Analyzing Stakeholder Relations
- A case study of the stakeholder dialogue
in the Skarv Development -

Stakeholder Identification and Dialogue

by

Fredrik Moe and Snorri Sverrisson Rasch

Analysing Stakeholder Relations

"A case study of the stakeholder dialogue in the Skarv development"

Fredrik Moe & Snorri Sverrisson Rasch

EN310E 003

Abstract

Focus on oil and gas in northern areas has received more and more attention in the last years. Increasing demands and tail end production at known and developed fields is the trigger for this focus. And the fact that it is estimated that 25% of the worlds remaining resources is located in the north, makes the areas very attractive for oil and gas companies. At the same time, northern areas are often linked with a harsh and vulnerable climate. And to safely operate in such areas, along side of fisheries, often bring barriers.

The importance of stakeholder dialogue often proves crucial for the success of an establishment like an oil and gas operation in such areas. Skarv is such an establishment, and in this thesis we will look at, and analyze the dialogue in this particular field. We have used Stakeholder theory, Communication theory and Corporate Social Responsibility theory, to analyze the dialogue and identify the stakeholders BP, operator at Skarv, must consider in a development like Skarv. Our findings suggest that the implementation of some elements of the Communicative Arena can strengthen the dialogue between stakeholders and provide a sustainable development in the dialogue. Regarding stakeholder identification, our findings suggest the usage of the Stakeholder Salience model to identify and classify the stakeholders, because it provides a thorough examination of every stakeholder.

Sammendrag

Fokus på olje og gass i nordområdene har fått mer og mer oppmerksomhet i de siste årene. Økende etterspørsel og sluttproduksjon på kjente og utviklede felt, er kilder til denne fokusen. Og det faktum at det er anslått at 25% av verdens gjenværende ressurser ligger i nord gjør områdene svært attraktive for olje og gasselskaper. Samtidig er nordområdene ofte forbundet med er værhardt klima og sårbarhet. Å operere på en trygg måte i slike områder, ved siden av fiskeindustri, byr ofte på store utfordringer.

Stakeholder dialog er ofte avgjørende for suksessen til en etablering av olje og gass virksomhet i slike områder. Skarv er en slik etablering, og i denne forskningen vil vi se på og analysere dialogen mellom stakeholdere på dette feltet. Vi har brukt Stakeholder teori, Kommunikasjonsteori og Corporate Social Responsibility teori til å analysere dialog, samt identifisere stakeholdere som BP, operatør på Skarv, må tenke på i en utbygging som Skarv. Våre funn anbefaler implementering av noen elementer av Communicative Arena. Dette vil medføre en styrket dialog mellom stakeholderne og organisasjonen, samtidig som den fører til en mer bærekraftig dialog. I identifiseringen av stakeholderne anbefaler vi bruk av Stakeholder Salience modell, siden den gjør en grundig klassifisering og forklaring av alle stakeholderne.

Abbreviation List

CSR:	Corporate Social Responsibility
HSSE:	Health Safety Security Environment
SM^3 :	Cubic Square Meters
PUD:	Plan for utbygging og drift
PAD:	Plan for anlegg og drift
FSOP:	Floating Production Storage and Off-loading vessel
KU:	Konsekvensutredning
PDO:	Plan for Development and Operation
FAFO:	Varsel om vekst rapporten
NCS:	The Norwegian Continental Shelf
NGO:	Non-Governmental Organizations
NPD:	The Norwegian Petroleum Directorate
OED:	Olje og Energi Direktoratet
NOK:	Norwegian crowns

Glossary

Achilles certification is a certification for meeting quality management requirements in accordance with ISO 9001:2000 for suppliers.

BP is an international oil and gas company.

E. On Ruhrgas is an international oil and gas company.

Heidrun is an oil and gas field located outside Trøndelag in Norway.

High North Center for Business is a leading academic institution in areas of business, fisheries, indigenous perspectives, and energy management (oil and gas). It is located at Bodø University.

Norne is an oil and gas field located outside Nordland County in Norway.

Oil Sands are a bitumen form of oil. Together with sands, water and bitumen creates a form of heavy oil and is considered as part of world oil reserves.

Ormen Lange is a natural gas field, located at the Møre coastline in Norway

PGNiG is an international oil and gas company.

Shtokman is the largest gas field in the world, located in Russia.

Skarv is an oil and gas field located outside Nordland County in Norway.

StatoilHydro is an international oil and gas company.

Åsgård Transportsystem is a gas pipeline transport system in Norway.

Bodø Graduate School of Business

Content

Bodø Graduate School of Business

Figure List

Table List

Appendix

1. Introduction

According to the World Energy Outlook 2008, the remaining conventional energy sources will last to approximately 2048 (worldenergyoutlook.org). According to estimations, 25% of the oil and gas resources remains in the high north (worldenergyoutlook.org). The oil and gas companies are fighting over the remaining resources and their focus are turning towards oil sands in Canada, natural gas in Russia, oil and natural gas in Alaska and oil and natural gas in Norway. New areas require new ways of doing business, especially in the high north. However, areas in the high north are often linked with harsh climate, vulnerability and fisheries. Making it hard for oil companies to convince of a safe extraction of petroleum along side of developed industries, like fisheries. Risk has been one of the main issues, and communities have often expressed a concern for petroleum activity as fear of destroying a natural and renewable resource like fish. The feeling of risking all of this, without proper compensation has been a major issue for establishing petroleum activity in the north. In that context, the identification of stakeholders is important. And establishing how to communicate with stakeholders must also be considered as very important.

In 1997 the Norne field outside of Helgeland in Nordland County started production. The operator in the Norne field is StatoilHydro. In those days there was another approach regarding ripple effects and corporate social responsibility. Nowadays, BP needs to use an entirely different approach in the Skarv development outside of Brønnøysund and Sandnessjøen. Øyvind Johnsrud, Project Mangager HSSE in BP, puts it like this: "*We have to make sure that nobody can say that we haven't spoken with them*". This show how crucial these issues are for the oil companies.

We have through our studies had multiple cases concerning stakeholder relation and the dialogue between them. We find it very interesting to monitor how the oil companies approach their stakeholders, and how they communicate between each other.

Bodø Graduate School of Business

Aim of Research

Through our research we will do an analysis of the dialogue between the different stakeholders in the Skarv development. In order to do so we have also done a thorough exploration of how BP decides who they want to talk to, and the importance of each of them. Further, we want to see if there can be improvements in the dialogue.

Problem statement

The stakeholder dialogue is a topic that is increasing in importance regarding oil and gas development. We want to contribute to the understanding of the difficulties involved with the stakeholder dialogue in oil and natural gas exploration in disputed areas, therefore our problem statement is:

"How has the stakeholder dialogue been in the Skarv development, and is this transferable to other areas?"

In addition we have some research questions which will operate as tools in the process of getting a deeper understanding of the phenomena of stakeholder identification and stakeholder dialogue:

Research Question 1:

"How does an oil company successfully manage to identify the right stakeholders and classify the importance of each?"

Research Question 2:

"How can the implementation of the Communicative Arena model improve the dialogue between an oil company and their stakeholders?"

Bodø Graduate School of Business

1.1 Outline of thesis

Background

In this chapter we will provide background material related to the Skarv development project. We will provide information about localization, investments and license, in order to create a general understanding of what the Skarv development is.

Methodology

In this chapter we will explain our philosophical standpoint, how we approached the research and what methods we have used in order to gather the empirical data needed in a research like this. We will also enlighten ethical aspects in regards to a research like this one. Validity and reliability issues will also be discussed.

Theoretical Framework

In this chapter we will present our theoretical framework. The theoretical framework consists of three main theories:
- Stakeholder theory
- Communication theory
- CSR

These three as theories has been used to create a thorough understanding about dialogue, and have served as a good foundation in the analysis.

Bodø Graduate School of Business

Empirical part

In this chapter we will provide our findings from the sources we have used. In order to create interesting reading, we have chosen to present the empirical data in storyline form. We feel that this has helped us create a holistic picture of the data we have collected.

Analysis

This chapter analyzes the findings from the empirical data. We have used the theoretical framework from chapter 4 to create a link between theory and empirical data. This chapter also consists of a conclusion, and proposition to further research of the phenomenon.

Bodø Graduate School of Business

2. Background

In this chapter we give you the background for our thesis. We will start by explaining why we wanted to chose this topic in the beginning, and why we think it's important to do research on this topic. Then we will introduce you to the Skarv project and the many different stages of the development.

2.1 The Skarv development

2.1.1 Introduction

In this section we want to give you an introduction of the project including all steps of the project. We think it is important to get an overview of the situation, and to be able to understand the complexity of every phase of the project.

2.1.2 Facts & figures

The Skarv field was first discovered in 1998 and consists of license PL 212, PL212B and PL262. It is located at the coastline outside of Nordland County, and the sea is 300 to 450 meters deep in the area. BP Norge (23,8350%) is the operator of the field and StatoilHydro (36,1650), E. ON Ruhrgas Norge (28,0825%) and PGNiG Norway (11,9175%) is the other owners of the licenses. The reserves are estimated to be 16,8 million Sm^3 oil and condensate and 48,3 billions Sm^3 natural gas. In comparison, the largest gas field in Norway, Ormen Lange, is estimated to be 375 billion Sm^3. The Skarv field is around average on a national level, but on an international level is rather small, especially if we compare it to the largest natural gas field in the world, the Shokman field, with approximately 3800 billion Sm^3. Further, according to estimations, the Skarv field will produce in 25 years. Although, BP believes that it will produce even longer because of technology improvements in the future (bp.com).

Bodø Graduate School of Business
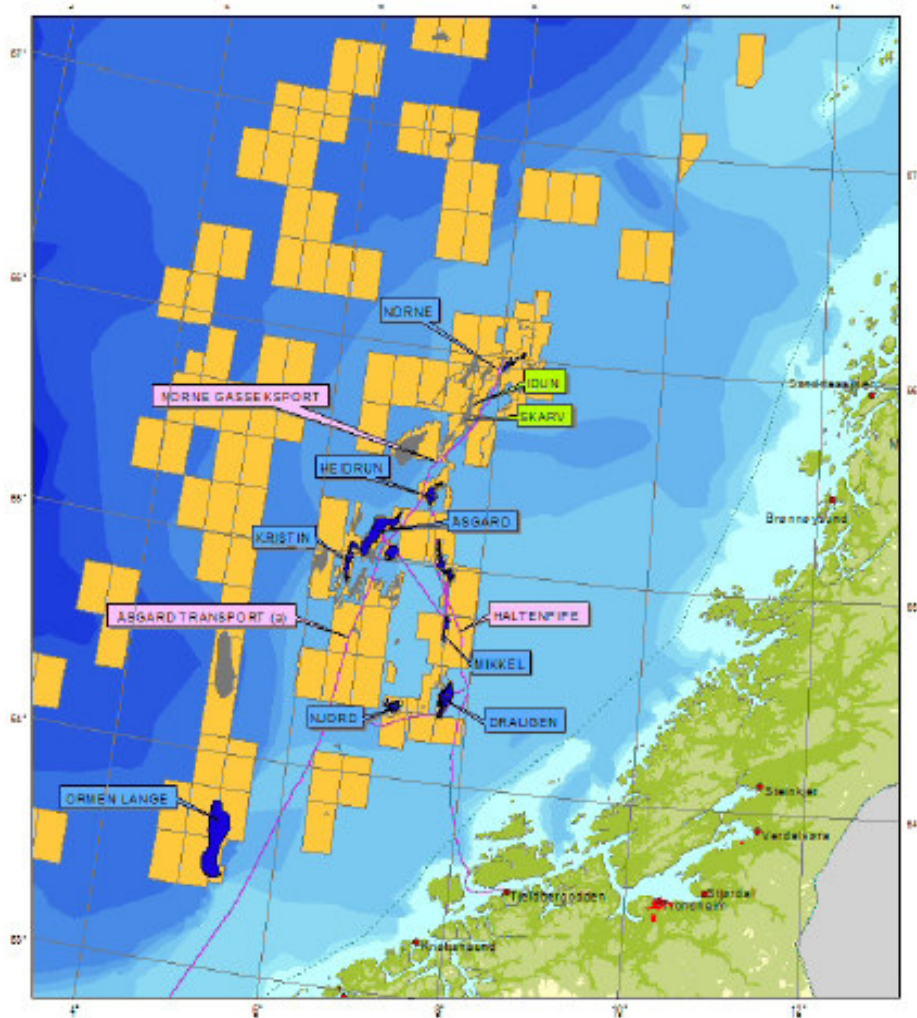
Figure 1: Map Norwegian Sea

2.1.3 Plan and development

In November 2005, BP introduced *Program for konsekvensutredning Skarv Idun* (LU-rapport 2008, p. 30). According to the time schedule, the KU should be approved in September 2006, and they were going to send the PUD/PAD for approval in November 2006. BP estimated that the PUD should be approved in March 2007. The KU was published in July 2006 and the plan for development and operation (PUD) was accepted by Stortinget December 2007 (bp.com).

BP has decided to use an FSOP (Floating Production Storage and Off-loading vessel) in the production. The oil is planned to be delivered to a tanker, which will arrive 1-2 times a week for loading. The natural gas will be transported through pipelines that will be connected to the Åsgård Transport System, as shown on the map above (ÅTS) (LU-rapport 2008 p. 31). In the beginning of the project, BP considered two other production solutions. The first consisted of

9

an oil platform connected to a floating storage facility, but because of high costs, this solution was rejected. Another solution was a subsea development connected to the Heidrun field. This was the alternative which had the lowest cost, but it was rejected because of lack of flexibility in case of possible new drilling wells.

Figure 2: Skarv FSOP vessel

2.1.4 Localization

Another important issue in the Skarv development is the localization question. This question is the one question that gets the most attention, because it may have an enormous impact on the society regarding economical growth because of ripple effects such investments create. Therefore we will present the most important findings in the localization study made by BP.

BP made a localization study as part of the KU, to find the best suitable solution. The three most important objectives to obtain were: functionality in the operation process, operation economy and ripple effects in the region (LU-rapport 2008). According to BP, the best solution regarding their objectives is the solution with a divided operation organization in Stavanger and Sandnessjøen, the base function in Sandnessjøen, and Helicopter base in Brønnøysund (LU-rapport 2008). However, there was a close race until the bitter end. In the beginning there were six different alternatives under consideration. The finalists concerning the base function was Sandnessjøen and Kristiansund, but Sandnessjøen got it because it would be the choice that would lead to most ripple effects. When BP decided where they wanted their helicopter base, Kristiansund was the alternative with the lowest cost. BP argued that they would save about 2.6 million if they chose Kristiansund. On the other hand, they saw

Bodø Graduate School of Business

that if they chose Brønnøysund it would lead to more local economic impact. Therefore they decided to have the helicopter base in Brønnøysund (LU-rapport 2008). In the end, BP chose an alternative that had larger ripple effects in the region, rather than choosing a solution that would have lead to lower cost. This is also stated in the localization study:

> "*…as a total consideration BP has decided to choose better functionality and regional impacts rather than possibilities of lower cost.*"
>
>   (BP Norge, 2006; Henriksen og Sørnes, LU-Rapport, 2008, p.32)

In their work with the localization study, BP has considered the local impact in the different regions. Among these are development in the population, employment marked and level of employment. The Skarv development has an estimated investment of 19.3 billion NOK in the time period of 2007-2010 (LU-rapport 2008).

Bodø Graduate School of Business

3. Methodology

In this chapter we will present our research methods in this thesis. We will present and discuss our philosophical approach, and explain how we chose our research approach, single case study. Data collection, validity and reliability will also be discussed.

3. Methodology

Introduction

A research methodology defines what the activity of research is, how to proceed, how to measure progress, and what constitutes success.

<div align="right">(cs.indiana.edu)</div>

Research methodology means how one chose directions to reach a goal, what approach is used to gather the data, and how the data is analyzed. To be able to create a link between the problem statement, literature, analysis and conclusion, it is important to choose the right research method (Hellevik, 1999).

In this explorative single case study we want to look at the dialogue between stakeholders in the Skarv Development. We have chosen an inductive approach to this case study.

3.1 Methodology

3.1.1 Philosophical approach

There are several different methods and positions on how research can be conducted. However, the two major philosophical approaches or views are social constructivism and positivism.

In social constructivism the individual focuses on personal experience, and furthermore interpret in its own way how the world works. This approach is opposed to positivism, which focus on the different angles of a phenomenon, and are best enlightened quantitatively, best solved qualitatively. Social constructivism is an ontological standpoint. And see the world as a construction of humans where no one stands on the outside and observing an objective reality, but are part of the reality themselves. Positivists see the world as a given entity, and are sitting outside and observing the world in an objective manner (Easterby-Smith et al. 2002).

Bodø Graduate School of Business

We want to increase the general understanding of a certain phenomenon. Hence, we can establish that our research is similar to social constructivist paradigm.

3.1.2 Research approach

There are two ways to approach a research, inductive or deductive.

If you want to test a theory, a deductive approach would be suitable, to see if the theory applies to the research. However, this is very time consuming, and the research must be verified by your research hypothesis (Easterby-Smith et al. 2002).

An inductive approach to a research is to generalize in the data collected, or to create a theory through the conducted research, based upon chosen theoretical framework and empirical data.

Definition: the analysis of data and examination of practice problems within their own context rather than from a predetermined theoretical basis. The approach moves from the specific to the general.

<p align="right">(medical-dictionary.thefreedictionary.com).</p>

In this inductive approach we have chosen to use the Constant comparative model. The constant comparative method seeks to identify themes and patterns from the data, rather than being imposed on the data (Glaser and Strauss, 1967). The Constant Comparative method derives from grounded theory, and came as a result of criticism of grounded theory in which it was alleged that one could look at something without being biased. The criticism was founded in that an understanding of a certain phenomenon already exists when the research begins. However, in grounded theory the research by its self create theory of a certain phenomenon that derives from the empirical data. The constant comparative method on the other hand, uses theory and empirical data as means of creating a deeper understanding of what is being researched (findarticles.com).

Bodø Graduate School of Business

We have chosen an inductive approach because of the possibility to generalize in our many interviews. We feel that this approach will enlighten our problem statement, and help us reach a conclusion.

In this thesis we will show you how the empirical data was collected, and then explain how the data was analyzed. 20 interviews have been conducted, and the reliability of the data should therefore be high. Not all actors are interviewed, but that fact that we have interviewed politicians, organizations, public organizations and businesses as well as BP, both locally and regionally, we expect to get a good understanding of the phenomenon of "stakeholder dialogue" in the Skarv development. When it comes to epistemology and the issue of being objective instead of subjective, we recognize the difficulty of being objective in cases like this. However, we use a broad theoretical framework for the empirical analyze, that we feel is very helpful in regards to objectivity in a setting like this. And that we are a part of a larger project group, and discuss the findings in plenum, is also something we consider increase the objectivity (filosofi.no).

Despite this, the individuals we have interviewed all have different ways of thinking, and different perceptions of how the world works, in common called axiology (humanx.se). However, with this in mind, we hope to have covered such a wide range of individuals in different settings in the Skarv development that perception at this personal level does not have that much impact in the research. But instead enlighten the facts and understanding from these individuals about the whole phenomenon around the Skarv dialogue.

After the interviews were conducted and transcribed, we then in our project team categorized the data. We used a program designed especially for data coding, NVIVO. The categories were created as the respondents mentioned issues, internally or externally, important to them. At first we started deductive and set up categories after theory. However, as mentioned earlier in this method chapter, this was very time consuming and did not really enlighten the phenomenon. We then decided to take a more inductive approach, and use constant comparative method, and instead get a wider knowledge of the phenomena. The program, NVIVO, makes it easier to decide what is important to each stakeholder interviewed. However, in order to use the program in the way it is intended to be used, we had to start an analysis and create categories to code the interviews.

15

Considering we chose an inductive approach, we started out without theory, and set up categories instead. This way of breaking down the conducted interviews is called "line-by-line" analysis (Glaser, 1998). This way it became easier to compare the data, to look for similarities or differences in regards to the different issues interpreted by each stakeholder interviewed.

Even though our method of approach is inductive, the empirical research data has been analyzed through our theoretical framework within stakeholder theory, CSR and communicative arena. The analysis is then summarized and the link towards the theory chosen is then outlined.

3.1.3 Research design

The goal with research design is to organize the research in the best way to reach our research goals. Ways to approach this research can either be explainable research, descriptive research or exploratory research. In what way we should conduct the research depends in the research question we want answered (Jakobsen and Jacobsen, 2000).

When you conduct your research without using an earlier model as basis, like we are, you are using exploratory research. In the beginning in the exploratory study it is important to look at the object in a holistic way. Meaning that one should start by gathering information about the phenomenon you are researching. Then you collect data for analysis, but not cutting away data until you know what is important, and establish what is necessary to use (uiah.fi).
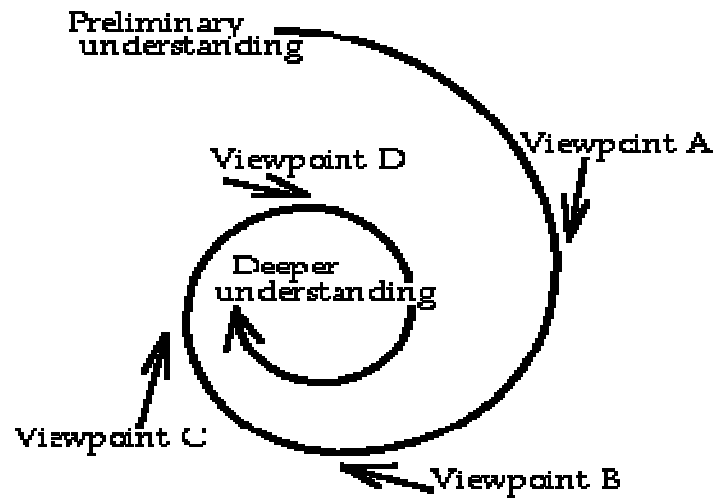
Figure 3: Exploratory Research (uiah.fi)

The different viewpoints (A, B, C, D) being respondents interviewed, our preliminary understanding of the dialogue in the Skarv development, and the exploratory approach to a deeper understanding in the Skarv development.

During the Energy Management study program we have gathered a lot of understanding, from lectures, study tours and seminars. One of the central subjects during this program has been dialogue. All the students in the program attend a study tour during the first year of the energy management program. The tour we attended was called the Arctic Study Tour, and during that tour we understood the importance of dialogue. The whole point of the tour is for the stakeholders to get together and give lectures, discuss, and converse within different important subjects. The participants of the tour consist of oil companies, fish companies, authorities, politicians, NGOs, and other stakeholders. And that we as students got to attend the tour, and take part in the dialogue, was very educational.

3.1.4 Method of approach, qualitative vs. quantitative

As mentioned previously in the method chapter of the thesis, quantitative research is linked with the research paradigm of positivism. Positivism have a starting point which is based on existing knowledge, and work out statements and hypotheses that is tested (verification, falsification), and means that a theoretically based hypothesis already exists, which one wants to test out among a larger population. As social constructivists we focus in creating new theory based upon our empirical data and the theoretical framework we use, for a wider and more in dept understanding and knowledge in the phenomenon we are researching (Easterby-Smith et al. 2002).

Quantitative research is objective, and suits best questions like "What number and how many?". Qualitative research is subjective, and covers more in-depth description in every question, like "why", the researcher want answered (uk.geocities.com).

In this thesis we want to enlighten the dialogue. If this was a quantitative research, we would simply ask how many dialogues have been conducted. This is of no interest to us, as we are interested in how the dialogue is, and what it is regarding.

3.1.5 Case Study

> *"The basic idea of a case study is qualitative research studied in detail, using whatever methods appropriate. While there may be a variety of specific purposes and research questions, the general objective is to develop as full an understanding of that case as possible."*

> (Silverman, 2005, p.126; Punch 1998)

This case study suits the definition/idea above. Our case study is the dialogue in the Skarv development, and includes several stakeholders and their views on certain subjects during the development. We will analyze the dialogue through the conducted interviews. Through this thesis we will present a holistic picture and generalize the data as much as possible in order to present a deeper understanding of The Skarv development dialogue. To create interesting

reading, we have in our empirical presentation chapter created storylines around the categories we have created. The way we created categories and used different analysis tools, will be illustrated in that chapter as well.

A case study should not be dataset sampling, but gathering as much information as possible around a phenomenon. By looking into stakeholder theory, communication theory and CSR we will analyze our interview case, enlighten the dialogue, and present discussion and conclusion to our research questions. According to Yin (1994) these are the five components important for a case study:

- A study's questions
- Its propositions, if any
- Its unit(s) of analysis
- The logic linking the data to the propositions
- The criteria for interpreting the findings (nova.edu , ; Yin, 1994)

To use case study as research method has harvested some critics. Many feel that case study is not a valid scientific method of doing research. And some say that the analysis cannot be done properly (nova.edu). However, we will during this chapter of method under the headline *trustworthiness of research* come back to this issue.

Our study cover views from several angles depending on who the stakeholder is. And this is exactly what a case study is, multi-perspective.

3.2 Data collection

In this section the collected data will be presented. The primary data is the data that is conducted through the interviews which is linked especially to this problem statement. The secondary data is the literature we have been gathering that does not necessarily focus directly on our topic but is important in the matter of giving our research reliability and validity, along with increased understanding of the phenomenon being studied.

3.2.1 Primary data

Primary data represent our own findings which relates directly to our problem statement. As stated before we have chosen to interview 20 different stakeholders to get a broad and realistic picture of the dialogue between the stakeholders. These interviews are our primary data.

The interviews are conducted in Bodø, Mo I Rana, Sandnessjøen and Brønnøysund. In the selection of interview objects we stressed that we had to cover every stakeholder that is of importance to our problem statement, because this would be of great importance to make a credible thesis. When we said that we wanted to cover every stakeholder, this is not feasible with a qualitative approach and especially with a time frame of 6 months. Therefore we have selected the people who, in our view, appears to be the stakeholders of most importance. There are many ways to identify theses stakeholders and we will discuss this further under the theoretical framework chapter. Anyhow, this is the list of interview objects that have been participating in our process of gathering data:

Bodø Graduate School of Business

Location	Name	Position	Firm/org
Sandnessjøen	Henry Klæbo	Journalist	Helgeland Blad
Sandnessjøen	Stig Sørra Arve Berg	Mayor Plan and development chief	Alstadhaug Municipality
Sandnessjøen	Evy Wenche Hesjedal	Harbor Chief	Alstadhaug Municipality
Sandnessjøen	Erik F. Hansen	Chief	LOG Nord
Bodø	Jan Erik Geirmo Øystein Johnsrud	Communication Chief HSSE project manager Skarv	BP
Bodø	Odd Eriksen	County mayor	Nordland County
Bodø	Per Eidsvik		Nordland County
Brønnøysund	Brynjar Forbergskog	CEO TTS	TTS (Torghatten Trafikk Selskap)
Brønnøysund	Glenn Hermstad	Journalist	Brønnøysund Avis
Brønnøysund	Kjell Trælnes	Mayor	Brønnøysund Municipality
Brønnøysund	Knut Horn	Plan and development Chief	Brønnøysund Municipality
Brønnøysund	Paul B. Torgnes	Chairman of the Board	NHO (Styreleder) og TTS (Styreleder)
Brønnøysund	Margunn Ebbesen	Politician	Høyre
Brønnøysund	Matti Risto	Journalist	Brønnøysund Avis
Brønnøysund	Odd H. Kristiansen	Chief	NPF Nordland
Mo i Rana	Elise Husum	Kunnskapsparken	Kunnskapsparken
Mo i Rana	Steinar Høgås	CEO	Rana utviklingsselskap
Mo i Rana	Steinar Olsen	Economic CEO	Momek Group
Mo i Rana	Torger Lofthus	Marketing chief	Miras Multimaskin

Table 1: Interview Respondents

In comparison with other master thesis we have many interviews. The reason is that we have been gathering the data together with one other master student and two researchers from Bodø Graduate School of Business and the High North Centre for Business. In addition to our thesis, this data will be used in another master thesis, one doctoral degree and one report ordered by BP Norge. We made an interview guide together that would be used in every interview. This means that everyone of the interview objects have been asked the same questions on a general basis. However, in the interviews we asked follow up questions and additional questions to adapt to the different interview objects. It is also important to mention that we asked open questions and tried to get the "good" conversation.

3.2.2 Secondary data

We have gathered a lot of data from books, articles and the internet. We have been critical to all information we have been gathering, especially from the internet. Since it has been done a lot of research on this topic, we got a lot of data. The biggest problem has been to cut out other theories and to manage to find, and take advantage of the best suitable theories. In order to make a suitable theoretical framework we tried to find theories who match our topic in the best possible way. There is especially one article which have been essential for our theoretical framework and these are: "Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts" by Mitchell et al (1997).

Moreover, we have used reports linked directly to the Skarv development. When an oil and gas company wants to enter a new field, and start production, a report regarding all aspects of the extraction and operation must then be worked out, and sent to the authorities for approval. This report is called PUD, and has been used as secondary data in this research. In addition, we have used "Konsekvensutredningen" (KU) and an external communication plan developed by BP to establish the stakeholders, and their importance.

3.2.3 Data analysis

Analyzing qualitative data is challenging. The data is usually very complex, and since cases seldom are the same or even similar, there is no "how-to" answer to help us out. The analysis must also be considered very dependent in how the situation is in every phenomenon.

There are different ways to analyze qualitative data, depending in what your objective with the analysis is. As mentioned previously in this chapter, our goal is to be able to generalize, and to get a holistic picture of the dialogue in The Skarv development, as a case. This way of analyzing is called grounded analysis, and according to Easterby-Smith et al (2002) grounded analysis is best suited for analysis of perception and experience.

3.3 Trustworthiness of research

3.3.1 Validity of research

If we look at the thesis in general, the validity of thesis is how sound it is. How solid and how "real" the research is. And according to Easterby-Smith et al. (2002) the validity of a research is if the research give a correct picture of the reality, and a correct interpretation of the experience of the people involved in the situation of research.

This thesis consists of a large population of respondents, partially because we are a part of a larger project. At the same time this is helping us get a better picture of the whole phenomenon. We audio recorded the interviews, and transcribed them afterword. Although many researchers claim that if you audio record and transcribe interviews, you lose that "real process", and that it is easy to misinterpret what the respondent really feels. And according to Silverman (2005) tape recorded and transcribed interviews weakens the reliability of the interpretation of pauses and overlaps more obvious if the researcher is actually in the same room. However, after we transcribed the interviews, we started to categorize and discuss the data. In this categorization we discussed the contexts and the answers in the interviews, and we feel that we in a way can defend the audio recording and transcribing, because everyone that conducted the interviews was there and took part in the discussion. That everyone took part in the discussion we think helped us get the picture as the way the respondents really meant it. And in a way we sort of eliminated misinterpretation.

3.3.2 Reliability of the research

The reliability of qualitative data is harder to establish, if compared with quantitative research. In quantitative research the data is purely measureable with the statistics, but with qualitative method the researcher gather and analyze the data in the researchers own way or method. However, there are several means for a researcher to use in order to secure the reliability while conducting qualitative research. As mentioned, we audio recorded and transcribed the interviews, and that some researchers view this as negative for the data reliability. However,

according to Ratcliff (1995) listening to the interviews multiple times by one or several people, like us in the project team, can actually lead to increased reliability. Other means discussed in Silverman (2005) is transparency and consistency for securing reliable data interpretation. And if we consider that our raw interview data are categorized and discussed in plenum within our project team, and that we as different observers consider and interpret the same data, reliability should be high.

3.3.3 Understanding and generalization

The process of generalize a single case study like this is very complex, and it is important to have something to generalize from. The selection of respondents was made within our project team. The respondents were selected and segmented trough their knowledge with the phenomenon as stakeholders. They were selected through their knowledge and relevance in The Skarv development, to secure us with a large and relevant empirical foundation. However, for us to state that the process of gathering the in dept understanding in regards to the dialogue has been truly successful or not, is very hard to establish. But we feel that trough our respondents and the secondary data we have used, we believe that our broad empirical data cover the major aspects over the phenomenon, the dialogue in The Skarv development.

3.3.4 Ethical considerations and aspects

The decision of extraction in Skarv oil and gas field has already been set. So besides ethical considerations linked with oil and gas extraction in general, this thesis covers aspects linked with the dialogue within the development, and the stakeholders it concerns. We have tried to be critical to our research in that relation. However, we acknowledge possible traps ethically we can walk into. For one, our respondents have very different opinions in the various subjects covered in the interviews, and besides being in our best interest, we have tried to approach the research with a neutral and objective standpoint, by reflecting over the data in the matter of research ethics. The fact that we in our selection of respondents in a way covered a wide aspect around the development, from several stakeholder perspectives, helped us to see the dialogue.

This chapter has presented the methods we have used during this research. We have discussed our philosophical approach, and our research approach. We have explained how we collected our primary data, and from what sources we have gathered our secondary data. A discussion of the reliability and validity to this research has been provided. In the end we have discussed ethical aspects for consideration to this research.

Bodø Graduate School of Business

4. Theoretical Framework

In this chapter we will present our theoretical framework. Our theoretical framework consist of three major theories. First, Stakeholder theory, which include stakeholder identification, and dialogue in management. Second, Communication theory, with stakeholder dialogue, and the communicative arena. Third, Corporate Social Responsibility (CSR). All these three combined will along with our empirical data, give a holistic and in-dept understanding of the phenomenon of stakeholder dialogue in the Skarv development.

4. Theoretical framework

4.1 Stakeholder theory

Definition Stakeholder

The Stanford Research institute was the first to mention the stakeholder concept in 1963 (Freeman, 1984). Then they defined the stakeholders as:

> *"…those groups without whose support the organisation would cease to exist."*
>
> (Freeman, 1984:46)

In these groups, included stakeholders, was shareholders, employees, customers, suppliers, lenders and society (Freeman, 1984). In 1984 Freeman released "The Strategic Man: A Stakeholder Approach". Since then the term stakeholder has grown in popularity and become a fashion word for many, but not often used in practice. However, nowadays we see that large corporations such as StatoilHydro, include stakeholder strategies in their annual reports and exercise stakeholder dialog throughout the organization every day (www.statoilhydro.com) This shows us that it is not longer just a fashion word, but is an important part of the everyday business life.

The definition of a stakeholder that is most often used was written by Freeman in 1984:

> *"any group or individual who can affect or is affected by the achievement of the organizations objectives"*
>
> (Freeman, 1984:46)

According to Freeman (1984) it is important for a business to identify all stakeholders affected, and manage them in the best possible way. Freeman (1984) stresses that this is crucial for a business, and that this is something that a business needs to do in order to achieve success today. This definition is a general definition, and will fit in most businesses strategy regarding stakeholder strategy. However, it doesn't say anything about how to identify the stakeholders, because this is often one of the biggest challenges regarding stakeholder theory.

27

Freeman (1984) argues that the identification of stakeholders should be limited to the stakeholders that is directly affected by the organisations behaviour and includes the following groups: Shareholders, consumers, suppliers, workers, competitors, creditors, governmental agencies, professional groups and local communities. It is possible to do a more thorough identification of stakeholders. Clarkson (1995) defines stakeholders more detailed. He claims that:

> *"…typically stakeholder groups that compromise an organization are shareholders and investors, customers and suppliers."*

(Clarkson, 1995)

He also adds that public stakeholder groups which consist of government and communities providing markets and infrastructure, laws and regulations, and those that the organization have various obligations to (Clarkson, 1995).

4.1.1 Stakeholder Identification

As stated earlier, there are many ways to identify and define a stakeholder. In this section we will present different models, and ways to define and identify stakeholder, and then show which will be used in the thesis.

In stakeholder literature there are several narrow definitions that claim that managers simply cannot attend to all actual or potential claims. Further, the definitions we have shown suggest that there are many different priorities for the managers take into consideration. Mitchell et al (1997) suggests that the question of stakeholder salience is – *The degree to which managers give priority to the competing stakeholder claims* – and is beyond the question of stakeholder identification, because the dynamics inherent in the relationships include complex considerations which is not easily explained by the stakeholder framework.

In their article "Who and What really counts?" they suggest three attributes to define the stakeholders:

1. The stakeholders **power** to influence the firm.
2. The **legitimacy** of the stakeholders relationships with the firm.
3. The **urgency** of the stakeholders claim to the firm.
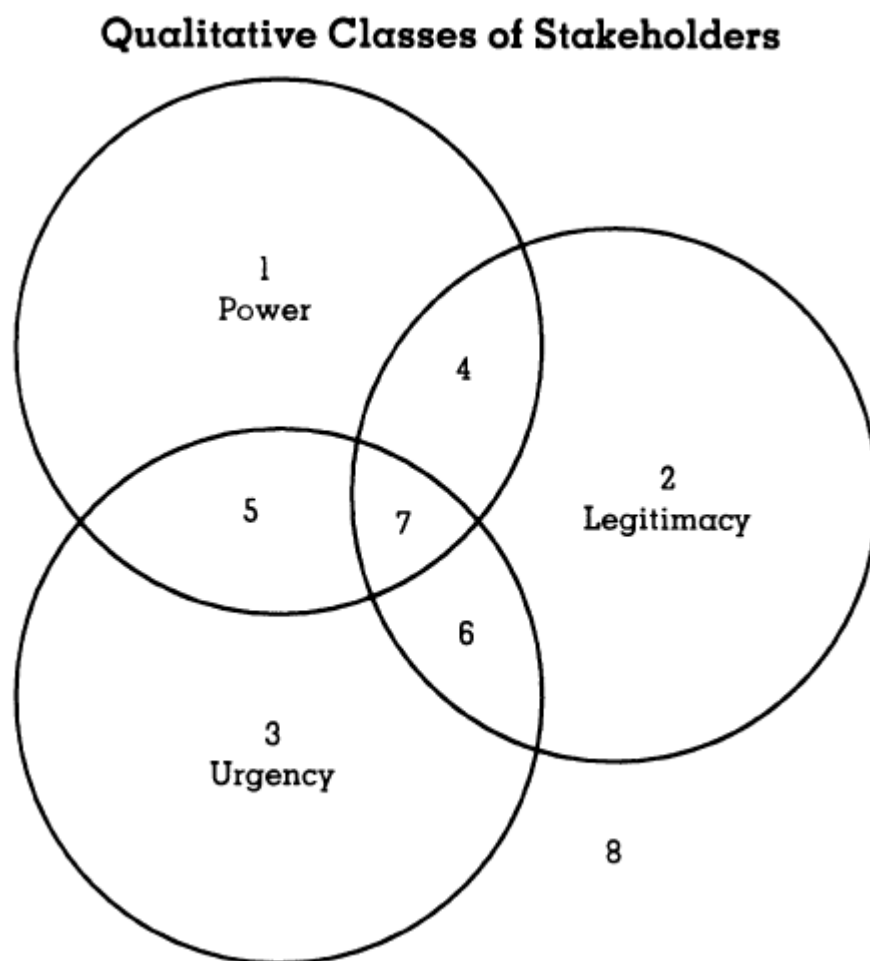
Qualitative Classes of Stakeholders

Figure 4: Qualitative Classes of Stakeholders (Mitchell et al, 1997)

According to Mitchell et al (1997) they don't argue that business leaders should focus on stakeholder salience, but that they do care about the different stakeholders, but they threat

them differently. This is an important part of the stakeholder literature, and with these three attributes it will be easier to respond to various stakeholder types.

Another way to define the stakeholder is according to Rehnman (1968) to recommend a stakeholder grid that sets the various stakeholders regarding stake and influence in the corporations different decision making processes (Gao & Zhang, 2001). The more powerful stakeholder, the more dependent is the organization, is another way to put it. These definitions seem to be good definitions, but they are too generalized for us to use as a framework in the thesis. Freeman et al. (2007) stresses that a stakeholder framework needs to identify specific groups, and implement special procedures to manage these stakeholders. This method is known as mapping and was introduced by Freeman et al. (2007).
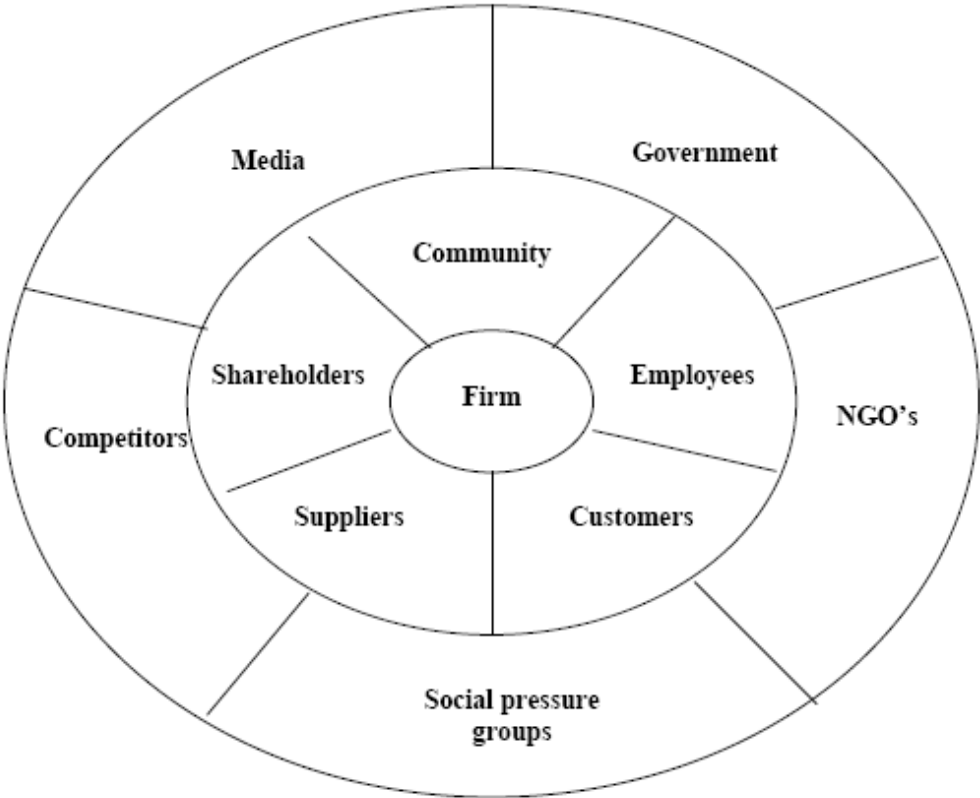

Figure 5: Stakeholder Mapping (Freeman et al., 2007)

This model is basically a map that divides the stakeholders into two different groups, either primary or secondary. Primary stakeholders are the ones who are in the inner circle and are considered to be the most important for all organizations. This group control important

Bodø Graduate School of Business

resources and includes organizations, suppliers, customers, employees, communities and shareholders (Freeman et al. 2007). Secondary stakeholders are the outer ring of the model. These groups can also affect or be affected by the organization. Further, they are able to influence the inner circle, the primary stakeholders. This is often done by NGOs in the oil and gas industry.

This Figure shows the three different attributes power, legitimacy and urgency. We see how the stakeholders are defined in accordance with which attributes they possess. With help from this model it is easier to define the position of the different stakeholders, and helps the businesses to know how to respond.
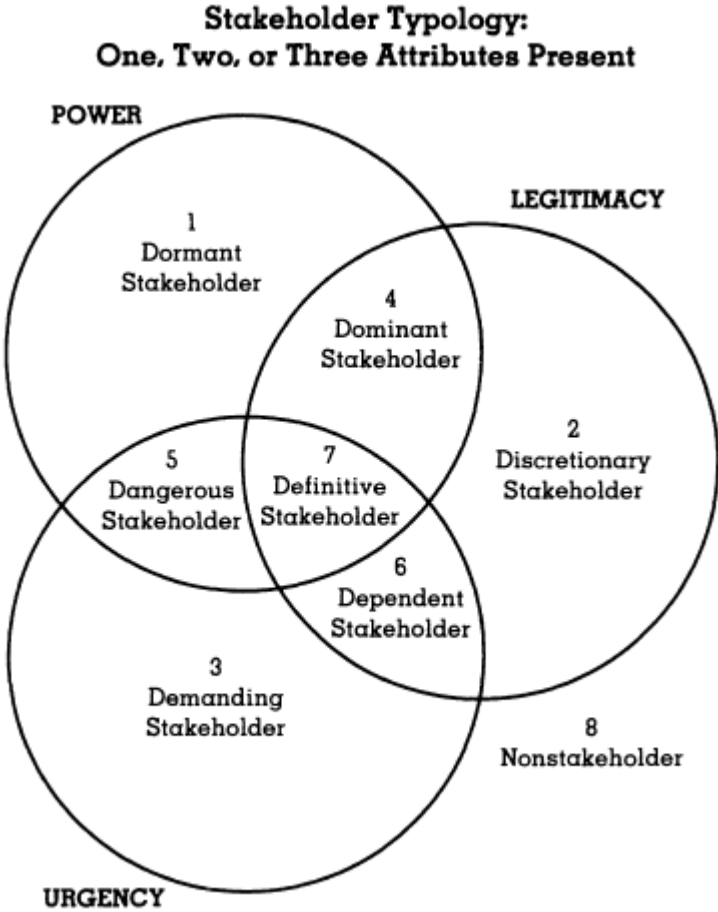

Figure 6: Stakeholder Salience (Mitchell et al, 1997)

In order to understand these different attributes power, legitimacy and urgency we will explain them, and put them in context.

Bodø Graduate School of Business

According to Weber (1947) the idea of power is "*the probability that one actor within a social relationship would be in a position to carry out his own will despite resistance*". Another definition of power is "*a relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done*" (Weber, 1947). We concur that it is not easy to define power, but it may be easier to recognize. One thing is certain, that power is transferable and it may be acquired, and it may be lost. Sachman (1995) defines legitimacy as "*a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values, beliefs, and definitions*". This definition may be difficult to operationalize, but it contains several good descriptions that will help us identify the stakeholders. Now we will take a look at urgency as an attribute. Mitchell et al (1997) propose that urgency gives the model a more dynamic function. They emphasize that without the urgency attribute, the model will be to static. Urgency is defined as "*calling for imidiate attention*" or "*pressing*" according to the Merriam-Webster Dictionary. We will now look further in to the model.

Mitchell et al (1997) uses these different attributes in the identification of stakeholders. In comparison with Freeman et al. (2007) they have three different classifications of stakeholders: latent, expectant and definitive stakeholders.

Latent stakeholders are the stakeholder group with only one of the attributes. According to Mitchell et al. (1997) the stakeholders with only one of the attributes (power, legitimacy or urgency) will have a low stakeholder salience. In this group there are three different types of stakeholders:

1. Dormant
2. Discretionary
3. Demanding

The relevant attribute to dormant is power. They possess power to influence their will to the business. The discretionary stakeholders possess the attribute of legitimacy. They have no power to influence the business and can't claim anything. There is no pressure on the management to engage in a relationship with this kind of stakeholder. However, there is

something the business may gain. This relates to the top of Carrols CSR pyramid, philanthropically responsibilities, that we will present later in this chapter. This is of great importance in our thesis because these issues concerns the communities, and especially related to oil and gas activity where it is high demands in many areas. The demanding stakeholders are those with urgent claims, but have neither power nor legitimacy to back it up. Mitchell et al. (1997) describes them as "mosquitoes buzzing in the ear" of managers, annoying but not dangerous.

The second group is the expectant stakeholders. They possess two of the three attributes and this makes them more powerful. According to Mitchell et al. (1997) these stakeholder achieve more responsiveness to their interest. In this group the stakeholder salience is classified as moderate and includes three different types of stakeholders:

1. Dominant
2. Dependent
3. Dangerous

The dominant stakeholders possess both power and legitimacy. This assures their influence on the organization, and they can make claims and follow them up (Mitchell et al. 1997). Businesses often implement mechanisms that prevent these stakeholders to harm the business. An example of such a mechanism may be a seat in the board room, or involve them in another way. This will prevent the stakeholder from "harming" the organization. Second, the dependent stakeholders are called the dependent because of the reason that they are dependent on others to act. However, by cooperating with a dominant stakeholder this stakeholder will be at the top of the salience ladder, and thereby becomes a stakeholder of great importance. Dangerous stakeholders on the other hand is defined as dangerous because the have both power and urgency, but lacks legitimacy (Mitchell et al. 1997). This includes employee sabotage, terrorism and such.

 The last but most important group of stakeholders is the definitive stakeholders. They possess all the three attributes of power, legitimacy and urgency. The stakeholders in this group will have a high salience for the company. What is important to remember is that every stakeholder can become a definitive stakeholder by cooperating with another stakeholder.

Their main objective then would be to cooperate with someone who has another attribute than they have (Mitchell et al. 1997).

In this section we have looked upon two different ways to identify stakeholders. We believe that by using Mitchell's model as a framework in our thesis, gives us the depth we need to identify the many stakeholders. Because of the many categorizations and definitions in this model we will be able to discover the differences easier than using Freeman's model. Freeman's model lacked a specialised way to identify and became in our point of view to general to be used in this context. Now we have the theoretical framework to identify the stakeholders. In the following section we will present the theoretical framework we will use in examining the dialogue between the stakeholders.

4.1.2 Stakeholder dialogue for management

Stakeholder management is often used when other solutions have failed by the company or based on other experience. According to Oels (2006) this especially concerns natural resources management. Therefore oil and gas companies need to have this approach in implementing a project in a local community. This varies a lot on the local conditions. For instance, it will be an entirely different stakeholder approach in Africa, than in Norway. Other important aspects concerning Norwegian standards are environmental requirements, political pressure and ripple effects.

Conventional approaches to natural resource management usually focus on advices from experts, without including the local stakeholders (Oels, 2006). This has changed in recent years, and there are high demands regarding oil and gas exploration and production. Oels (2006) states that it is costly to maintain a good dialogue with the stakeholders, but it is even more costs linked to not having a good dialogue. In addition it will be a less sustainable solution. Stakeholder dialogue for management leads to growth in social learning and growth of social capital (Oels, 2006).

Bodø Graduate School of Business

4.2 Communication Theory

4.2.1 Stakeholder Dialogue

It exist several definitions of dialogue. According to Bohm (1996) a dialogue is a direct, multiphase practice and a relatively straight forward activity, and should therefore not be mistaken by assumption and theorizing.

> *"Dialogue can be explained as communication between different people with diverse views which have the intention to learn from each other"*
>
> (Freire, 1970)

Angela Oels (2006) define a stakeholder as those with information on the subject at hand, those with power to influence the decision making, and those affected by these decisions. This definition concurs with Freemans definition. Oels (2006) defines a stakeholder dialogue as something that doesn't involve the public, but only those with a stake in the issue at hand. According to Angela Oels (2006), stakeholder dialogue can be classified along three purposes:

- *Clarifying and improving knowledge (stakeholder dialogue for science);*
- *Basing decision-making upon the deliberation of a collective will;*
- *Supporting implementation (stakeholder dialogue for management).*

Sometimes it is difficult to distinguish these types of stakeholder dialogue. The reason is that stakeholder dialogue for science and stakeholder dialogue for management often tries to solve a problem by policy-making.

4.2.2 Communicative Arena and Communicative Action

In the model below we see Ingebrigtsen and Jakobsen figure of the Communicative arena. We have chosen to use it because it shows how the different stakeholders are a part of an equal network where decisions take place (Ingebrigtsten & Jakobsen, 2007). It includes some principles that will strengthen our theoretical framework on dialogue.
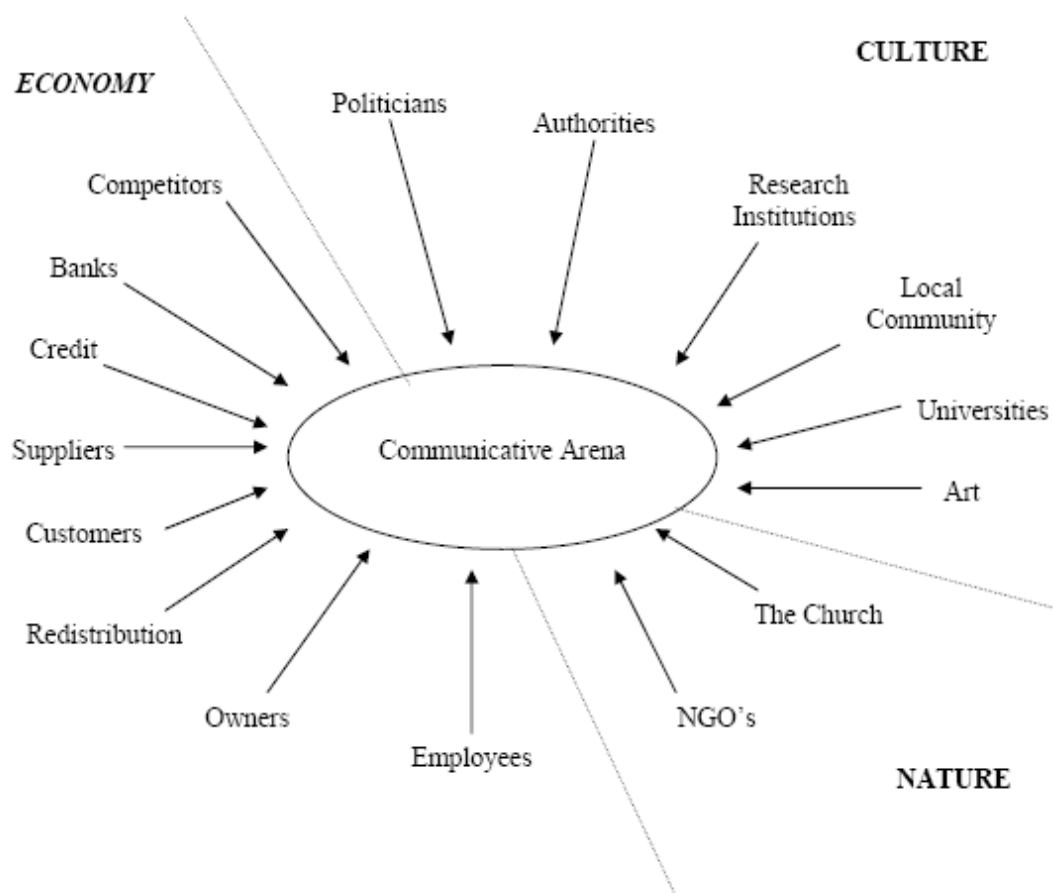

Figure 7: Communicative Arena (Freeman et al. 2007)

The three areas of market; economy, nature and culture are integrated in the communicative arena. This models gives an impression of that every stakeholder counts the same.

Bodø Graduate School of Business

"The communicative arena represents a network suited to establish the spirit of association between the participants, necessary for social responsibility and sustainable development"

(Ingebrigtsen & Jakobsen, 2007)

According to Ingebrigtsen and Jakobsen (2007) the communicative arena gives the opportunity of having a reasoned dialogue between the stakeholders. In addition it helps resolve problems related to both bureaucratic centralization and individual atomization (Ingebrigtsen & Jakobsen, 2007). In the establishment of a communicative arena, the participants should agree upon cooperating with best interest. Ingebrigtsen and Jakobsen (2007) emphasize that not every issue needs to be sorted out with the help of a communicative arena, but it suits especially well in matters regarding conflicts of societal and ecological values. If there are small problems, the communicative arena will be too advanced and time-consuming.

The communicative arena contains some parts of Habermas Communicative Action (1984) and Freemans Stakeholder Approach (1984). Their theories builds on the same idea of having a dialogue based relation system between the different stakeholders, and will lead to better solutions than "one-dimensional" and "competition based" information systems (Ingebrigtsen & Jakobsen, 2007). Habermas (1984) emphasizes the importance of cooperation, dialogue and reasoned arguments, in order to achieve trust and understanding in society. He stresses the importance of reaching an agreement through public dialogue, instead of using power as an instrument. This is one of the core elements in his Communicative Action model (Habermas, 1984). This is adapted by Ingebrigtsen and Jakobsen in the Communicative Arena.

There are some requirements that are linked to the Communicative Arena. These requirements build on Habermas principles of Communicative Action and are requirements that need to be complied to achieve a good dialogue process:

- *all individuals and organizations (or representatives from them) who can be affected, should be allowed to participate;*

Bodø Graduate School of Business

- *everyone is given the possibility to ask questions about any statement;*
- *everyone at any time has the possibility to introduce their own proposals;*
- *everyone has the opportunity to express their own attitudes, wishes and needs;*
- *nobody must be hindered either by internal or by external forces, to make use of the above-mentioned rights.*

<div align="right">(Ingebritsen & Jakobsen, 2007; Habermas, 1984)</div>

According to Ingebrigtsen and Jakobsen (2007), these requirements need to be fulfilled if we want a discourse between stakeholders on the same level of importance. This is interesting to compare with Mitchell et al. (1997) categorization and identification of stakeholders. They claim that it exist differences between stakeholders in according to how many attributes they possess (power, legitimacy and urgency). Further, these attributes defines the salience of the stakeholders, in the managers point of view. This means that there is a different view on how to "rank" the stakeholders, and in accordance with Ingebrigtsen and Jakobsen (2007) the stakeholders will not be able to have a good dialogue based on Mitchell et al. (1997) classification of stakeholders. Because the whole purpose of the Communicative Arena is:

> *"…to establish a common value foundation in which all interested parties (stakeholders) share the same rights"*

<div align="right">(Ingebrigtsen & Jakobsen, 2007)</div>

According to Mitchell et al. (1997) the different stakeholders have different ways to put "pressure" on the management. It depends if the stakeholders are defined as a dependent, demanding, dangerous and so on. Therefore the stakeholders will act differently and seek support and cooperation with another stakeholder in lack of one attribute. For instance, a dependent stakeholder possesses both legitimacy and urgency. This stakeholder would need to cooperate with a stakeholder with power to carry out their will. On the other hand there are reasons to believe that despite the difference between the classifications, all stakeholders can benefit on having a constructive dialogue on the same level as suggested in the Communicative Arena.

This quotation describes the basis to participate in a discourse:

> *"I might be wrong and you might be right, and by accumulating our efforts, we can move closer to the truth"*

<div align="right">(Ingebrigtsen & Jakobsen, 2007; Popper 1981, p.251)</div>

In the cooperation in the Communicative Arena it is of great importance that stakeholders are able to view at the different problems in the other stakeholder's perspective. Ingebrigtsen and Jakobsen (2007) emphasizes that it is crucial that every stakeholder understand that the decision goes in favour of the common interest, instead of individual claims.

4.3 Corporate Social Responsibility

Corporations today have a social responsibility, and may give an advantage in market positioning. There are several ways for a corporation to appear socially responsible. However, in this thesis we choose to focus on **selective** approach. The selective approach has specific goals, cooperation with local sub-suppliers, local community support and such.

4.3.1 Corporate Social Responsibility

There are several definitions of Corporate Social Responsibility. According to Crane and Matten (2007), early definitions stated that corporations had a social responsibility to increase profits. Today however, focus seems to have shifted more over to social responsibility for surroundings and sustainable development which includes an economic, political, institutional and social context.

Corporations have always been a part of society, but their responsibility in society, with their earnings, has never been defined. However, this often resulted in the use of self invented interpretations of what is demanded of each corporation. However, focus in corporate citizenship has a much larger focus today, than in the past. Give back to local communities beyond taxes, like sponsorships or education, has become more and more common. Especially

<div align="right">39</div>

in an oil and gas exploration and extraction areas, it is expected that the local community get some of the revenues created from the area. Oil and gas companies are often criticized for not having a good enough plan for social responsibility, because of the enormous wealth being extracted or created percent wise appose to other non-oil companies, it is very hard to establish what is considered sufficient. And this is further confirmed with the entire idea of an oil and gas company, which in the first place a very poor sustainable idea of business, extracting non-renewable resources.

4.3.2 The pyramid of Corporate Social Responsibility

For CSR to be accepted in a business perspective, it must cover all aspects of business. According to Carroll (1991), there are four responsibilities that constitute CSR in total: economic, legal, ethical and philanthropic. All together they are illustrated in Carroll`s (1991) CSR pyramid.
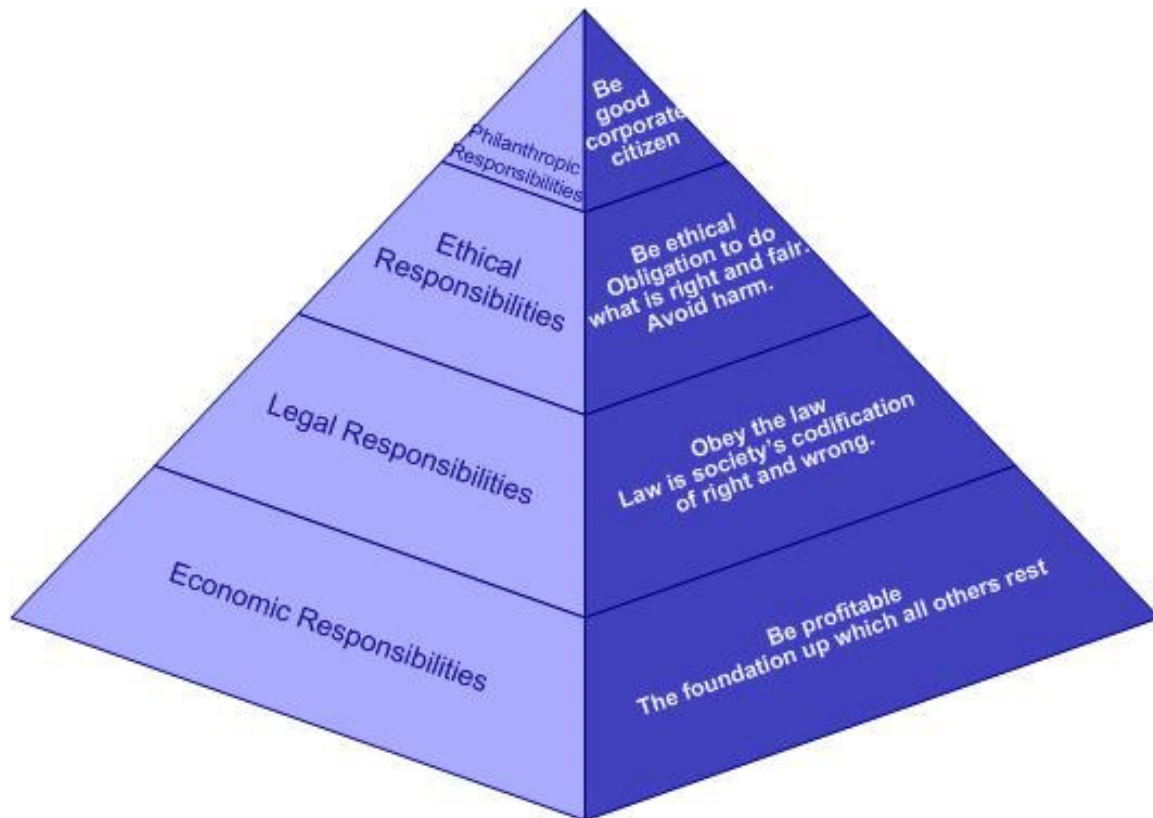
Carroll's CSR Pyramid

Figure 8: CSR Pyramid (csrquest.net)

All of these categories have always existed to some extent. However, during the recent years, the ethical and philanthropic responsibilities have taken a more and more significant place in total CSR.

4.3.3 Economic responsibilities

Before anything else, business organization was the economic unit in the society. And business organizations were designed to provide goods and services to members of society. In other words, its principle role was to services and goods that the consumers needed and to make an acceptable profit in the process. Later on, this focus shifted over to maximum profits, which has been the value ever since. Without an economic base, all other parts of the pyramid are considered useless (Carroll, 1991).

4.3.4 Legal responsibilities

In addition to the economic responsibilities, organizations are required to operate within the law and regulations at all times. All organizations that are society firms are expected to follow their economic missions within the framework of the law (Carroll, 1991).

Model to illustrate Legal and Economic responsibilities:

Figure 1
Economic and Legal Components of Corporate Social Responsibility

Economic Components (Responsibilities)	Legal Components (Responsibilities)
1. It is important to perform in a manner consistent with maximizing earnings per share	1. It is important to perform in a manner consistent with expectations of government and law.
2. It is important to be committed to being as profitable as possible.	2. It is important to comply with various federal, state, and local regulations.
3. It is important to maintain a strong competitive position.	3. It is important to be a law-abiding corporate citizen.
4. It is important to maintain a high level of operating efficiency.	4. It is important that a successful firm be defined as one that fulfills its legal obligations.
5. It is important that a successful firm be defined as one that is consistently profitable.	5. It is important to provide goods and services that at least meet minimal legal requirements.

Table 2: Economic and Legal Components (Carrol, 1991)

4.3.5 Ethical Responsibilities

If we consider the economic and legal responsibilities in a corporation, and that the responsibilities are fulfilled from those perspectives, we can say that the corporation is healthy and responsible. However, there are norms and unwritten rules, expectations or other practices that is considered prohibited by society, and just not prohibited by law. Ethical

aspects of CSR cover these activities. What the corporation should do beyond economics, rules and regulations (Carroll, 1991).

4.3.6 Philanthropic Responsibilities

Philanthropic responsibilities are corporate actions towards society expectations. Much like ethical responsibilities, this goes beyond what is legally and economic expected from the corporation. A good example is supporting education in the community, or financial support/sponsorships. The difference between philanthropic and ethical responsibilities is that the ethical aspect is already expected, and philanthropic is beyond what is expected (Carroll, 1991).

A model to illustrate ethical and philanthropic responsibilities:

Figure 2
Ethical and Philanthropic Components of Corporate Social Responsibility

Ethical Components (Responsibilities)	Philanthropic Components (Responsibilities)
1. It is important to perform in a manner consistent with expectations of societal mores and ethical norms.	1. It is important to perform in a manner consistent with the philanthropic and charitable expectations of society.
2. It is important to recognize and respect new or evolving ethical moral norms adopted by society.	2. It is important to assist the fine and performing arts.
3. It is important to prevent ethical norms from being compromised in order to achieve corporate goals.	3. It is important that managers and employees participate in voluntary and charitable activities within their local communities.
4. It is important that good corporate citizenship be defined as doing what is expected morally or ethically.	4. It is important to provide assistance to private and public educational institutions.
5. It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.	5. It is important to assist voluntarily those projects that enhance a community's "quality of life."

Table 3: Ethical and Philantropical Components (Carrol, 1991)

Bodø Graduate School of Business

Social responsibility in corporations has always been a victim for critics. And those that don't trust corporations often say that CSR is a tool to "only" appear social responsible. That CSR is just positive PR, and action from the corporations is missing. Another critique against CSR in corporations, is that the staff is simply not qualified to handle something as complex as CSR (Crane and Matten, 2007).

Summary

In this chapter we have done a presentation of the theoretical framework that will be used in the analysis of the empirical findings. The three main theories we have been focusing on is the stakeholder theory, communicative arena and corporate social responsibility.

The stakeholder theory gives us an important insight in the different issues regarding stakeholder identification, stakeholder mapping, stakeholder management and stakeholder dialogue. This section is the most important for our thesis, because our main focus in this thesis is the stakeholder dialogue. However, it is an important part of the process to monitor how BP identifies their stakeholders. Therefore we have done a thorough examination of the theory within that area in the literature.

Further, we have looked at communication theory. The main focus has been on the Communicative Arena which provides a thorough description of the dialogue between stakeholders and gives perspectives on how to analyse diverse settings.

As additional theory, we have chosen to use the corporate social responsibility theory with focus on Carrols (1991) classifications of CSR. This to provide a greater understanding of the background for a business to chose to focus on these areas.

We have chosen the theories that we feel suits best to our research questions. Some theories doesn't agree on some points, but they all share the same view regarding view on stakeholder relations, except of Mitchell et al. (1997) view regarding stakeholder salience and Ingebrigtsen and Jakobsen (2007) Communicative Arena. However, we have chosen to use the stakeholder salience model to identify the stakeholders and the communicative arena to analyse the dialogue between the stakeholders. There are several other theories that serve as additional information to explain different issues throughout our thesis.

Bodø Graduate School of Business

5. Empirical Part: The case of the Skarv development project

"Make sure nobody can say you haven't spoken to me"

(Øystein Johnsrud, Project Manager HSSE BP, 2009)

Introduction

In this chapter an analysis of the dialogue will be presented. We will present the empirical data and analyze the findings in a storyline. We will start by presenting and analyze the early stakeholder identification from the different perspectives, and then continue with analyzing the dialogue.

In this chapter we will present our empirical data. We have used computer software especially designed for empirical data coding, NVIVO. This software makes it easier to split up data in suitable part. This will be illustrated by figure later in this chapter.

We started out with a corpus of data in form of our transcribed interviews. Our goal was to discover variables/categories and their interrelationship. This part of the data analysis is called open coding, and is the initial part of the coding process. The way this part is conducted is that we go through every interview, and break down the interviews line by line. In this process, certain categories appeared as natural in the setting the respondent explained and answered the questions. After the interviews were broken down in a line-by-line analysis we ended up with 26 categories, which we later on broke down into 4 sub-core categories. When we went on to code further, we looked at the 26 categories and started a process of axial coding. In this part we related the categories that naturally fitted each other into 4 new categories. In this part of the coding we approached the empirical data in both an inductive and deductive thinking, to make it easier to relate the categories to our theoretical framework.
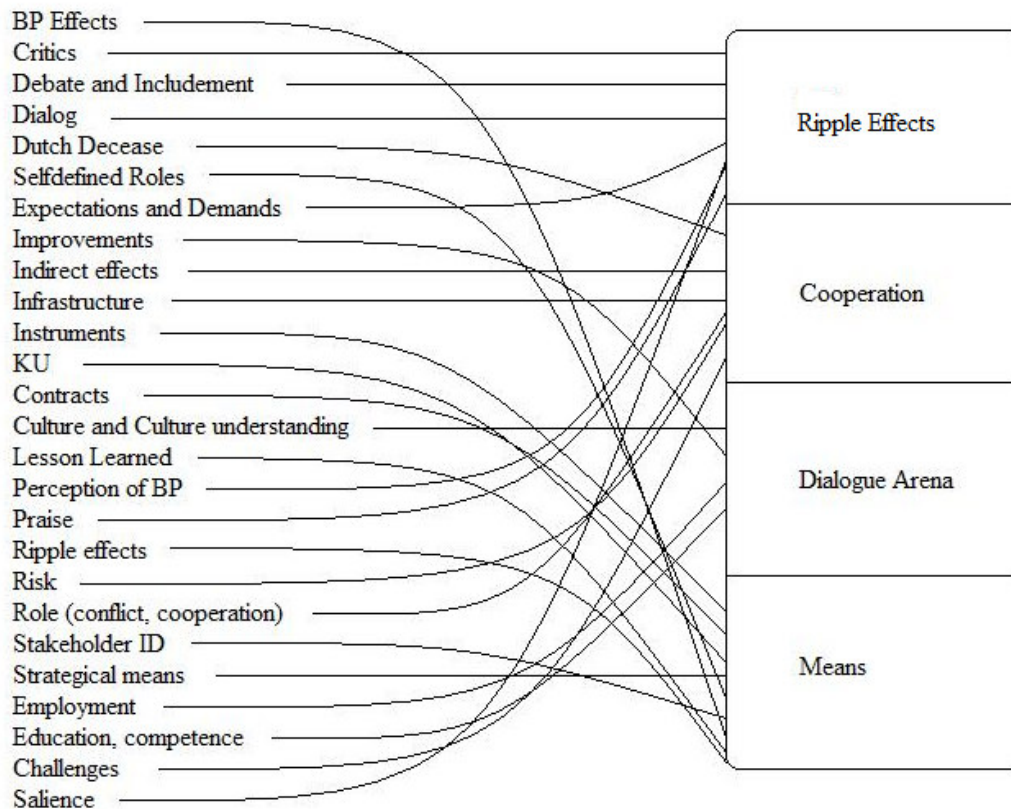
Bodø Graduate School of Business

Figure 9: Axial Coding

After creating the four sub-core categories, we then concentrated in relating those four categories into one core category. In this thesis we focus in stakeholder dialogue, so the process of choosing the core category was not so difficult. This part of the process is called Selective Coding. By choosing those four categories and relating them to the core category, the process of linking the empirical data to our theoretical framework was easier. Further on, we have produced a storyline based upon all four of the sub-core category. However, during the storylines we have tried to illustrate the link between the core-sub categories and the core category.
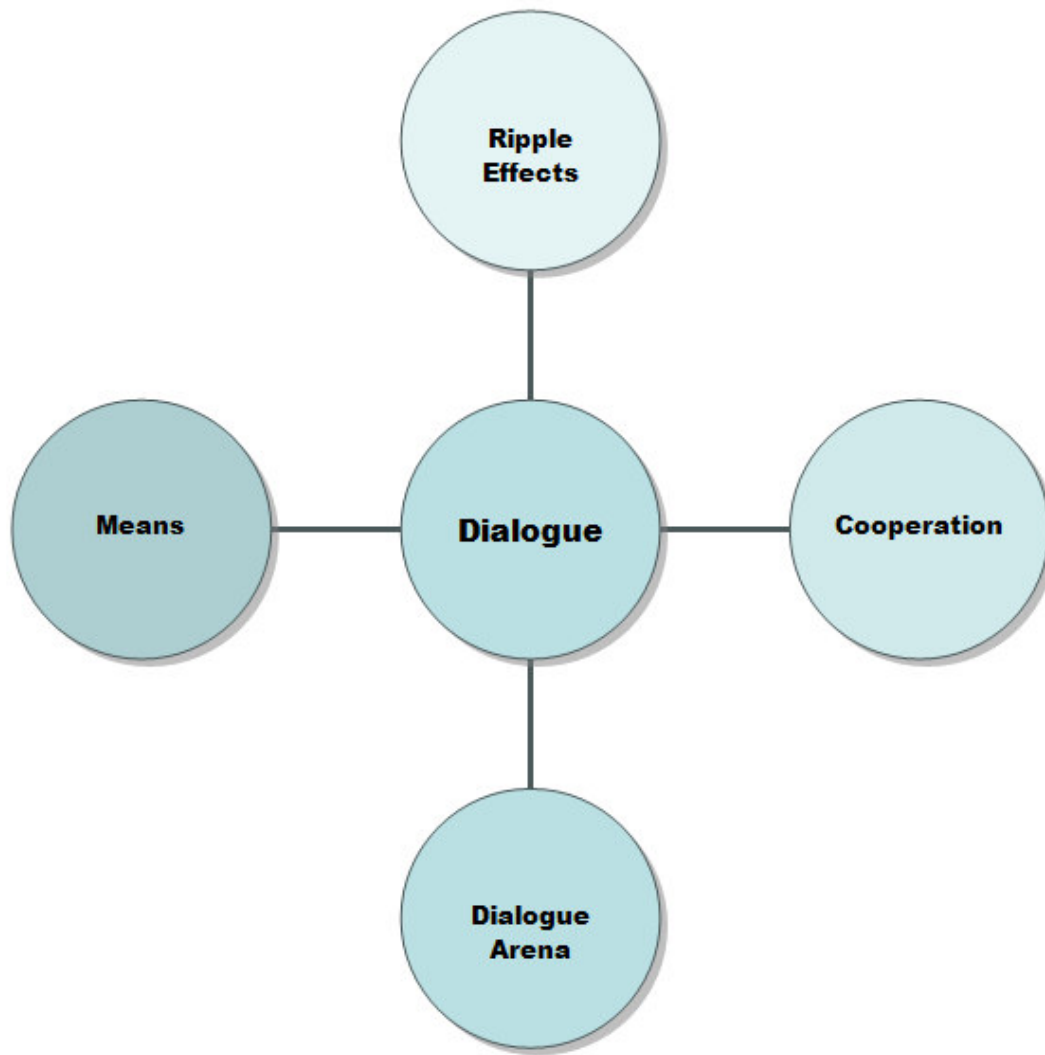
Figure 10: Selective Coding

First off, we will start with the dialogue regarding ripple effects. We have made a model which helps illustrate our selective coding of the different issues.

Bodø Graduate School of Business

5.1 Cooperation

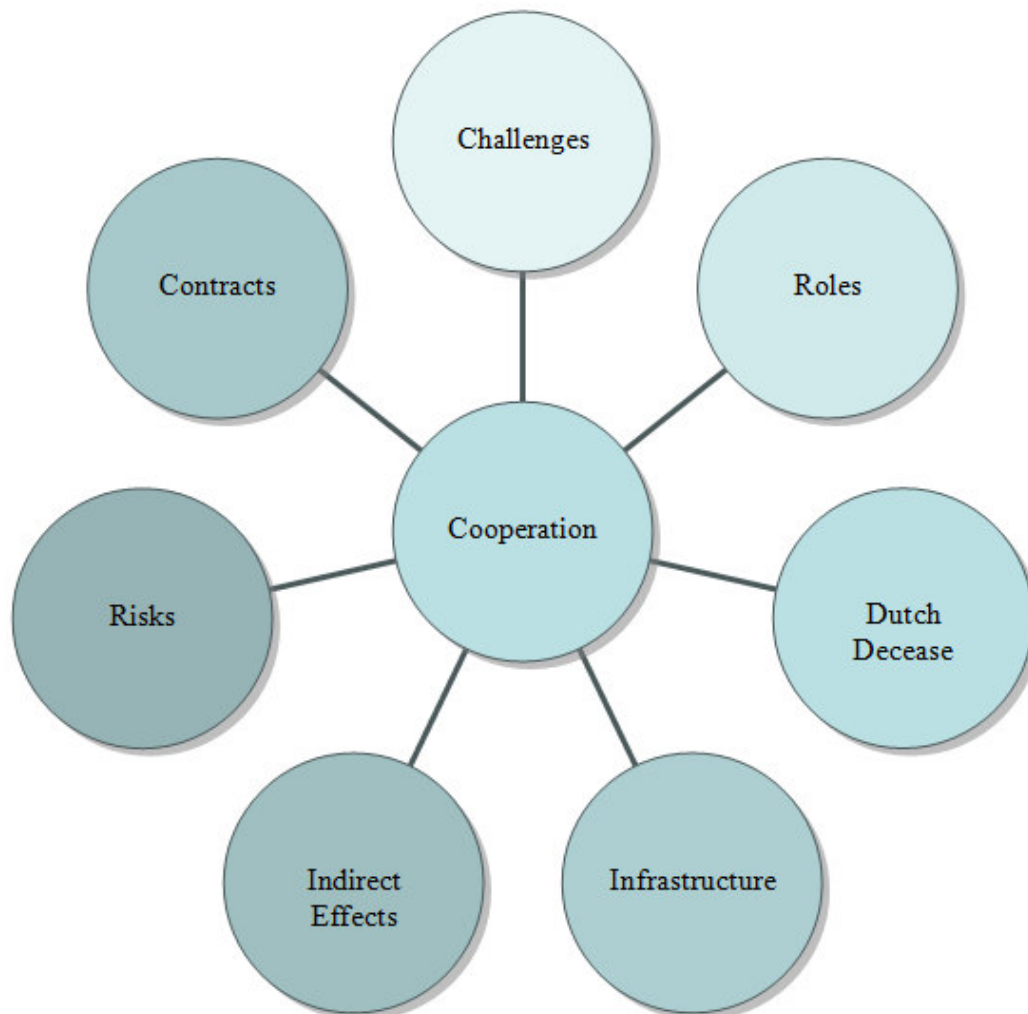This model helps illustrate the cooperation section of the chapter.

Figure 11: Cooperation

In the Skarv development, there has been considerable focus on cooperation. BP has from the beginning called for cooperation between both communities and companies. It began in 2001 with the municipalities in Helgeland who wanted the Skarv development to the region. They understood early on that they had to cooperate, in order to achieve this. At the same time, the degree of cooperation shown to vary over time. The reason for this has been that the municipalities has had less focus on community and the totality, and instead had the greatest focus on its own municipality. This has led to that more opportunities for value creation have disappeared. One of the respondents from one of the municipalities have expressed that they

Bodø Graduate School of Business

were weakened in one setting of the cooperation, for in the next to counteract each other. One of the reasons that it has been difficult to cooperate, are ripple effects that come with such a development. Moreover, the cooperation has been gradually improving after BP decided who would have the base function and the helicopter base.

Cooperation between the County and municipalities have been challenging at times, according to representatives from both the major municipalities in Helgeland, Alstadhaug and Brønnøy. There are several municipalities point of view, that it has been difficult to have been part of collaboration with BP, and that the County should have contributed more as a facilitator. The reason is that it created a cooperation council (samarbeidsutvalg) in Nordland, where chairmen from each of the major municipalities participated. The reason for the formation was that Nordland would be as one unit, and make it easier for BP in regards to only having one part to contact. One of the consequences was that the municipalities had less participation and decision-making power in cooperation with BP. It has led to frustration from municipalities to only deal with the County. At the same time, representatives from the County argue that this will be a natural development and a sensible division that creates a stronger voice in the dialogue against the oil companies.

Another thing that has been central in the cooperation between BP and the municipalities is the focus on local government facilitator role. Representatives from both Sandnessjøen and Brønnøysund feel that it has been difficult to define what role they should have, especially in the beginning. Now they have chosen a more facilitating role which means that it is easier for them to focus on the things that create value and growth, for instance infrastructure and food areas.

This leads to further cooperation between companies and BP. BP has from the beginning indicated that companies should band together to compete for contracts. The reason is that it is difficult for new companies to establish themselves as suppliers in the oil industry because there are strict requirements, among other things, the HSSE requirements and Achilles certification. Therefore, it has taken time for local companies to position themselves and compete against already established businesses in the industry. BP has contributed in this process and helped Aqua Rock to become the supplier of stone to be placed on the seabed as a basis for gas pipes. This happened with co-operation between BP, the County and Aqua Rock.

On the other hand, there are several local companies that have expressed that BP has been difficult to relate to because of the short deadlines for contracts. This meant that local companies have been forced to take big risks, unless they are confident about getting the contract. On the other hand, BP has short deadlines in relation to their suppliers. This has still been a major challenge in cooperation between BP and local businesses. Some business sectors have also expelled frustration that BP will not have a dialogue about this. The same actor also says that it's with all these seminars they are joined, and has a good dialogue.

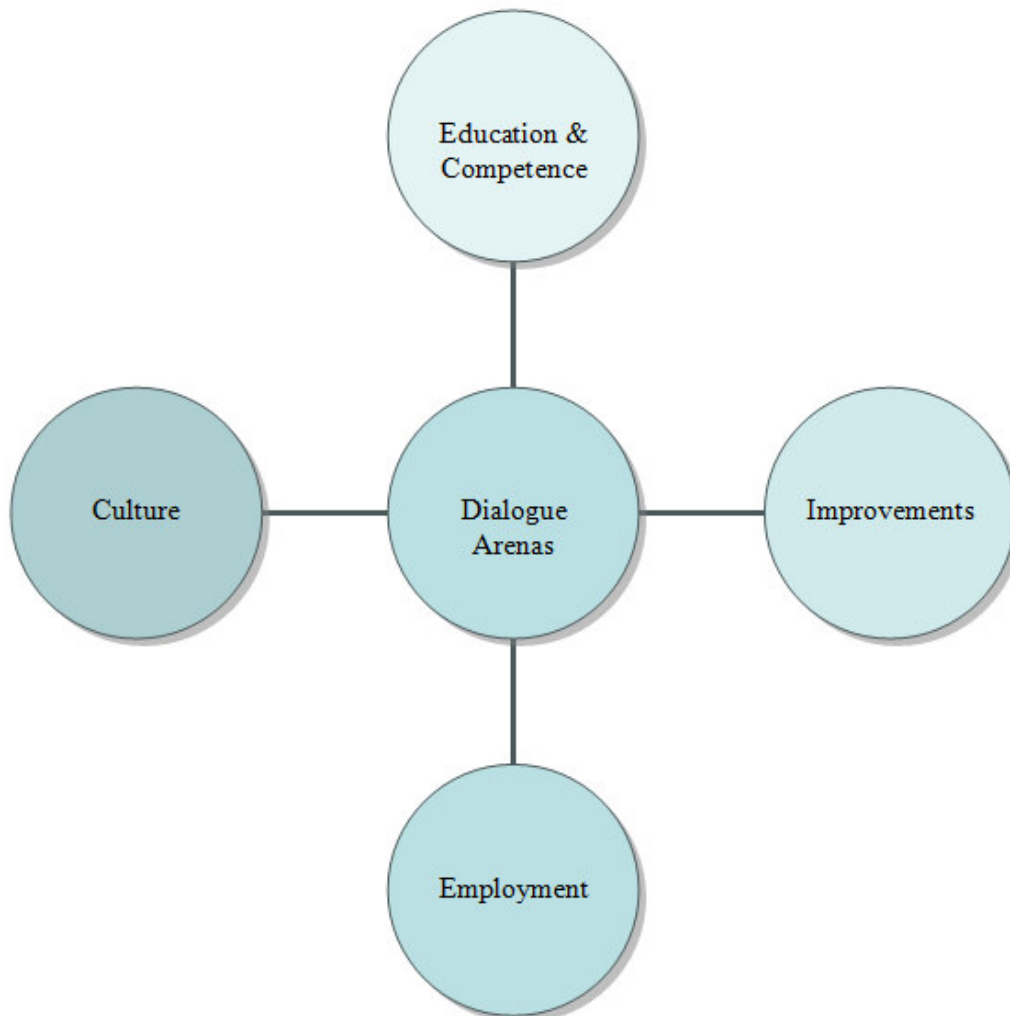In this section we will take a look at the different dialogue arenas.

Figure 12: Dialogue Arena

Most of the dialogue has been in meetings, conferences and seminars. BP has stated that they have a communication strategy based on the principle that there should be someone who can come in afterwards to say that you have not talked to us. We've got the impression through interviews with representatives from counties, municipalities and businesses. It seems as if BP has begun wide by talking to all possible stakeholders so as to narrow toward the they believe is most important. The first confirmed also in the external communication plan that BP has been used to select who they should talk to in what context.

On a question of how the dialogue with BP has been both municipalities feel that it was good in the beginning, while the one municipality think that the dialogue is worse after the county councils involved in the matter and a cooperation council (samarbeidsutvalg) was created. According to officials from one municipality was the only chairman who was with and they were only involved in the meetings and not work. It meant that some felt that it was purely informative and that it was deprived of the opportunity to contribute. According to the representative, the work was done at the county, which is another location that would, because it is difficult to be involved in what happens. A representative who belongs to an opposition party in one of the municipalities has also requested an arena where all can meet to increase the degree of involvement of the rest of society. This argument is also supported from several quarters in the County.

There is some debate about the ring Skarv development in local newspapers, but journalists are informed largely by the local politicians who are involved in the process.

BP has been active in relation to creating educational technology within the well in Sandnessjøen and at the same time been active in the Lego League events. They have also been in schools in Sandnessjøen and talked with the students along with local businesses. It was also apparent from the interviews at BP has been in contact with schools in Brønnøysund, but that there was a need to do something similar there.

In the media and society in general is it is focusing on ripple effects, and especially about how many jobs such a development generates. There is also a question that was asked of all respondents. The response varied according to the municipality they came from, and the response correlated well with the unemployment in the respective municipalities. I Brønnøysund have a very low unemployment and it is also reflected in how much interest there is in getting a job in connection with the project. Several respondents argue that it seems that the business sector in Brønnøysund not "hungry enough".

I dette avsnittet skal vi se på forskjellige virkemidler som er brukt i dialogen.
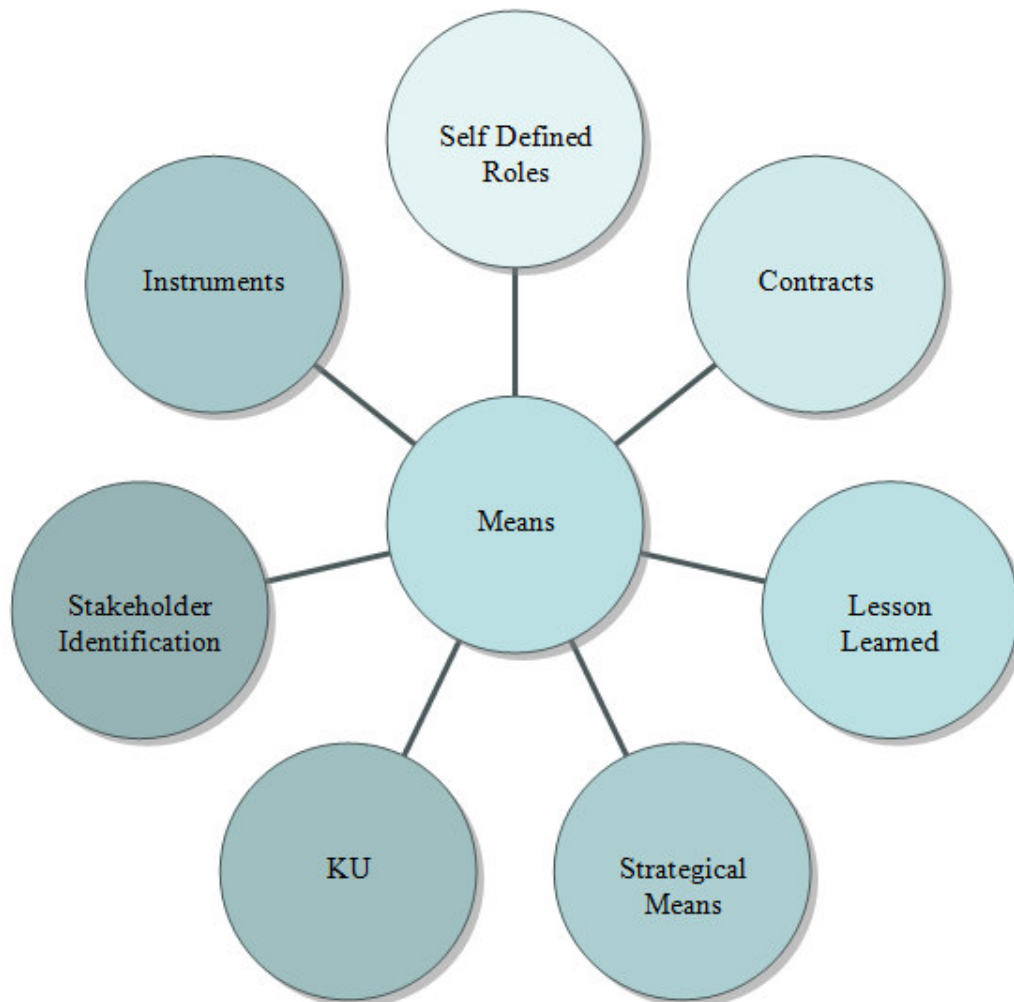

Figure 13: Means

There are various measures that have been central in the dialogue between the stakeholders. It is prepared reports, such as Impact Assessment (KU) as an indication of what's coming. This report has, among other things, set out some of the local industry's role in this development, as BP itself has stated in their application (PDO) to the authorities, about the operations and activities on the field. FAFO report, notification of growth report, is also prepared to illustrate a better picture of how an organization functions while operating. But from some parts it is claimed that the understanding of the operating organization and the ripple effects for the region this could generate, is not given a clear picture in such reports. At the same time, some of the respondents believe that the information to stakeholders uses such difficult terms and

expressions, that they simply do not understand what is communicated. And that this can have a negative effect in relation to possible local deliveries to Skarv.

BP has also expressed that it will engage local labour and industry to help to give the region a boost. At the same time, it becomes clear that the use of local industry should not come at the expense of the laws and regulations in an open competition situation. Something that the current players on the contractors also have expressed, they will not have special treatment, while it is mentioned that this is a direct ripple effect. It is also emphasized that this kind of ripple effects is just what the region needs, as it employs people. So that it is about keeping the people who live in the region. But on the other hand, it becomes clear from many respondents, that to get established into an already well built up the market for this type of industry offers many barriers.

Restructuring costs are mentioned as important among providers, and that this type of restructuring without having negotiated contracts are perceived as very difficult as this requires much capital, and are naturally associated with risk. Several of the respondents have expressed that the contract distribution goes slowly from BP's side. And to establish the contracts at an earlier stage would have made many manufacturers more competitive in relation to that it takes time to get in place the necessary equipment to handle such tasks.

Many of the respondents also give the expression that there exists a scepticism for oil and gas activity, in the general community, which are otherwise meant to be a result of developments in Nordland previously, and that this scepticism is well anchored. Here many of the respondents believe that BP has done a very good job. They have been present in the streets with stands, talked to people, held parental meetings in schools to speak about possible educational opportunities within the oil and gas sector. And that BP is regarded as very little arrogant in that context, it is a very popular behaviour and appears as humble.

At the same time the cooperation that BP and the county have established receives praise. The county has created a Skarv Committee, which will take care of and open for cooperation between the various stakeholders in the supply position, with the advantage that BP should have only one to relate to, and to gather Nordland under one banner. At the same time, it is

from some respondents claimed that the dialogue between BP and the suppliers have been weakened as a result of that the county has taken a more active role in this project. And that distance has become greater in the context. It is also claimed by one of the respondents that the county was invited to take a greater role in this dialogue at an early stage, but that the response was low. At the same time, it is emphasized from respondents that the county's involvement has produced some results, including the help to a local company called Aqua Rock, located in Sandnessjøen, to acquire equipment and knowledge to operate a special tool for treatment of the sea bed, and preparations of placement of gas pipelines at the sea bed. And the fact that such measures have an effect for several, among other things the trade business is considered very positive. Because it generates supplies for ships ripple effects, increased days on hotel accommodation services, increased traffic at airports and such.

5.4 Ripple Effects

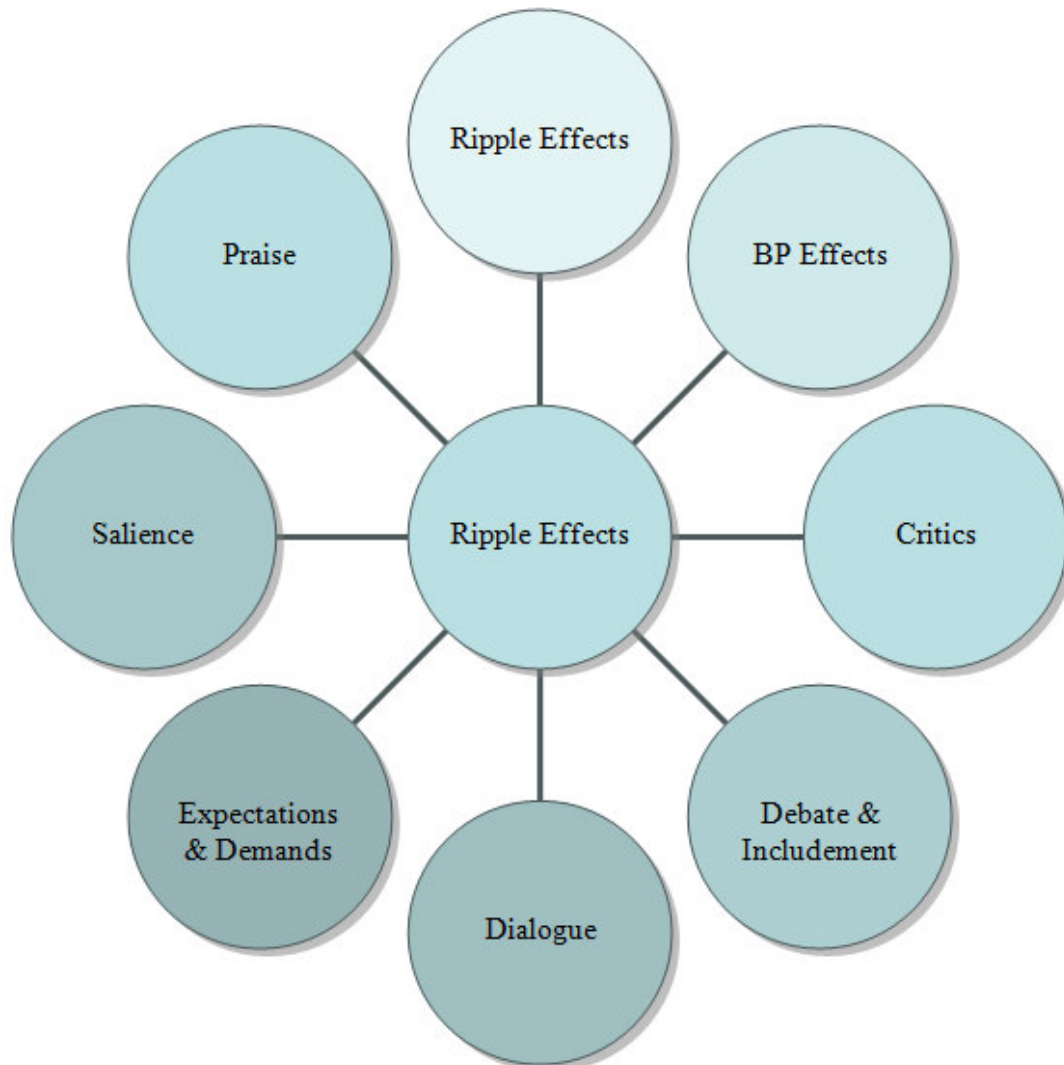In this section we will take a look at the dialogue related to ripple effects.

Figure 14: Ripple Effects

As mentioned previously the ripple effects have been a very central issue. With ripple effects we distinguish here between direct and indirect effects as a result of that Skarv development. There have been expectations of ripple effects among the politicians on both the county and municipality level. People in general have mixed expectations for the development, as there was tremendous enthusiasm when Statoil started with Norne development. It has also proven to be beneficial to BP since Skarv development is compared with Norne development. Several have expressed concern that if Skarv development proves to be a new Norne it will be very difficult to open several fields along the northern coast to petroleum. At the same time there were probably more expectations of ripple effects from oil and gas development in the past.

Bodø Graduate School of Business

The reality is that many politicians in both Alstadhaug and Brønnøy council have expressed their satisfaction with the ripple effects so far, but at the same time it is expected that there will be more eventually. On the other hand, there has been some disagreement between the municipalities on how the distribution of ripple effects should be. Even though it has been many expectations, there have been few direct demands according to BP. In this area there were multiple respondents from one county who said that this was because they had not been given the opportunity to promote the claims, since in their view there was a huge distance between   BP   and   the   municipalities   related   to   dialogue.

In the county, it is expressed that they are satisfied with the work BP has done in connection with the ripple effects. Cooperation has been close between BP and the county. It seems like the county has great understanding related to BPs choices. This is something that has led to dissatisfaction among both industry and municipalities. The reason is that they do not feel enough involved in the processes concerning important issues.

In this chapter we have provided you with our empirical data. We have tried to keep a focus within our research questions regarding stakeholder identification and stakeholder dialogue. We have explained and illustrated how we approached our empirical data in regards to the analysis. Furthermore how we have categorized the findings. A discussion to what categories we chose to put in our sub-categories will always exist. But we feel that the way we divided the categories, and implemented them into new ones, gives a clear picture of the empirical findings.

In order to create more interesting reading we have presented the data around the four sub-core categories in storyline form.

6. The Analysis

Introduction

In this final chapter we are going to use our theoretical framework to lead the empirical data towards our research questions. We will analyze the empirical data based on the models and theories in the theoretical framework chapter and in the end present our main findings in this thesis in the conclusion.

6.1 Stakeholder Identification

In this section we will analyze our empirical findings and connect it with our theoretical framework. We have used Mitchell et al. (1997) to identify the stakeholders and put them in different categories depending on which of the attributes (power, legitimacy and urgency) they possess. First we want to present some key findings from BP's external communication plan. This will be useful in the dialogue section as well. We used this to show how BP planned to approach their stakeholders and afterwards we will see how this fits with the reality and theory. It is important to differ from what BP wants and what the companies want.

The first step in BP's external communication plan was to identify key communication issues and key stakeholders compatible with their goals. They also wanted to find out what the stakeholder's goals were and what kind of knowledge they possessed. In addition, BP wanted to find out what their expectations was and if there was any alliances between the stakeholders Then BP defined what they wanted to achieve and what the consequence of failure would be. According to the plan the next step included which approach would be most effective. With this at hand they started to prepare a detailed communication plan containing who does and say what to whom, when and where. Last step was to evaluate efforts and results, adjust plan for lessons learnt and new challenges identified.

This shows us that BP had a thorough plan on how they wanted the communication to take place and with whom. It also indicates that they had a selection of "key" stakeholders which seemed more important than others. This touch upon Mitchell et al.(1997) definition of stakeholder salience. They claims that businesses such as BP in this matter try to identify their

_____ 60

stakeholders based on salience, in other words; how important each stakeholder is for the business. By doing this BP knows who they have to pay close attention to regarding claims. According to Mitchell et al. the businesses needs to define their stakeholders based on which of the three attributes power, legitimacy or urgency they possess. If a stakeholder possesses all three attributes they are defined as a Definitive Stakeholder. We are now going to define each of BPs stakeholders based on Mitchell et al. (1997) model of Stakeholder Salience. Since our main focus is the dialogue, we have limited the stakeholder identification to only concern they who have been most central in the dialogue. These are TTS, Aqua Rock, Nordland County, Brønnøy Municipality, Alstadhaug Municipality. We will begin by presenting the latent stakeholders.

This is the model we use as base for our theoretical framework regarding stakeholder identification:
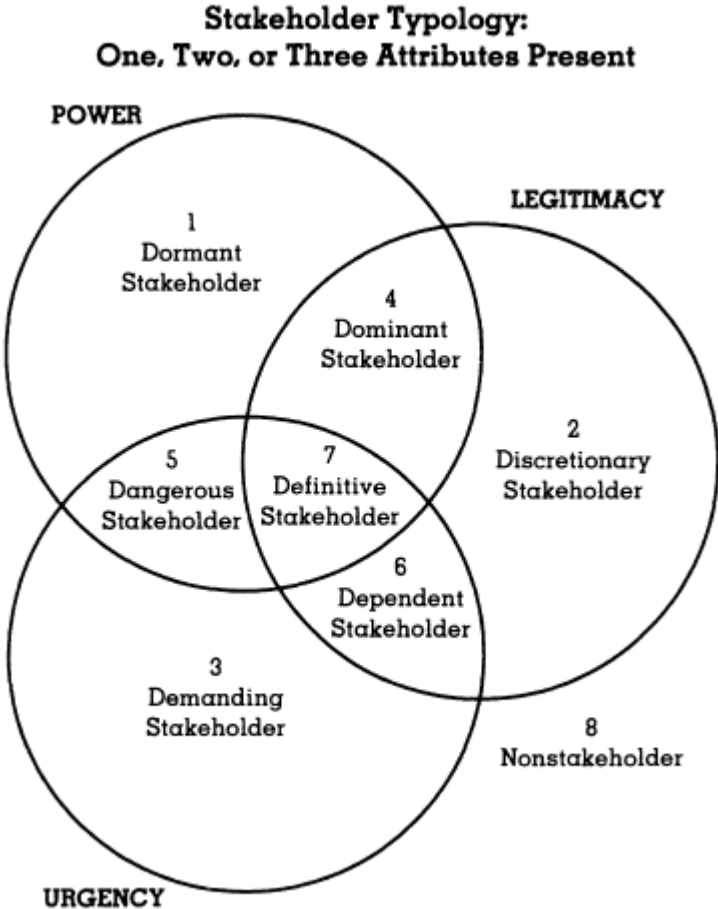

Figure 15: Stakeholder Salience (Mitchell et al, 1997)

6.1.1 Latent Stakeholders

The latent stakeholders are those who possess only one attribute. There are some examples in the interviews that BP communicates with those kinds of stakeholders. In these cases it is only because they want it or feel that they need it because of society norms or to crate goodwill. An example of this is BP's initiative with the Lego League. The Lego League will be classified as a discretionary stakeholder because they don't possess either power or urgency, but they have legitimacy. This engagement relates to Carrols pyramid of Corporate Social Responsibility and the Philanthropic Responsibility category, because they participate in the project in person and contribute otherwise.

6.1.2 Expectant Stakeholders

The stakeholders in this group contain two attributes and therefore much more interesting to pay attention to for a company according to Mitchell et al. (1997). Most of the stakeholders that have been central in the dialogue are in this group, which means that they are dependent on cooperation with another stakeholder to manage to become a definitive stakeholder by achieving three attributes. However, there are many examples in this thesis of expectant stakeholders who struggle and experience difficulties in establishing such a cooperation.

TTS possesses both urgency and legitimacy as many of the other companies in the region. They don't have the attribute of power to become a definitive stakeholder and is classified as a Dependent stakeholder, because they are dependent of a stakeholder which possesses the attribute power. They have tried to negotiate with BP regarding an order of a supply ship, but BP awaits this decision on this matter. TTS contacted Nordland County, which is classified as a definitive stakeholder, in an early stage to get help in getting a contract with BP, but this didn't help. In Nordland County's perspective TTS is a definitive stakeholder and they tried to help TTS in the contract issue but it didn't get anywhere. On the other hand, there was another firm who also classified as a dependent stakeholder and it was Aqua Rock. Aqua Rock suited early as a stakeholder that would be of importance to BP because they were a local stone crushing company, and BP needed stones as foundations to the pipelines on the sea bottom. In this case BP helped Aqua Rock in cooperation with Nordland County to become a big

company with licence to work in the oil industry. BP also contributed with their network to get Aqua Rock contracts in other parts of the world. This is an example of a stakeholder who seems to be identified by BP to be a key stakeholder which is compatible with their goals. Therefore they managed to get a contract as a dependent stakeholder.

Another example of a dependent stakeholder is the two biggest municipalities in Helgeland Brønnøy and Alstadhaug. It is not easy to define these municipalities because their power varies throughout the timeline of the development. In the beginning they had much more direct contact with BP, but after the involvement of Nordland County their power was on decline. Therefore we have put them in the dependent category. Nowadays they are much more dependent on Nordland County. Respondents from both municipalities argue that this has been difficult in important issues, and they emphasize the importance of their involvement in issues regarding their municipalities. They feel that more involvement could have lead to synergies in the local communities in forms of more debate and a deeper understanding.

6.1.3 Definitive Stakeholders

The definitive stakeholders possess all three attributes. According to Mitchell et al. (1997) these stakeholders can claim something from the company and the company is forced to take it serious. In the Skarv development the most central definitive stakeholder has been Nordland County. This is confirmed by respondents representing municipalities, businesses and the local community. Although, there are several factors that indicates lack of power or willingness to use power. One is mentioned above in the TTS case. Another is the ability to develop the role as support for the municipalities. Many of the dependent stakeholders claim that the cooperation with Nordland County could have been better. Some respondents even claims that the County has been to BP friendly.

6.2 Stakeholder Dialogue

In this section we will continue analyzing empirical data in connection with the theoretical framework, but now we will focus on the dialogue. We will use Ingebrigtsen and Jakobsen (2007) Communicative Arena and Habermas (1984) Communicative Action as main theoretical framework but we will touch upon other stakeholder dialogue theory as well.

There has been a lot of dialogue between the stakeholders in the Skarv development and we have tried to capture the most important issues. First, we are going to start with the dialogue between the municipalities and BP. It has clearly been some challenges in the dialogue between BP and the municipalities. As we mentioned in the Stakeholder Identification section the dialogue was good in the start but decreased after the entry of the County. However, there are some variations between Sandnessjøen and Brønnøysund. We defined them both as dependent stakeholders and it seems like their decline in the power attribute contributed to a shift in dialogue arena. Instead of meetings between BP and the municipalities this shifted to meetings between BP and the cooperation council (samarbeidsutvalget) which consisted of mayors from the largest municipalities and representatives from Nordland County.

6.2.1 Communicative Action

In the Communication Action theory Habermas (1984) argues that businesses often act impersonal when approaching areas and stakeholders. He stresses the importance of seeking mutual understanding in a problematic situation. Further, he argues that personal commitment and involvement will help the businesses establish relationships with the stakeholders and achieve a mutual understanding. This is something that BP has succeeded in doing and is something that the respondents on all levels concur to. They have been active in the interaction with the stakeholders by being there in person. This is something that respondents on both county and municipality level point out has been one of the most important things. It is important to mention that BP has received a lot of praise in the conducted interviews.

Habermas (1984) stresses the importance of reaching consensus through public dialogue instead of exercising of power. As mentioned earlier some of our respondents claims that

some stakeholders have used their power to secure their own interests. Another important issue is that some respondents seem to focus only on themselves and this creates a situation were other stakeholders gets irritated by that and the result is a bad circle.

6.2.2 Communicative Arena

In the Communicative Arena everybody should have a dialogue on equal terms and every stakeholder should be able to participate.

> *"The communicative arena represents a network suited to establish the spirit of association between the participants, necessary for social responsibility and sustainable development"*
>
> (Ingebrigtsen & Jakobsen, 2007)

In the Communicative Arena there are five requirements that need to be fulfilled:

- *all individuals and organizations (or representatives from them) who can be affected, should be allowed to participate;*
- *everyone is given the possibility to ask questions about any statement;*
- *everyone at any time has the possibility to introduce their own proposals;*
- *everyone has the opportunity to express their own attitudes, wishes and needs;*
- *nobody must be hindered either by internal or by external forces, to make use of the above-mentioned rights.*

(Ingebritsen & Jakobsen, 2007; Habermas, 1984)

According to our findings all these requirements was not met in the dialogue of the Skarv development, although it takes a lot of effort to meet all the requirements. However, this has been an important issue for all respondents we have interviewed. It also seems that most of the respondents have taking these requirements into consideration.

BP believes that it is important that they have spoken to everybody and the stakeholders wants to be involved in the decision making. The Communicative Arena suggests that everybody

_____ 65

(stakeholders) should meet and discuss things in a way that all the above mentioned requirements are met. This means that all the participants (all stakeholders) should be able to have a discussion with an objective point of view. If that had been done a lot of the disputes could have been avoided. Because many of the respondents claim that they feel that other stakeholders have used their power to get their will. This is something that Ingebrigtsen and Jakobsen (2007) stresses in the Communicative Arena, because one of the requirements concerns this issue in particular. They claim that without meeting these requirements it is impossible to achieve a sustainable development of the dialogue.

> *"all individuals and organizations (or representatives from them) who can be affected, should be allowed to participate"*.
>
> (Ingebritsen & Jakobsen, 2007; Habermas, 1984)

If we look at the first requirement all of the possible stakeholders was allowed to participate in the beginning. This is something that all the respondents agree upon. There are reasons to believe that this was the result of BPs goal of nobody should be able to tell them that they hadn't spoken to them. Anyways, the development was that during a few years this seems to be narrow from BPs point of view. Many of the respondents claims that BP started very good regarding dialogue and contact but it developed to be more focused on the stakeholders who was in direct interest of them. This suits the external communication plan BP have made. With many dependent stakeholders without power they couldn't make any claims to BP. Therefore the perception of many of the stakeholders is that Nordland County could have done more in supporting both the municipalities and the businesses by putting more pressure on BP.

> *"everyone is given the possibility to ask questions about any statement"*.
>
> (Ingebritsen & Jakobsen, 2007; Habermas, 1984)

About the second requirement many of the stakeholders feels that the ability to ask questions decreased during time and many respondents feels left out of the discussion, especially respondents from the opposite political parties of they who governs expresses dissatisfaction with the dialogue internal in the municipality. This clearly is an issue who need improvement, because there are several claims from different respondents who feel the same way.

Bodø Graduate School of Business

"everyone at any time has the possibility to introduce their own proposals".

(Ingebritsen & Jakobsen, 2007; Habermas, 1984)

There has been none common arenas where stakeholders have had the possibilities to introduce their own proposals. There have been many seminars and presentations where all the stakeholders have been invited to join, but there has been no arenas were the stakeholders have met on equal terms and with focus on the dialogue. The arrangement of such a meeting arena could have been constructive and preventive and could have resulted in a more sustainable development of the dialogue.

"everyone has the opportunity to express their own attitudes, wishes and needs".

(Ingebritsen & Jakobsen, 2007; Habermas, 1984)

This requirement correlates with BP external communication plan. BP states that they analyze their stakeholders to try to find the stakeholders attitudes and wishes. According to the respondents BP actually did this with every stakeholder in the beginning. BP gets a lot of credits for this on all levels. However, it didn't last. According to a large business in the Helgeland area it seemed like BP changed focus when they got the PUD accepted. The time after the PUD was accepted it was more difficult to express own attitudes and wishes. This view was also shared by other businesses which classifies as dependent stakeholders. On the other side we have to emphasize that there have been many competitions between both the municipalities and businesses and not everybody can win. Therefore we have to remember that some of our respondents are a bit coloured by their gains and losses in this matter.

"nobody must be hindered either by internal or by external forces, to make use of the above-mentioned rights".

(Ingebritsen & Jakobsen, 2007; Habermas, 1984)

The last requirements has been touched upon earlier but we emphasize the link between the this requirement and the stakeholder salience theory. If a stakeholder doesn't possess three attributes they will be hindered to make a claim. We have trough our research seen many examples of that and shed light on this problem trough our discussions above.

67

6.3 Summary of Analysis

In this final chapter we analyzed our empirical findings and connected it to the theory with the objective of answer our research questions. First we started with the identification of stakeholders.

The stakeholder salience theory has contributed to a good classification and understanding of the stakeholder identification process. Mitchell et al. (1997) three attributes of power, legitimacy and urgency made it easier to differ and understand the complexity of the problems regarding cooperation we discovered in our research. We saw that many of the stakeholder possessed power in the early stage of the development. However, this power attribute was taken away from them and complicated the ability to make claims against BP. This is something that has been a central issue in our thesis and we will comment this in the conclusion.

In the analysis of the dialogue the Communicative Arena theory and the Communicative Action theory have been the main focus. We have tried to do a comprehensive analysis of our research with the Communicative Arena as the main model. There are several factors that implicates that the dialogue in the Skarv development could have been improved in some areas. The reason is mainly because of the common statements of the respondents that suggest more involvement and communication for all the stakeholders.

6.3.1 Conclusion

Through our research we have elaborated an answer to our two research questions:

Research Question 1:

"How does an oil company successfully manage to identify the right stakeholders and classify the importance of each?"

The Stakeholder Salience model is very useful in the identification of the different stakeholders and classification of them. The reason is that this model forces the organisation to identify every stakeholder with the help of the three attributes power, legitimacy and urgency. With the help of these the stakeholders is divided into groups and classifications that makes it easy to understand their behaviour.

Research Question 2:

"How can the implementation of the Communicative Arena model improve the dialogue between an oil company and their stakeholders?"

The implementation of the Communicative Arena can improve the dialogue with a broader understanding of the stakeholders and contribute to a more sustainable solution. This will create an environment between the stakeholders and the organisation which may benefit the organisation economically because of a more sustainable development of the dialogue.

However, it is difficult to proclaim that this is a model which can be used in oil and gas developments elsewhere. Although, the implementation of the Communicative Arena provides the organisation with a solution that will take all the stakeholders in to account and thereby secure a sustainable development of the dialogue.

In accordance with these arguments mentioned above we suggest that organisations implements elements from the Communication Arena to improve the dialogue with the stakeholders

Bodø Graduate School of Business

6.3.2 Future Research

During our research we have interviewed many complex stakeholder groups. Because of the limitations of time we feel that it could have been done a more comprehensive research of the dependent and the definitive stakeholders we identified in this thesis. They play an important role in every oil and natural gas development and therefore needs a deeper examination.

The Communicative Arena is a rather new model and contains important issues that we believe the oil and natural gas companies needs to take into consideration in an oil and natural gas development, especially in the high north.

Bodø Graduate School of Business

Reference list

Bohm, D. (1996) On Dialogue, Nikol L. (ed), London : Routhledge

Carroll A. B. (1991) The pyramid of corporate social responsibility, Business Horizons.

Clarkson, M. B. E. (1995) A stakeholder framework for analyzing and evaluating corporate social performance. Academy of Management Review.

Easterby-Smith M., R. Thorpe, A. Lowe (2002) Management Research: an introduction. 2nd edition. Sage Publications.

Freeman, R. E. (1984) Strategic Management. A Stakeholder Approach. Boston: Pitman

Freeman, R. E., J. S., Harrison, A. C. Wicks (2007) Managing for Stakeholders. Survival, Reputation, and Success. New haven: Yale University Press.

Freire, P. and M. B. Ramos (1970) The Pedagogy of the Oppressed. Herder and Herder. University of California.

Gao, S. S. & J. J. Zhang (2001) A Comparative Study of Stakeholder Engagement Approaches in Social Auditing. In Andriof, J. & McIntosh, M. (eds.) Perspectives on Corporate Citizenship, pp. 237-55. UK: Greenleaf

Glaser, B. G. & Strauss A. L. (1967). The Discovery of Grounded Theory. Strategies for Qualitative Research.

Glaser. B G (1998). Doing Grounded Theory. Issues and Discussions. Sociology Press.

Habermas, J. (1984). The Theory of Communicative Action. Vol1. Boston: Beacon Press.

Habermas, J. (1990). Moral Consciousness and Communicative Action. Cambridge: MIT Press.

Bodø Graduate School of Business

Hellevik, B. (1999). Forskningsmetode i sosiologi og statsvitenskap. Universitetsforlaget.

Henriksen J. T. and J. O. Sørnes. (2008). LU-Rapport 2008.

Ingebrigtsen, S. & O. Jakobsen. (2007). Circulation Economics. Theory and Practice. Oxford: Peter Lang Ltd

Mitchell K. R., Agle B. R. & Wood D. J. (2007). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts.

Jakobsen and Jacobsen (2000). Hvordan gjennomføre undersøkelser? Innføring i samfunnsvitenskapelig metode. Høgskoleforlaget.

Rhenman, E. (1964). Foeretagsdemokrati och foeretagsorganisation. Stockholm: Thule.

Silverman, D. (2005) Doing Qualitative Research: A Practical Handbook. London: Sage Publications.

Weber, M. (1947). The theory of social and economic organisation. New York: Free Press.

Yin, R. (1994). *Case study research: Design and methods* (2nd ed.). Beverly Hills, CA: Sage Publishing.

Bodø Graduate School of Business

World Wide Web:

Axiology Theory. Downloaded 16.05.2009 from: http://www.humanx.se/axiologi.html

Methodological Theory. Downloaded 03.05.2009 from:
http://www.cs.indiana.edu/mit.research.how.to/section3.12.html

Definition: Inductive Approach. Downloaded 23.04.2009 from: http://medical-
dictionary.thefreedictionary.com/inductive+approach

Exploratory Research Theory. Downloaded 05.05.2009 from:
 http://www2.uiah.fi/projekti/metodi/177.htm#explor

Qualitative & Quantitative Theory. Downloaded 27.04.2009 from:
http://uk.geocities.com/balihar_sanghera/ipsrmehrigiulqualitativequantitativeresearch.html

Tellis, W, The Qualitative Report, Volume 3, Number 2, July, 1997
Downloaded 02.05.2009 from: http://www.nova.edu/ssss/QR/QR3-2/tellis1.html

Ratcliff, D. (1995) Validity and Reliability in Qualitative Research.
Downloaded 03.05.2009 from: http://qualitativeresearch.ratcliffs.net/Validity.pdf

Rodriguez, Judith G. Commentary: grounded theory and the constant comparative method.
British Medical Journal, April 4, 1998. Downloaded 14.05.2009 from:
http://findarticles.com/p/articles/mi_m0999/is_n7137_v316/ai_n27522060/

Epistemology Theory. Downloaded 16.05.2009 from: http://www.filosofi.no/epist.html

Pyramide of CSR. Downloaded 10.04.09 from: http://www.csrquest.net/imagefiles/Carroll.jpg

Skarv Project. Downloaded 14.04.09 from:
http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9003526&contentId=70081
12

World Energy Outlook 2008. Downloaded May 14, 2009 from:

http://www.worldenergyoutlook.org/docs/weo2008/WEO2008_es_english.pdf

Intervjuguide

BP følgestudie - Skarv

Tema: **Den direkte og indirekte næringsutvikling regionalt og lokalt som følge av Skarv (<u>fokuser på det som har skjedd, og betydningen av dette</u>)**

- Regionale og lokale vare- og tjenesteleveranser (direkte og indirekte) til Skarv siste år, antall kontrakter, antall årsverk og verdi Oversikt over bedrifter med vedlikeholds- og modifikasjonsoppdrag
- Regionale og lokale leveranser til annen oljevirksomhet (annen enn skarv)
- Industriseminarer, opplæringstiltak, annet (hva fenger og hva fenger ikke – hvordan ser de på disse seminarene? Hvorfor går deltagelsen ned?)
- Oversikt over de direkte og indirekte ringvirkningene i regionen (sysselsetting, verdiskapning, nyetableringer/knoppskyting etc)
  - · Få eksempler og/eller planer – hva har gjort at dette har kommet i stand. Hvem har bidratt her, og hvordan. Er dette forventet, eller har man sett for seg mindre elle mer? Kan du selv gjøre noe, eller andre for å forsterke dette ytterligere?
  - ·

  Kompetansefremmende tiltak innen utdanning og industri som BP alene <u>eller sammen med andre</u> gjennomfører i Nordland, (<u>fokus på omfang og effekt</u>)
- På høgskole og universitetsnivå
- I videregående skoler
- På ungdomsskoler
- Yrkesmesser
- Blant faglærere og skolerådgivere

  Politikere og næringslivets <u>oppfatning</u> av BPs <u>innsats</u> for utvikling regionalt og lokalt (omfang og potensial for videreutvikling – utnyttelse av kapasitet – ønskes mer?)
- <u>Etablering</u> av basefunksjon og driftsenhet i Sandnessjøen
- Tilrettelegging for lokalt næringsliv for å kunne konkurrere om kontrakter til Skarv (kontrakter innen logistikk, serviceoppgaver, V&M etc)
- Informasjon til næringsliv om leveransemuligheter
- <u>Bruk av</u> basefunksjoner i Brønnøysund og Sandnessjøen
- Informasjon og kompetansebygging innen skole og industri

Hvilken innvirkning/stimulans har BPs tilstedeværelse/engasjement i regionen bidratt til? (positive synergier – framtidstro og optimisme generelt med søk etter konkrete eksempler – få fram noe annet enn over)
Identifiser beslutninger og ringvirkninger som følge av BP's nærvær/aktivitet i regionen.

- Skarvs direkte og indirekte bidrag til infrastrukturbeslutninger på Helgeland, f. eks er det planer om/besluttet å bygge nytt hotell i Brønnøysund, helikopterbasen er utvidet i Brønnøysund, muligens nytt hotell i Sandnessjøen, utvide rullebanen i Sandnessjøen etc
- Skarvs innvirkning på boligbygging og utvikling av næringsbygg, særlig lokalt
- Annet (spør konkret om dette for å fange opp nyanser)

Hva kan gjøres regionalt og lokalt for å forsterke vekstimpulsene fra Skarv
- Slik BP ser det
- Slik det offentlige ser det
- Slik næringslivet ser det
- Slik skole/utdanning ser det
- Slik LO/NHO/OLF ser det

Oversikt over hvilke tiltak kommunene/fylkeskommunen/staten har besluttet/planlegger å vedta som kan skape ringvirkninger som følge av Skarv utbyggingen og driften av feltet fremover
- Hva gjør myndighetene på ulike nivå for å legge tilrette for regionale ringvirkninger på Helgeland/Nordland?
- Hvilken betydning har disse tiltakene?

Annet
- Ressurser og tid til å fokusere på olje og gass – hvordan prioriteres dette lokalt – både i politisk ledelse(også opposisjon) byråkratiet og i næringslivet
- Dialog mellom aktører (bedrifter, kommuner, tverrsektorielt)

Appendix A

Who Is a Stakeholder? A Chronology

Source	Stake
Stanford memo, 1963	"those groups without whose support the organization would cease to exist" (cited in Freeman & Reed, 1983, and Freeman, 1984)
Rhenman, 1964	"are depending on the firm in order to achieve their personal goals and on whom the firm is depending for its existence" (cited in Näsi, 1995)
Ahlstedt & Jahnukainen, 1971	"driven by their own interests and goals are participants in a firm, and thus depending on it and whom for its sake the firm is depending" (cited in Näsi, 1995)
Freeman & Reed, 1983: 91	Wide: "can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives" Narrow: "on which the organization is dependent for its continued survival"
Freeman, 1984: 46	"can affect or is affected by the achievement of the organization's objectives"
Freeman & Gilbert, 1987: 397	"can affect or is affected by a business"
Cornell & Shapiro, 1987: 5	"claimants" who have "contracts"
Evan & Freeman, 1988: 75-76	"have a stake in or claim on the firm"
Evan & Freeman, 1988: 79	"benefit from or are harmed by, and whose rights are violated or respected by, corporate actions"
Bowie, 1988: 112, n. 2	"without whose support the organization would cease to exist"
Alkhafaji, 1989: 36	"groups to whom the corporation is responsible"
Carroll, 1989: 57	"asserts to have one or more of these kinds of stakes" — "ranging from an interest to a right (legal or moral) to ownership or legal title to the company's assets or property"
Freeman & Evan, 1990	contract holders
Thompson et al., 1991: 209	in "relationship with an organization"
Savage et al., 1991: 61	"have an interest in the actions of an organization and ... the ability to influence it"
Hill & Jones, 1992: 133	"constituents who have a legitimate claim on the firm ... established through the existence of an exchange relationship" who supply "the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements)"
Brenner, 1993: 205	"having some legitimate, non-trivial relationship with an organization [such as] exchange transactions, action impacts, and moral responsibilities"
Carroll, 1993: 60	"asserts to have one or more of the kinds of stakes in business" — "may be affected or affect ..."
Freeman, 1994: 415	participants in "the human process of joint value creation"
Wicks et al., 1994: 483	"interact with and give meaning and definition to the corporation"
Langtry, 1994: 433	the firm is significantly responsible for their well-being, or they hold a moral or legal claim on the firm
Starik, 1994: 90	"can and are making their actual stakes known"—"are or might be influenced by, or are or potentially are influencers of, some organization"
Clarkson, 1994: 5	"bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm" or "are placed at risk as a result of a firm's activities"
Clarkson, 1995: 106	"have, or claim, ownership, rights, or interests in a corporation and its activities"
Näsi, 1995: 19	"interact with the firm and thus make its operation possible"
Brenner, 1995: 76, n. 1	"are or which could impact or be impacted by the firm/organization"
Donaldson & Preston, 1995: 85	"persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity"