oblige to the conditions and regulations which are set up in the national environmental law of Nigeria (The Federal Government of Nigeria, 2009). In terms of *competition*, Shell's does not express any sign of competitors in their sustainability reports, however the influence of collaborations can be considered to compete with Shell's norms. This leads to the *comparisons*. Shell utilised and compare Nigeria oil resources with the rest of the world. Moreover, within the category of *emulation*, the subcategories *norm emergence* explored whether Shell has been acting as a norm entrepreneur or not. Even though Shell is working with the Nigerian government, Shell also proposes new initiative to improve certain problem within Nigeria, however, in this case Shell does not act a norm entrepreneur based on the idea of new initiatives. *Norm cascade* is idealist through identity and socialisation. Shell has socialised with NGOs by making collaborate project. As the findings suggest, Shell utilise its legitimacy through this collaboration to strengthen their relationship with their partners. A strong relationship with the local communities also contributes to the internalisation of the norms. With the advantage of GMoU, Shell is also secured engagement from community when it comes to cleaning up the oil spills in the affected communities.

When talking about the transnational perspective on Shell's sustainability report in connection to Shell's general business principles, similarities have been found. As stated earlier in connection to the CSR perspective, principles 6, 7 and 8 have also been detected from the analysis of the transnational perspective in the reports. In terms of local communities, it is yet again the close cooperation with the community which is in focus. Shell efforts of involving the local communities have been successful (Shell, 2010, p. 18). Principle 7 of communication and engagement is reflected when Shell is cooperation with the government and NGOs. And to report on this matter, shows transparency, integrity and engagement. As for principle 8 of compliance, they promote their norm, values and business principles and by complying to them and getting other to comply with them, it can be concluded that they achieve the principle of compliance.



Once again, the question of which principles have been prioritised will be raised. Principle 1-5 have been excluded from the perspective of transnationalism due to invalidity. The invalidity is caused by the aim of the categories of transnationalism since they were not designed to address a certain topic like the categories of transformative CSR was. As business principle 6 and 7, regarding local communities and communication, are categorised as values, then Shell still execute the principle of complying. Therefore, 2 out of 3 principles are values, which draws the conclusion that Shell has yet again undermined their norms.

The weight of the subcategories varies a lot. *Norm emergence* has been recognised as the most cited subcategories. As earlier stated, the purpose of *norm emergence* is to encourage norm building through cooperating with different partners. Since Shell is driven on partnership, the reporting on this matter was expected. This argument aligns with the fact that *competitors* as a subcategory was the second most mentioned. Therefore, it can be partly concluded that within transnationalism, Shell has prioritised to report on their role in the partnerships. Both subcategories tend to increase their citations in 2017, 2018 and 2019. As well this goes for the other subcategories as well. It will be proposed that the enhanced international environmental focus could influence how Shell promotes its CSR strategy. Lastly, the decrease of citations on *norm cascade* could be caused by embedded identity within the material and therefore not directly reported on.

## 6. Discussion

The following discussion will consist of two parts. First part will discuss the methodological choice of this paper, and second part will discuss the findings of the analysis.

In correlation with the literature review, the findings of the analysis have proven to address the topics which Hennchen, Eweje, Orubu et. al and Idemudia & Ite stress through their scholarly articles. As Hennchen (2015) discussed the evidence of Shell breaching protocol in order to be successful in Nigeria and believes that MNCs should thrive further community development by complying and initiating global standards (p. 4) Through the findings of the analysis, Shell's improvement on the abovementioned matter has been recognised. However, Shell has presented their solution to this issue, and with the cooperation of the federal government of Nigeria and UN, Shell can operate according to global standards through guidelines. This also includes the enrollment of UN Global Compact in 2000 (United Nations, n.d.).

The topic of the relationship between corporations and communities has also been highly discussed. Eweje (2006) stresses the necessity of MNCs addressing their positive contribution to the environment and community (p. 28). In the case of Shell, Shell has showed encouragement by reporting on their contribution to both the environment and the community which showed transparency through all sustainability reports. Furthermore, it claims that MNCs have more challenges when operating in a developing country due to the unstable economy, political systems and less developed measures. Shell has had some challenges of oil theft in non-regulated areas which has been taken place since the riots early 1990s in Niger Delta. Moreover, Eweje (2006) suggests that communities should be under oil companies' protection and looking at it from the perspective of the GMoU agreement it can be considered whether the community is protected by Shell. With the funding which Shell applies, they are securing the communities to thrive and develop. As Orubu et. al. (2004) also suggest, oil companies and communities would need to find a compromise to function. GMoU is the perfect example of a compromise. In the analysed material, the involvement of the communities in the decision-making process is the prove of closer CCR. Sustainable partnerships will be beneficial for all (Orubu et. al., 2004, p. 204). With Shell's financial and social support, in terms of jobs, the communities how can be considered the on-site-actor, and therefore can help Shell to monitor the pipelines. This is to ensure and prevent oil spill and theft. As the finding shows Shell has included the communities more over the years.

However, when communities do not contribute, it can be a challenge for the companies (Idemudia & Ite, 2006, p. 196). In previous situations in the 1990s, communities rejected Shell's influence and operations in the area of Niger Delta by protesting and suing Shell for neglecting their communities by contaminating the water and abusing the environment. Due to this neglect, it can be considered that Shell wants to reconnect with the host communities to reconcile (Idemudia & Ite, 2006, p. 205). suggests the partnership structure of a tri-sector. Ideally, a tri-sector would help everyone, however since both Shell, the government and the communities in Nigeria is so dependent on the revenue and social value which Shell creates for them, it can be hard to imagine an equal tri-sector where every partner plays an equal role. The communities, the government and Shell have different strengths and roles to play in a tri-sector partnership.

Concludingly, the finding of Shell's CSR strategy has contributed to the topics which Hennchen (2015), Eweje (2006), Orubu et. al. (2004), and Idemudia & Ite (2006) illustrates. By being transparent and reporting with the help of the tools from transformative CSR and transnationalism, Shell can be the example of the CSR strategic which earlier have been questioned. It can also be assumed that Shell effort of action responsible have contributed to the process of collaborating with the communities and making a deal of GMoU and later on the community programme called Shell LiveWIRE which ought to encourage young Nigerians to start new business (Shell, n.d.).

Even though Shell has managed to address the scholars' concerns, Shell is still doubtful of how to address the major oil spills affecting the Bodo community in 2008 and 2009. Shell does not hide that operational oil spills occur every year, however in the report of 2008, 2009 and 2010 these oil spills are not recognised. The spills of 2008 and 2009 were so influential due to its impact on the fishing community of Bodo. According to Amnesty International, it is stressed how the oil spill contaminated the waters of the rivers, killing fish and robbing the villages of their livelihoods (Amnesty International, 2018). Moreover, looking at Shell website, the oil spill data only tracks back to 2011, where spills were minimized. Based on these simple facts, the question of why Shell has not acknowledged their faults of the harm done to the Bodo community is become very interesting. It could be impossible to thrive an answer from Shell of the reason to the lack of information (Shell, n.d.d).

Like the findings suggest, Shell blames most of the oil spills the oil theft, and the further prevention or clean up could not find place due to disagreements with the community (Gosden, 2017). And only to find that Shell address the clean-up in Bodo the first time in 2015 in their sustainability

report with a short comment on how the Bodo community received a compensation of 55 million sterling pounds, although no sign of a clean-up plan (Shell, 2015). However, in 2016 Shell mentions that the Bodo community decided to cooperate and signed the GMoU which finally granted Shell access to the polluted areas (Shell, 2016). The exact same statement was published in the 2017 and 2019 reports which no implications of progress of cleaning up. As stated, there is gap of nearly 10 years where this issue has not been addressed. The lack of transparency will contribute to hurt Shell good governance and reputation. In Shell defence, they do report on the contaminated area being an epicentre of crime and oil theft, and therefore it presented as the reason why Shell has not cleaned up yet.

The largest opponent to Shell and their operations is Amnesty International and they have suggested that the slow responds time is due to the lack of visits on site. It is required to visit the contaminated site 24 hours after an oil spill, and only 26 % of the occasions Shell has been present (Amnesty International, 2018). In an Amnesty International article, Shell's reputation was heavily claimed to "[...] began the year with another attempt to greenwash its role in the climate crisis, trying to present itself as the future of energy even as the planet burns". Amnesty International have conducted interviews with local community leaders, and the responds they received was expected. The community leaders found frustrating to see Shell polluting their communities while spending millions of dollars to protect their reputation (Amnesty International, 2020).

As illustrated above, the problem with responsible and legit reporting and sustainable prove of sources have been highlighted. Through the lenses of Shell, they have reported on their actions according to the theories presented in this paper, and the information of their values, operational activities is very well documented. However, the material which Shell has present can be considered as unilateral and biased, which limits the critical view of how Shell legitimise their way of reporting. The suggestions for a more elaborated report would be to gain a broader base of knowledge of Nigeria's and the local communities' experience of working with Shell. However, there is limited access to information based on the governments' opinion and relationship with Shell. For those same reasons, the idea of investigating the federal Nigerian government's perspective was eradicated earlier in the work process.

When reevaluating the choice of data, the choice of sustainability reports has been limiting the exploration the critical aspect of CSR perspective and transnationalism. However, throughout the research of the topic, the tendency of limited resources was detected. If documents published by the

federal government of Nigeria reporting on their relationship with Shell and SPDC, a comparison would have been executed, and the different claims would have been examined. Furthermore, with information and data like suggested, this paper would have had another focus of the relationship of the Nigerian Government and Shell. Once that is said, the history of Shell's activities in Nigeria. As stated earlier, Shell has been operating in Nigeria since 1936, and with the first oil shipment in 1950s the extraction of oil grew exponentially in the year to follow and until today Shell is producing more oil than anyone else in Nigeria (Reuters, 2018). And further research on this topic will not be discussed due to limited pages. However, Shell's data have been accessible through their website and own database, and therefore this has not limited the research for this thesis.

The validity of transformative CSR and transnationalism should be addressed. Transformative CSR has contributed with tools to conduct a thorough analysis of the sustainability reports from 2007 to 2019. While it has explored the features of *value creation*, *good governance*, *social contribution*, and *environmental integrity*, Shell has appeared more credible and legit through their CSR strategic by using the tools of transformative CSR, and it has been easier to distinguish how Shell promote their CSR strategy through the sustainability reports. Transnationalism has also contributed with relevant elements of norm diffusion. Throughout this finding, we have discovered how Shell acts among other partners, and when they appear norm entrepreneurs, and lastly when those norms have been internalised. Hence the finding, it can be partly concluded that theories are valid for this paper due to it similar but also very different scope of the research question. However, with two similar theories, the expectation of a similar result was foreseen. As the findings suggest, some categories and subcategories overlap and therefore hard to differentiate between. Naturally, two different theories would create two contradiction views on a problem with a result with is prone to pursuit one theory rather than the other. This would eliminate the risk of the categories and subcategories overlapping.

## 7. Conclusion

As described in the introduction, the aim of this paper is to answer the question of **how does Shell promote their CSR strategy in Nigeria without undermining the diffusion of norms through sustainability report of 2007-2019?** Through a thorough analysis conducted with the tools of QCA, I am able to answer the question stated above. The findings of the analysis will be presented in the following section of the conclusion.

According to the theory of transformative CSR, Shell complies with all four DNA tools. Shell creates value when reporting honestly on the investment they have placed in Nigeria. From a perspective of the public eye, Shell achieves legitimacy and trust due to the beneficial investments, and they present themselves as very generous. And as the theory of transformative CSR suggests, investments are made for profitable and beneficial reasons. It can be concluded that Shell has made investments that benefit both them as a company, and also the receivers of the investments. And this links us to *good governance*, the level of Shell reporting in the report appears transparent which creates 'good governance' for Shell. They have managed to present both strengths and weakness of their actions, while also focusing on further improvements which enhances their reputation and legitimacy. However, the level of detail and the validity of the information can be questioned. According to the analysis, a pattern emerged in the subcategory of *reporting*. Shell blames the crime in those areas they operate for the oil spills which occurs in oil theft. For many years, Shell states that the areas with high level of crime are too dangerous to operate in and therefore they cannot prevent or repair the damaged oil pipelines. Through the reports, Shell advised the federal government of Nigeria to monitor the areas to reduce the crime so they can continue to operate in these areas.

Shell also shows engagement for communal projects. Within *social contribution*, Shell's contributions towards, labour, health and educations stand out clearly in the reports. Shell speaks highly of their contributions, and how many people it has affected. By working with the local communities, Shell creates a demand for jobs within the community. Shell has a clear advantage of reporting on this matter. Like the other findings suggest, Shell creates legitimacy as well as appears trustworthy and complying within all lawfully requirements. In terms of health, Shell has invested in large reconstructions of the healthcare system in Nigeria including establishing a health-insurance scheme. Even though it is not an oil company's, like Shell, responsibility to be concerned for the public's health, Shell contribute generously to the local project. The educational system has also been

assisted by Shell with the target of getting more children to secondary school, and to help more advanced children into school which is suitable for their level of knowledge. Shell continues to do good through environmental integrity. During the analysis, the proof of Shell's desire to protect the environment and eco-systems they have damaged earlier. Plans for improvements and prevention have been focused and often involves clean-ups and reparations on pipelines. Moreover, Shell has presented a step-to-step plan on how to clean up the mess in Bodo and revealed the operation to start in September 2017.

In terms of undermining norms, the findings propose that Shell do undermine their norms due reporting on values and not norms. As the theory suggests, norm diffusion happens through partnerships, and through these partnerships' norm are being adapted and compromised. Both International Union for Conservation of Nature and UNDP have given feedback on Shell's operations in Nigeria. The feedback can contribute to the competition of norms when changes are suggested.

In general, Shell has acted according to their general business principles and transformative CSR. For example, regarding the educational system, Shell is the main driver as well as the main investor, and therefore it can be concluded that this is also run according to Shell's values, and their idea of what a beneficial educational system looks like. By incorporating their business principle into their project, Shell's identity reflects on everything they do. However, an evaluation of Shell's general business principles showed that 5 of out 8 principles were values and remaining were norms, and therefore an overweight of values has been present.

It is also shown when the discovery of the lack of reporting on the oil spills in 2008 and 2009. Not reporting on the situation can potentially damage Shell's legitimacy and put Shell in a vulnerable position. Lastly, the internalisation of the norms was proven by the fact of the community contributing to the clean-up in their community. Even though it might not be the community's responsibility to clean up since they are not the polluters, they do it to benefit themselves. However, it can be concluded that GMoU made it possible to create stronger relations between Shell and the community, and therefore work together on common norms.

As the analysis suggest, there is a shift in CSR practice. The shift from strategic CSR to transformative CSR shows how Shell has gone from strategic measure to a more inclusive CSR strategy which include social and environmental contribution are fundamental. This action also contributes to more transparency which aligns with Shell's business principles.

Concludingly and to sum up, Shell promotes their CSR strategy through tools of the theories presented in this paper. Shell does not undermine their norms due to the norm diffusion which happens through partnerships and collaboration with the local communities in Nigeria. This is concluded from a perspective of the analysed sustainability reports.



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