

Master of Science in Energy Management

**Skarv – Regional Burden or Savior?
A Case Study of BP's Early Stage Stakeholder Relations**

Krister Salamonsen

Bodø, May 2009

Kurskode: EN310E 003



Master Thesis

MSc. in Energy Management

*“Skarv – Regional Burden or Savior?
A Case Study of BP's Early Stage
Stakeholder Relations”*

Krister Salamonsen
Bodø, May 2009



Bodø Graduate School of Business
Bodø University College

Acknowledgement

I give a sincere thanks to everyone who has helped me through the process of writing this final thesis at Bodø Graduate School of Business. A special thanks goes to my supervisor Jan Oddvar Sørnes. You're constructive feedback and ability to motivate me when feeling like all hope is gone, is literally the reason I could finish this thesis with these remarks. I also thank my fellow study companions and project participants, for their efforts through the research process. The collaboration and joint efforts have helped me, and hopefully you, a lot.

Finally I gratitude all interview respondents, Jan Erik Geirmo and Øystein Johnsrud from BP Norway in particular. Without you're support, and providing of hands-on information, I would not have been able to carry out this research.

Bodø, 19.05.2009

Krister Salamonsen

Abstract

This master thesis examines how the international oil company BP identifies and relates to their multiple *stakeholders* to Skarv, an oil and gas field located outside Alstahaug, Nordland County. The theoretical foundation is mainly based on an extensive methodology by Mitchell et al. (1997) for stakeholder identification and *salience*, using power, legitimacy and urgency as attributes. Stakeholders are defined as “*any group or individual who can affect or is affected by the achievement of the organization's objectives*”, and salience is defined as “*the degree in which managers prioritize between different stakeholder claims*”. In addition I will examine the present status in relation to ripple effects in the Helgeland region, distinguishing between direct-, indirect-, induced- and catalytic impacts. The different theoretical directions are chosen to elucidate my senior problem statement;

“How does BP identify and relate to regional stakeholders in the early project phases of Skarv, and how does this lead to possible regional ripple effects?”

The empirical data consist of information from interviews with several individuals in the Helgeland region and Bodø, and the Skarv external communication plan provided by BP Norway. The process has been done in close collaboration with a research project at the High North Center for Business at Bodø Graduate School of Business, focusing on ripple effects from Skarv.

In brief, my main conclusions are the following;

- BP's methodology for stakeholder identification and salience is based on an external communication plan, which supports Mitchell and colleagues' (1997) framework.
- Power stands forth as the prominent attribute for identification and salience.
- BP has approached stakeholders to Skarv in a very positive manner.
- Localization should be recognized as an important attribute for identification.
- The interrelation between BP's stakeholder identification and salience, and possible regional ripple effects, correlates.
- If you are represented in BP's external communication plan, the possibility to benefit from ripple effects is very high.
- Sandnessjøen has the highest level of salience, and the present situation related to ripple effects, shows that Sandnessjøen has achieved the most tangible impacts and benefits.

Sammendrag

Denne masteroppgaven studerer hvordan det internasjonale oljeselskapet BP identifiserer og forholder seg til sine mange interessenter, i forbindelse med Skarvutbyggingen som pågår utenfor Sandnessjøen i Alstahaug kommune. Det teoretiske grunnlaget for oppgaven er i hovedsak basert på Mitchell et al. (1997) sin metodologi, for hvordan bedriftsledere identifiserer og prioriterer mellom ulike interessenter, ved å se på kombinasjonen av tre ulike attributter; makt, legitimitet og tidspress. I tillegg vil jeg presentere den nåværende situasjonen i forhold til regionale ringvirkninger av Skarvutbyggingen, delt inn i direkte-, indirekte, induserte- og katalytiske virkninger. Empirien består av data fra intervjuer med flere sentrale regionale aktører fra det politiske miljøet, næringslivet, og andre. I tillegg vil deler av oppgaven være støttet til BP's eksterne kommunikasjonsplan.

Hovedkonklusjonen er at BP sin metode for identifisering og grad av prioritering til ulike interessenter, kan støttes til Mitchell et al. (1997) sitt teoretiske rammeverk. Makt står frem som den klart viktigste faktoren, etterfulgt av tidspress og legitimitet. I forhold til identifisering fremstår Sandnessjøen som BP's klart viktigste fokusområde, og dette kommer også frem av den nåværende situasjonen med tanke på ringvirkninger. I forhold til Skarvprosjektets tidlige fase har det allerede blitt påvist flere typer ringvirkninger – spesielt i Sandnessjøen.

List of tables, figures and pictures

Table 1.1: Population in Helgeland, 1990-2009	5
Table 1.2: Employment by industry, 2000-2007	8
Table 1.3: Differences in Industry composition, Helgeland and Alstahaug, 2007	8
Table 3.1: Different elements in stakeholder identification and salience	22
Figure 1.1: Population in Alstahaug, 1990-2009	6
Figure 3.1: Qualitative classes of stakeholders	19
Figure 3.2: Stakeholder typology: one, two or three attributes present	20
Figure 3.3: Mapping of stakeholders	23
Figure 3.4: Stakeholder attributes research model	24
Figure 3.5: Carroll's four-part model of corporate social responsibility	26
Figure 3.6: Different impacts as a result of BP's activities	30
Figure 4.1: Connection between validity and reliability	44
Figure 5.1: BP's definitive stakeholders in the Skarv project	56
Figure 5.1.1: Ministry of Petroleum and Energy, Ministry of Environment, and the Norwegian Petroleum Safety Authority	57
Figure 5.1.2: Local authorities	58
Figure 5.1.3: Suppliers	59
Figure 5.1.4: Owners and suppliers	60
Figure 5.2: BP's expectant stakeholders in the Skarv project	61
Figure 5.2.1: Society	62
Figure 5.2.2: Fishery and Marine organizations	63
Figure 5.2.3: NGOs	63

Figure 5.3: BP's latent stakeholders in the Skarv project	64
Figure 5.3.1: Voluntary organizations and educational institutions	65
Figure 5.3.2: Media	65
Picture 1.1: The Skarv outline	10
Picture 1.2: The Cormorant	11

Abbreviations

FPSO	– Floating Production, Storage and Offloading vessel
EIA	– Environmental Impact Assessment
PIO	– Plan for Installation and Operations
PDO	– Plan for Development and Operations
PIDO	– PIO and PDO
IOC	– International Oil Company
NCS	– Norwegian Continental Shelf
NPD	– the Norwegian Petroleum Directorate
CSR	– Corporate Social Responsibility
E&P	– Exploration and Production
HSSE	– Health, Safety, Security and Environment
NGO	– Non Governmental Organization
EPC	– Engineering, Procurement and Construction
NOK	– Norwegian krone
CEO	– Chief Executive Officer

Glossary

Skarv	An oil and gas field outside Sandnessjøen, discovered in 1998, containing about 470 million barrels of oil equivalent. The field will be operated by BP, and production is planned to initiate by 2011. The petroleum resources will be extracted and produced on an FPSO, and the project's lifetime is set to 25 years.
Alstahaug	A coastal municipality in the Helgeland region, Nordland County, with a population of 7208. Chosen as localization of Skarv's supply base
Stakeholder	The different participants in an organization's environment. The term is in this thesis defined as " <i>any group or individual who can affect or is affected by the achievement of the organization's objectives</i> " (Freeman, 1984).
Salience	The variation in how managers prioritize between stakeholders claims. A combination of power, legitimacy and urgency as attributes decides the stakeholder's influence in the manager-stakeholder relationship
Ripple effects	An impact on someone or something as a result of an activity. Can be divided into direct-, indirect-, induced- and catalytic impacts

List of Contents

Acknowledgement.....	I
Abstract	II
Sammendrag.....	III
List of tables, figures and pictures	IV
Abbreviations	VI
Glossary.....	VI
List of Contents	VII
1. Introduction and problem statements	1
1.1 Helgeland and Alstahaug.....	5
1.2 The BP Corporation	9
1.2.1 Skarv.....	9
1.3 Structure and Outlining	12
2. Definitions.....	13
2.1 Stakeholders	13
2.2 Corporate social responsibility.....	14
3. Theoretical Approach	15
3.1 Stakeholder theory.....	16
3.2 Corporate Social Responsibility.....	25
3.3 Ripple effects.....	29
3.3.1 Direct impacts	29
3.3.2 Indirect impacts	29
3.3.3 Induced impacts.....	30
3.3.4 Catalytic impacts	30
4. Methodological reflections.....	32
4.1 Definitions	32
4.1.1 Research Methodology.....	32
4.1.2 Qualitative Methodology.....	33
4.2 Research methods.....	34
4.2.1 Qualitative Methods	34
4.2.2 Case Design.....	36
4.2.3 Sampling.....	37
4.2.4 Data Collection.....	38
4.2.4.1 Interview guide	39
4.2.4.2 Interviewing.....	40
4.2.5 Analysis	41
4.2.6 Validity and Reliability	43
4.3 Ethical considerations	45
5. Findings and discussions	47
5.1 Stakeholder management	48
5.1.1 Stakeholder identification	48
5.1.2 Stakeholder salience	55
5.2 Ripple effect aspects.....	66
6. Conclusions	72

7. Contributions, limitations and further research.....	74
7.1 Practical contribution	74
7.2 Theoretical contribution	74
7.3 Limitations	75
7.4 Further research.....	75
8. References	76
8.1 Web-pages	79
9. Appendices	81
Appendix 1: Industry composition in Alstahaug.....	81
Appendix 2 a: BP's interests on the Norwegian Continental Shelf	82
Appendix 2 b: BP's interests on the Norwegian Continental Shelf	83
Appendix 3: Interviews	84
Appendix 4: Interview guide.....	85
Appendix 5: NVIVO core categories	87

1. Introduction and problem statements

The title for this thesis is; “Skarv – Regional Burden or Savior? A Case Study of BP's Early Stage Stakeholder Relations”. The notion of “*burden or savior*” is meant to relate to the history of oil exploration in the southern parts of Northern Norway. Since the beginning of the Norwegian oil boom in the late 1960s, the nation has gone through an immense change in respect to economic growth and prosperity. Calculations have shown that since the very beginning, about 600 billion NOKs have been generated by petroleum activities (www.gyldendal.no). However, in relation to direct effects and business development as a result of the oil and gas industry, southern parts of Northern Norway has not been acknowledged.

In the 1980s, petroleum related developments were on the rise near the coast of Helgeland, a region in Nordland County. These were the Trænabanken and Heidrun explorations. However, after some time the Trænabanken project was closed after drilling mainly dry wells, and the Heidrun onshore activities were located to areas further south in Norway. The optimism in the Helgeland region once again flourished in the early 1990s, when Norwegian national oil company Statoil found the Norne field. Statoil decided to utilize the Helgelandsbase supply base, that was established during the 1980s, as their onshore supply base, while the operational organization was to be located in Harstad further north (www.npf.no). In the beginning, people saw this as an opportunity for the region to enjoy some of the effects that had happened in the southern parts of Norway, but today we see that not much has happened as a result of the Norne field (Henriksen and Sørnes, 2008).

In a community economics perspective, the Norwegian Government aims for *national* economic growth when addressing the effects of petroleum activity on the Norwegian Continental Shelf (NCS). Whitepaper to the Storting nr. 39 (1999-2000) claims that; “*the oil and natural gas resources shall provide with the highest possible economic growth and contribute on securing wealth and employment*”. So, for an International Oil Company (IOC) to enter into an exploration and production (E&P) field on the NCS, what terms and conditions forms the basis? When BP initiated the Skarv project, their strategic choices of organizational units were divided into six different propositions, with associated cost calculations. According to the project's Environmental Impact Assessment (EIA), the obvious

choice in regards to cost-efficiency was to serve the entire operation from Stavanger headquarters. As compared to other alternatives this choice, based on rough cost estimates, would save about 10 million NOKs – over the project's lifetime, this would accumulate more than 200 million NOKs (BP Norge AS, 2006). The term "business as usual" can be said to be challenged when BP in 2006 decided to choose Sandnessjøen and Brønnøysund as their location for Skarv's onshore support and transportation area. What could be the reason for this strategic move? Through this thesis I will explore this further by looking at various approaches that will help explain and display BP's many choices in the Skarv development.

According to Henriksen and Sørnes (2008), the Norwegian Government's objectives consist of four perspectives; *community economy*, *business economy*, *regional economy* and *the utilization of existing resource centres*. As mentioned in the earlier paragraph, BP chose an alternative for the Skarv project that couldn't be seen as the most cost efficient. This is in contrast to earlier field development, where societal demands have been given less priority. Thus there has been a shift in what the society accepts and demands from oil companies operating on the NCS. As well as from people in the society, the political pressure has increased during the last decade, and this is strongly supported by the ongoing debate on whether or not to open vulnerable coastal areas outside Lofoten for petroleum activities (Whitepaper to the Storting nr. 8, 2005-2006). Henriksen and Sørnes' (2008) perspectives can be said to reflect and bring sense to BP's choice on locations. Political pressure from the highest authority, along with local and regional drivers, forces corporations to adjust to demands and claims. The reason why I include some of the national petroleum history in this introduction is because what has happened during the last decades can be related to the main purpose of my study; petroleum activity and its impact on geographical areas. More specifically, my focus will direct BP's Skarv development off the coast of Sandnessjøen, Helgeland.

Another important feature in my title that needs to be addressed is the notion of "*early stage stakeholder identification*". In the very beginning of the Skarv project, BP had to go through a number of law regulated processes, like in any other field developments on the NCS. One of the most important issues is developing the environmental impact assessment (EIA). This document is closely related to the plan for development and operations (PDO) and plan for installation and operations (PIO), which together are to present issues such as;

- a description of chosen solutions for the field development
- identifying and describing possible consequences for chosen solutions
- describing reasons behind chosen solutions
- describing solutions on how to reduce negative consequences
- describing natural and societal consequences from the development
- contributing in supplying the public with sufficient information about, and the possibilities for, taking part in the project
- complying to emission regulations

Geirmo and Johnsrud (2006)

From these issues, one can see that there are multiple potential stakeholders that may have to be addressed. Due to the scale of this thesis however, I have chosen to focus on the period after these processes and the choices of supply- and helicopter base localization have been made.

International oil companies (IOC's) have great power, and with great power comes great responsibility. Local communities placed in the vicinity of oil production activities will in one way or another be affected by it, in both negative and positive ways. Through this study I will try to highlight how the presence of BP affects local communities in different aspects, by looking at relevant theoretical frameworks.

The ongoing project is called Skarv, and consists of an oil and gas field that was discovered in 1998. The Plan for Development and Operations (PDO) was developed and delivered to the Norwegian Ministry of Petroleum and Energy on the 29th of July 2007, and confirmed in December the same year. The building process started in May 2008, and production is expected to start in 2011. The project's lifespan is set to 25 years (www.bp.com a).

Through this study I will perform interviews, as part of a qualitative study, with representatives from BP, local municipalities, local businesses, trade unions, and other relevant participants in the Helgeland region, to figure out how this development is perceived from the different *stakeholders*. The paper will be developed through a case design, and the goal is to create a foundation to elucidate and answer the pertinent problem statement that represents the basis for this thesis;

“How does BP include and relate to regional stakeholders in the early project phases of Skarv, and how does this lead to possible regional ripple effects?”

To answer this question in an analytical sense, I have chosen to construct three research questions to structure my investigation;

- 1) How does BP identify their regional stakeholders in an early project phase of Skarv?
- 2) How does BP prioritize between different stakeholder claims to Skarv?
- 3) What is the interrelation between question 1 and 2, and possible regional ripple effects?

In the following I will provide some background information and history about the Helgeland region, Alstahaug in particular, the BP Corporation, and the Skarv field. The reason is that I want to bring forth the basis of how the company-region relationship can be viewed; a major and powerful international oil company entering a small and traditionally hesitant community, eager to grow but at the same time vulnerable to disappointments and negative impacts. In addition, I want to display the social structure of the geographical areas that will be the basis for my thesis.

1.1 Helgeland and Alstahaug

Helgeland is a region in Nordland County, bordering Nord-Trøndelag County to the south and Salten region to the north. The region consist of 18 local municipalities, divided into three districts; Inner Helgeland, South Helgeland and Helgeland. A common feature in smaller Norwegian municipalities is the trend of decreasing population, and Helgeland is not an exception. From year 2000, almost every municipality in the region has suffered from a net decrease in population, and the trend seems to continue in years to come. In 2009 the population was 76940, mainly located in the four city centers; Mo i Rana (Rana), Mosjøen (Vefsn), Brønnøysund (Brønnøy) and Sandnessjøen (Alstahaug), as displayed in table 1.1. These centers hold about 70 percent of the total population in Helgeland.

Table 1.1: Population in Helgeland, 1990-2009 (www.ssb.no a)

Municipality						Change 1990-2009	
	1990	1995	2000	2005	2009	Absolute	Relative
Bindal	2 095	2 042	1 921	1 778	1 616	-479	-22,9 %
Sømna	2 123	2 138	2 116	2 075	2 054	-69	-3,3 %
Brønnøy	6 936	7 025	7 433	7 585	7 597	661	9,5 %
Vega	1 549	1 488	1 414	1 356	1 288	-261	-16,8 %
Vevelstad	671	667	592	524	501	-170	-25,3 %
Herøy	2 094	1 933	1 881	1 739	1 652	-442	-21,1 %
Alstahaug	7 487	7 523	7 440	7 398	7 208	-279	-3,7 %
Leirfjord	2 364	2 332	2 242	2 156	2 088	-276	-11,7 %
Vefsn	13 286	13 599	13 553	13 486	13 342	56	0,4 %
Grane	1 734	1 678	1 652	1 544	1 500	-234	-13,5 %
Hattfjelldal	1 728	1 666	1 634	1 530	1 438	-290	-16,8 %
Dønna	1 787	1 738	1 582	1 528	1 432	-355	-19,9 %
Nesna	1 810	1 795	1 882	1 801	1 786	-24	-1,3 %
Hemnes	4 821	4 847	4 689	4 566	4 527	-294	-6,1 %
Rana	24 646	25 150	25 255	25 320	25 281	635	2,6 %
Lurøy	2 265	2 189	2 107	2 028	1 883	-382	-16,9 %
Træna	529	497	466	444	455	-74	-14,0 %
Rødøy	1 743	1 670	1 570	1 443	1 292	-451	-25,9 %
Helgeland	79 668	79 977	79 429	78 301	76 940	-2 728	-3,4 %

Helgeland is known for its beautiful nature with some of the country's best trout rivers, and coastline with its thousands of islands and spectacular mountain formations. The industry sector mainly consists of heavy industry, fish farming, and electricity generation. An “industry triangle”, consisting of Mo i Rana, Mosjøen and Sandnessjøen, is actually considered to be the largest concentration of industries in Norway (www.helgeland.no). More specifically, this industry bundle offers production such as various kinds of metals and iron, mechanical fabrication and services, and modification and maintenance services.

In regards to infrastructure, there are several educational institutions, three local hospitals, and good port conditions, to name a few. The communication infrastructure consists of four airports, railway, coastal transport, and district and national roads. Helgeland also holds state governed bodies such as the National Library, the Norwegian National Collection Agency, and the Brønnøysund Register Center.

My empirical data will consist of interviews conducted in various municipalities throughout the Helgeland region, but as Alstahaug is closest to the Skarv development, and thereby might be the most directly influenced, I will now give a brief summary of this district. Alstahaug is a small coastal municipality in Nordland County, with Sandnessjøen as the centre for administration. The main areas of industries in Alstahaug are trade in goods, service activities, agriculture and mechanical industry. In 2008 the population reached a record low 7207, 233 less than in 1990, and the decrease has been more or less constant (Figure 1.1).

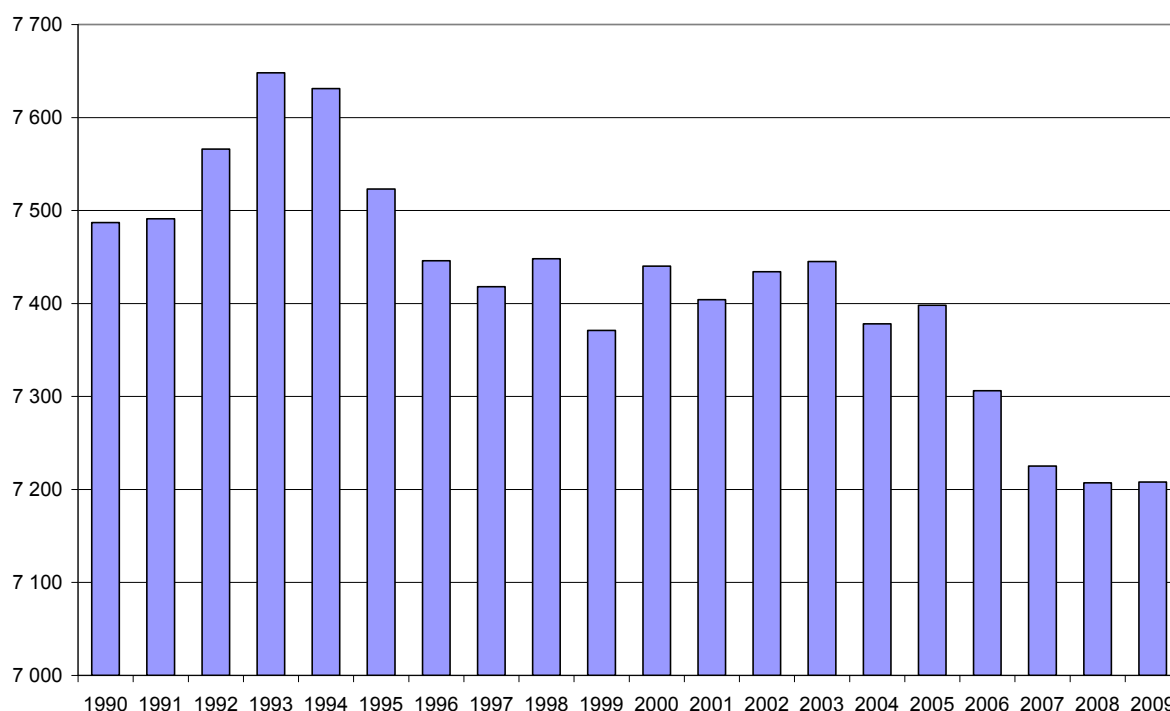


Figure 1.1: Population in Alstahaug, 1990-2009 (www.ssb.no a)

The only exception was after the opening of the 1065 meter long Helgeland Bridge in 1991, connecting Sandnessjøen to the mainland, where the population boosted for two consecutive years. Sandnessjøen as the business centre holds 5693 inhabitants by 2008 (www.ssb.no b).

One of the largest and most important firms is Slipen Mekaniske AS, a mechanical shipyard located in Sandnessjøen. It was established in 1909 and still operates, despite having been through several ups and downs. In the first quarter of 2009, there were 732 operating companies in Alstahaug County. The main industries are related to agriculture, retailing, real-estate, construction, health services, social welfare, fisheries, and education. These industries counted for more than 60 percent of all industry activity in Alstahaug (Appendix 1).

The city hall is found in Sandnessjøen where Mayor Stig Sørra, representing the Conservatives, is seated. Sandnessjøen is located about 40 km northwest of Mosjøen, and about 80 km southwest of Mo i Rana. In terms of communication infrastructure, the County has both the Stokka airport with continuous departures and arrivals, good bus communication, and a sea route connecting to smaller surrounding islands and larger city centers like Bodø. Other kinds of infrastructure include educational institutions, public library, sports grounds, and a regional hospital to name a few (www.alstahaug.kommune.no).

Alstahaug has had petroleum activities in its “backyard” for more than two decades, including the Trænabanken exploration and SIVAs Nord Offshore initiative during the 1980s, and the Norne establishment in 1997 (www.npf.no). However, there have been just as many setbacks. The Trænabanken and Nord Offshore initiative boosted the perception of the population in the Alstahaug region, hoping for extensive petroleum activity in the area while bearing in mind the immense development in Stavanger as a result of the petroleum industry. Eventually these two developments were reduced to rubble, and Sandnessjøen only ended up with the establishment of the *Helgelandsbase* supply base. In 1997 the optimism was once again flourishing, as Statoil decided to use Helgelandsbase as supply base for the Norne field. However, the effects and prosperity of the Norne development never made a large impact on the Alstahaug region. Today Helgelandsbase has 23 employees, supplies every oil field outside the coast of Helgeland, and has supplied Nordland-shelf exploration rigs for 25 years (www.helgelandsbase.no).

Another important case in this context is the composition of employment between different industries. From table 1.2 we can see that the Helgeland region, both as a whole and Alstahaug isolated, has had a positive development from the year 2000, with 2,5% and 6,5% increase. These are positive numbers, but are probably a result of the relative decrease in population.

Table 1.2: Employment by industry, 2000-2007 (www.ssb.no c)

Industry	Helgeland		Alstahaug		Change 2000-2007			
					Helgeland		Alstahaug	
	2000	2007	2000	2007	Absolute	Relative	Absolute	Relative
Agriculture and fishery	3 062	2 724	177	146	-338	-11,0 %	-31	-17,5 %
Petroleum	153	226	16	26	73	47,7 %	10	62,5 %
Heavy industry and mining	5 323	5 139	164	245	-184	-3,5 %	81	49,4 %
Power- and water supply	491	441	21	20	-50	-10,2 %	-1	-4,8 %
Construction	2 630	2 859	209	224	229	8,7 %	15	7,2 %
Commodity trade, hotel- and restaurant operations	5 653	5 790	273	255	137	2,4 %	-18	-6,6 %
Transport and communication	2 867	2 792	370	373	-75	-2,6 %	3	0,8 %
Financial services	540	404	26	16	-136	-25,2 %	-10	-38,5 %
Commercial services and real estate	2 249	2 125	125	140	-124	-5,5 %	15	12,0 %
Public- and other services	14 120	15 505	433	482	1 385	9,8 %	49	11,3 %
Total	37 088	38 005	1 814	1 927	917	2,5 %	113	6,2 %

If we look at these industries in relation to each other, we get the following table.

Table 1.3: Differences in industry composition, Helgeland and Alstahaug 2007 (www.ssb.no c)

Industry	Helgeland		Alstahaug	
	Absolute	Relative	Absolute	Relative
Agriculture and fishery	2 724	7,2 %	146	7,6 %
Petroleum	226	0,6 %	26	1,3 %
Heavy industry and mining	5 139	13,5 %	245	12,7 %
Power- and water supply	441	1,2 %	20	1,0 %
Construction	2 859	7,5 %	224	11,6 %
Commodity trade, hotel- and restaurant operations	5 790	15,2 %	255	13,2 %
Transport and communication	2 792	7,3 %	373	19,4 %
Financial services	404	1,1 %	16	0,8 %
Commercial services and real estate	2 125	5,6 %	140	7,3 %
Public- and other services	15 505	40,8 %	482	25,0 %
Total	38 005	100,0 %	1 927	100,0 %

Here we can see that for both Helgeland and Alstahaug, the major industry is *public- and other services* (40,8% and 25%). In general the industry sector composition is rather alike if you look at the relative numbers, with the exception of *public- and other services*, *transport and communication*, *construction*, and *petroleum* industries. Alstahaug dominates the Helgeland region in regards to *petroleum* industry, and *transport and communication* in relative terms, while the region as a whole is more represented by *public- and other services*.

In the following I will provide with some background information on the BP Corporation, ending up with a brief overview of the Skarv oil and gas field.

1.2 The BP Corporation

BP is one of the world's largest energy companies, founded in 1909 as the Anglo-Persian Oil Company. Since then, it has been through several rounds of restructuring, name changes, mergers and acquisitions. The latest was in 1998, when BP merged with Amoco. Today the corporation has almost 100.000 employees operating in 29 countries in a variety of industries, ranging from exploration and extraction of crude to retailing gasoline, making BP a vertically integrated company. Daily production in 2007 was about 2.4 million barrels of oil and natural gas liquids (NGLs), and 8.1 billion cubic feet of natural gas (NG) which equals 1.4 million barrels of oil equivalent. The total 2007 turnover reached US \$284 billion (www.bp.com b).

BP was first established in Norway in 1920, through a retailing company called Norsk Brændselsolje. In regards to exploration and production activities, BP waited until 1974 when they established an exploration office in the new Norwegian "oil capital" of Stavanger. Two years later in 1976, Ula, the first BP-operated production field on the NCS, was found. (www.bp.com a).

In 2007, BP had production in six fields on the NCS; Valhall, Ula, Hod, Tambar, Draugen, and the recently found Tambar East, with BP as operator on all except for the Draugen-field. The daily production in 2007 was 55.600 barrels of oil equivalent; 11.600 barrels less than in 2006. (www.bp.com c). Appendices 2 a and 1 b provide an overview of BP's current interests on the Norwegian Continental Shelf.

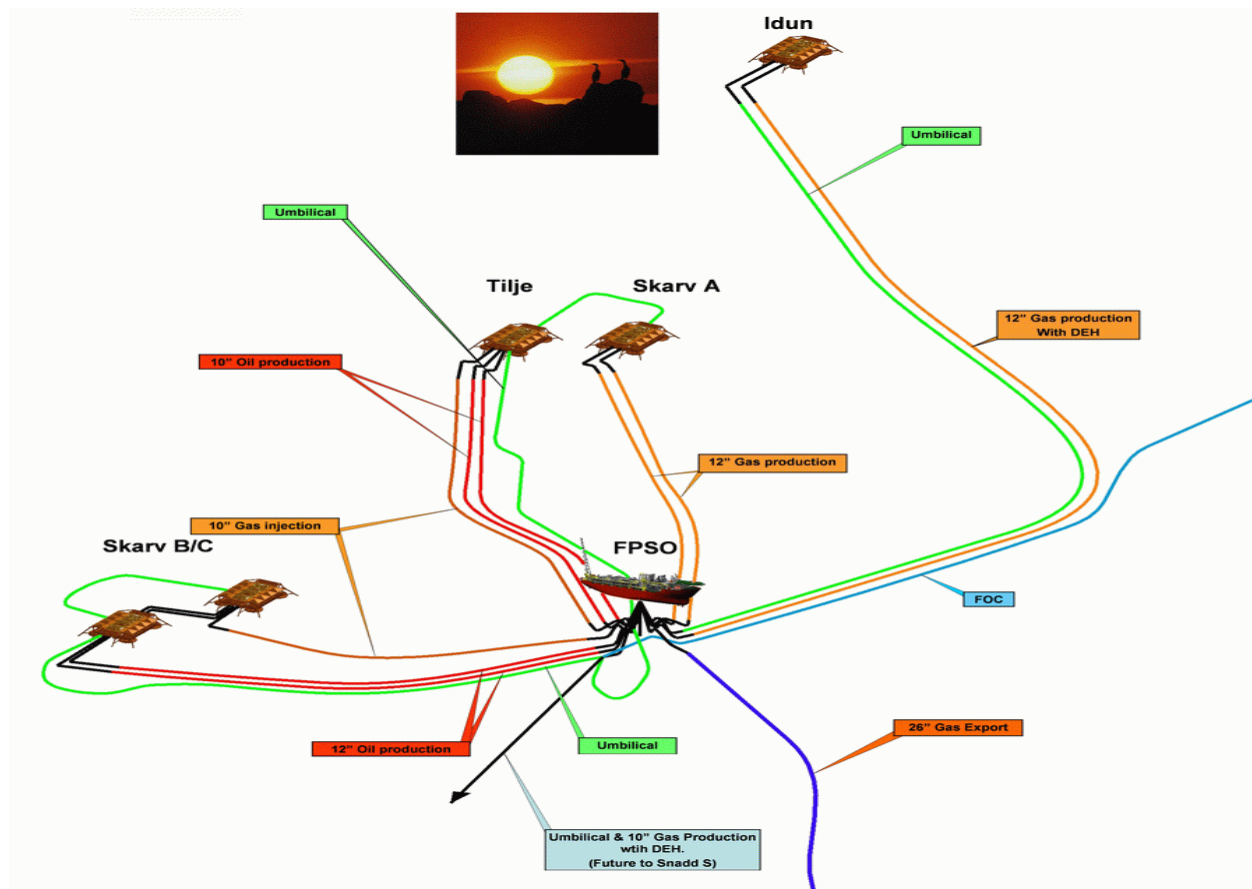
1.2.1 Skarv

The Skarv-field was discovered in the Norwegian Sea, about 200 kilometers west of Sandnessjøen, in 1998 by Amoco. The water depths are between 300 and 450 meters at lowest astronomical tide, and it is located in block 6507/5 and 6507/6. Originally the field was divided into Skarv and Idun, but in 2007 the two licenses were united and named Skarv, which is the name for a coastal bird common on the coast of Helgeland. The field is split between four licensees, where BP Norway is the operator and has a 23,835 percent interest. The Norwegian national oil company StatoilHydro has a 36,165 percent share, German E. ON Ruhrgas has a 28,0825 percent share, and Polish national oil company PGNiG has a 11,9175 percent share. The two latter licensees replaced ExxonMobil and Shell, which initially were to join the Skarv partnership (www.bp.com d).

Measurements show that the recoverable resources are calculated to be about 470 million barrels of oil equivalent, or 16,8 million m³ of oil and oil condensate, and 48,3 billion m³ of rich gas. With a combined production rate of about 80.000 barrels of oil and 15 million m³ of natural gas per day, the field's lifespan is currently set to 25 years (www.bp.com d).

The petroleum resources will be produced and extracted onto a floating production, storage and offloading vessel (FPSO). The US 400\$ million FPSO-contract was awarded to the offshore division of Samsung Heavy Industries in South Korea, and is to be completed by the end of 2010 (www.bp.com e). The vessel has a length of almost 300 meters, a width of about 50 meters, a weight of more than 40.000 tons, and will accommodate 100 employees. The crude oil will be exported by offshore loading, and the natural gas will be connected to- and transported through the Åsgard national pipeline system (www.rigzone.com). According to plan, the FPSO will be installed on location in 2011, and set into production later the same year. Picture 1.1 displays the Skarv outline.

Picture 1.1: The Skarv outline (Fjellså, 2007)



Note: Skarv is the Norwegian word for cormorant, a common seabird along the northern Norwegian coastline.

Picture 1.2: The Cormorant (www.aqua.dtu.dk)



1.3 Structure and Outlining

My thesis is part of a larger research project, where the aim is to perform a longitudinal study of the different ripple effects of BP's Skarv development. This particular thesis will focus on BP's stakeholder formation in an early project phase. The research has been done in close collaboration with the High North Center of Business, at Bodø Graduate School of Business. As a result of this close collaboration, some of the empirical data will be closely related to the main research conducted by the research center.

My thesis will be constructed as an exploratory qualitative study, outlined through a case design. The information will be a combination of secondary data sources, and empirical data from qualitative interviews. This empirical data creates the foundation for the analysis that will make me able to answer my research questions, and thereby reach conclusions. I use a case design to get immense depth about a limited subject. The question of company-stakeholder relations will force me to obtain information from a relatively narrow case, as the response and data foundation I need is required to be presented by representatives from the industry, local municipalities, and different organizations.

My goal will be to contribute to existing research on the issue of oil companies' early stage stakeholder relationships. Studies have shown that not including stakeholders in a project's early stage may eventually lead to project failure (www.bcs.org). In the petroleum industry, this can be said to be at the cutting edge of importance. The aspect of financial efforts is especially crucial, as massive financial resources often are needed before the project is even close to startup. The basic idea is that if an oil company enters a geographical area for petroleum activities, multiple stakeholders have various types of power, and companies should be aware of it.

2. Definitions

Till now, I have presented my problem statement and research questions, given some information about my case, such as impact area and case-company, and provided a brief overview of the structure and outline for my thesis. In the following chapter I will provide definitions of the main concepts and technical terminology that will make up major parts of this thesis, namely the concepts of stakeholders and corporate social responsibility. My aim is for the reader to be able to recognize and really understand these terms, as I see this as a necessity for being able to interpret my findings and discussions.

2.1 Stakeholders

Any company has different types of individuals and/or organizations that are affected by, or can affect the actions the company does or does not do, and this brings forth the concept of so-called *stakeholders*. The idea is that not only the company has something to say, the company's environment does so too. Stanford Research Institute initiated the stakeholder concept as we know it today, in the 1960s. They went so far as to claim that organizations would cease to exist without the support of stakeholders (Stanford memo, 1963, from Mitchell et al., 1997). This statement displays the need for a more balanced view of the organizations environment even at that time. Twenty years later, Mitroff (1983:4) defined stakeholders as “...all those interest groups, parties, actors, claimants, and institutions – both internal and external to the corporation – that exert a hold on it”, or more general; “stakeholders are all those parties who either affect or who are affected by a corporation's actions, behavior, and policies”. Similarly, and seen as one of the most important, Freeman (1984:46) defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organization's objectives”. A more “modern” definition is provided by Post et al. (2002) who claims that stakeholders are; “... the individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and that are therefore its potential beneficiaries and/or risk bearers”. From these definitions one can see that a stakeholder is a much broader concept as compared to the stock- or shareholder concept – stakeholders have more than a clear economic interest in an organization. Also interesting, is the notion that the definition has not changed dramatically through the years. Both Mitroff (1983), Freeman (1984) and Post et al.'s (2002) definitions includes stakeholders to be basically anyone in the organizations environment.

The importance of identifying and treating all potential and actual stakeholders in an appropriate way, may be of high relevance for a company to actually reach its goals. Mitroff (1984) goes as far as claiming that organizations can be seen as the entire set of relations it has with itself and its stakeholders. He further claims that stakeholder relationships leads the organization into fluctuate state – as relationships change over time, ultimately the organization will too. The main idea is that the organization, in general, can be seen as a series of relationships between a wide variety of actors (Mitroff, 1984).

2.2 Corporate social responsibility

Corporate social responsibility (CSR) deals with the actions taken by corporations in relation to society. The role of corporations is not clear according to scholars on the subject. One of the earliest thinkers on social responsibility was Howard R. Bowen. He claimed that “*social responsibility refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*” (1953, from Crane et al., 2008:25). From this we can see that even at that time, some meant that the corporations should be more than mere “profit hunters”. On the contrary, the well known economist, Milton Friedman, claimed that the one social responsibility of a corporation is to increase its profits (1970, from Crane et al., 2008). Even more extreme is Carr’s perception of business as a game, where the only responsibility corporations have is to follow the laws of the land (1968, from Varelius, 2006). These neoclassical views stands in great contrast to both Bowen’s early ideas and today’s modern thinking, where societies don’t get satisfied with firms exclusively aiming for profit maximizing. Carroll, who perceived Bowen as “the father of corporate social responsibility”, offers a more balanced definition, claiming that “*The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*” (2007:33). Here, Carroll puts forward the concept of four distinct levels of CSR; *economic, legal, ethical and discretionary expectations*. This again led to his well known CSR pyramid which will be more explained in chapter 3.3. However the multitude, there still is no universally accepted definition of the CSR concept, but I will base my perception of CSR as pointed out by Carroll’s definition.

To finish this chapter, I want to highlight the fact that these two concepts can be said to somewhat relate to each other. The basic idea about the stakeholder approach is that an organization has multiple individuals or entities in its surroundings, and that the organization has to identify and adjust to them. The CSR concept also deals with the organization and its surroundings. As the years have gone, the classical impression of a firm's responsibility to solely be of profit maximizing has changed, as discussed in the previous paragraph. CSR as we know it today is more about including the environment – namely the organization's stakeholders. In the following chapter I will go more deeply into these concepts, and also touch upon so-called ripple effects.

3. Theoretical Approach

To establish whether, or not, BP comply with their stakeholders in the Helgeland area, one can take several theoretical approaches into consideration. The impact can be seen in different ways, and *who* is impacted also has to be specified. The *who* can be seen as *stakeholders*, which according to Freeman (1984:46) «*designates the individuals or groups that can directly or indirectly affect, or be affected by, a firm's activities*». In what way the surroundings are affected, will in many cases depend upon how the company positions themselves in the society. The term corporate social responsibility takes such issues into account, and can be defined as; “*the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*” (Carroll, 2007:33). In sum, one can claim that both stakeholder relations and CSR are potential sources of so-called ripple effects. Therefore I will also look briefly at four different types of such effects, adapted from papers by Solvoll (2008) and Cooper and Smith (2005). In this study I will illuminate different elements by using these perspectives. The reason to this is that an oil company, such as BP, has to take a number of elements into consideration before entering an exploration and production field. One can say that the main objectives of stakeholder- and CSR perspectives to a certain extent merge with each other, as mentioned in the end of the last chapter. However, it should be mentioned that these are not the only, nor necessarily perfect, approaches to my problem statement. I have chosen this approach because it seems like the most appropriate one in this setting. In the following chapters I will discuss my research questions in connection to the mentioned literature. First I will explain thoroughly the concept of stakeholders, touching

upon the matters of identification, categorizing, and stakeholder salience. Second I will look at CSR, discussing different aspects to the approach, such as different views on the phenomenon, and potential effects of organizations encompassing CSR. Chapter 3.3 deals with so-called ripple effects of business activities. The section will identify and explain four distinct levels of ripple effects, that later will look for a link between them and early stage stakeholder identification and salience.

3.1 Stakeholder theory

In chapter 2.2, I presented definitions and clarifications on the concept of stakeholder theory, and further explained that the approach will function as one of the main theoretical frameworks for my thesis. In this section I will go more in detail, explaining some of the history behind the stakeholder concept, present some of the main discussions and conflicts on the subject, and present a model that will function as a framework for identifying and mapping the multiple stakeholders managers have to consider in today's fast shifting business environment.

According to Freeman and McVea (2001), the modern stakeholder approach to strategy emerged in the mid 1980s. They refer to Freeman's publication; *Strategic Management: A Stakeholder Approach* (1984), as one of the main contributions and pioneering works within the field of stakeholder theory. Freeman claimed that "*Our current theories are inconsistent with both the quantity and kinds of change that are occurring in the business environment of the 1980's*", and that "*A new conceptual framework is needed*" (1984:5). From these quotes we can see that the idea and consistency of change in the business environment, was something that was to be considered more seriously. Several scholars have conducted research on the subject of stakeholders. In addition to Freeman (1984), which some perceive as the pioneer, Mitroff (1983) and others have contributed to the approach. The concept of stakeholders has its origin from the more traditional economic view of organizations surroundings, the *stockholder*. Princeton's dictionary defines stockholders, or shareholders, as "*someone who holds shares of stock in a corporation*" (wordnetweb.princeton.edu). In other words a stockholder possesses a tangible asset, usually something of financial value.

One of the first ideas on the subject took place in the early 1960s, by the Stanford Research Institute. They defined stakeholders as “*those groups without whose support the organization would cease to exist*” (Freeman, 1984:31). Through years of research there have been several attempts to give definitions on stakeholders. Windsor brings forth the idea that there is a large difference between *broad* and *narrow* views on a company's stakeholder environment (1992, from Mitchell et al., 1997). The broad view is based on the fact that companies can be affected by, or can affect, almost everyone. Freeman's (1984) classic definition, as mentioned in chapter 2.2, can be seen as one of the broadest definitions in the literature, as it leaves the notion of including virtually anyone. A narrow view attempts to define relevant groups based on their direct relevance to the firm, in relation to the company's *economic* interest. As opposed to Freeman, Clarkson (1994, from Mitchell et al., 1997) offers one of the narrowest definitions, seeing stakeholders as only those that have an actual stake in a company, being capital, human or financial, or more generally something of value. In what way management relate to stakeholders, narrow or broad, will most likely be decided on the basis of management ideas and style. Mitroff (1983:9) claims that “*As different types of individuals have different kinds of personalities, different types of organizations have different personalities or style as well*”. This aspect is strengthened by Wally and Baum (1994, from Agle et al., 2000:39), which state that; “*Leaders, especially the CEOs of business organizations, imprint their firms with their own values, which then become manifest in decision processes that lead to stakeholder salience and corporate social performance*”.

An important field within the theory is the question of stakeholder *identification* and *salience*, or what Freeman calls “The Theory of Who or What Really Counts” (1994, from Mitchell et al., 1997). This concept indicates who or what the stakeholders of the firm are, and to whom or what managers should pay attention to. The term salience can be seen as the variation in how managers prioritize between stakeholders' claims (Agle et al., 2000), building upon the fact that managers can't satisfy every stakeholder's desires or needs. There are numerous methods on how to categorize and distinguish between different players in the business environment, but Mitchell and colleagues (1997) propose that categories of stakeholders can be identified by their possession or attributed possession of one, two or three attributes; *power*, *legitimacy*, and *urgency*. In the next section I will provide more detail about these attributes, explaining the different characteristics and meanings to it, and end up with a model which systematically displays the composition of the three attributes as means to stakeholder identification and salience.

Power can be defined as “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” (Pfeffer 1981, from Mitchell et al., 1997:865). Etzioni continues the discussion, and suggests a categorizing between *coercive* power which is based on physical factors such as violence or restraints, *utilitarian* power which relates to material or financial resources, and finally *normative* power which is based on symbolic resources (1964, from Mitchell et al., 1997). All these types of power can range from non-existent to complete. The meaning of power as an attribute to the stakeholder-management relationship is that the one party which has or can gain access to the different types of power, will obtain the authority to impose its will. An important note is to understand that power is not a steady state, but rather transitory; it can be acquired as well as lost (Mitchell et al., 1997). Mitchell and colleagues (1997:869) further propose that “*power gains authority through legitimacy and it gains exercise through urgency*”.

Legitimacy is concerned with the matter of normal social behaviour, or as Suchman's definition states; “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (1995, from Mitchell et al., 1997:866). This attribute is core within the sphere of those belonging to the narrow perception of stakeholders, where the main idea is that power and legitimacy are main sources of salience. Like the power attribute, legitimacy is a dynamic mode in the stakeholder-manager relationship, meaning that it can vary between being present and absent. To display the connection with the other attributes, Mitchell et al. (1997:870) claims that “*Legitimacy gains rights through power and voice through urgency*”.

The third attribute concerns the *urgency* of the stakeholder's claim in the firm, and can be defined as “the degree to which stakeholder claims call for immediate attention” (Mitchell et al., 1997:867). This definition is based on two elements; *time sensitivity* which deals with the matter of managers delaying stakeholder claims, and *criticality* which deals with the claims or stakeholders level of importance. Urgency, alone, is not sufficient to result in high salience, but its character will increase the level of salience drastically when combined with any other attribute. This in mind, urgency shifts the stakeholder-manager model from static to dynamic. Similar to the latter attributes, urgency is no steady state (Mitchell et al., 1997).

The three attributes explained above have a strong connection to each other, however complex, and this is shown in figure 3.1.

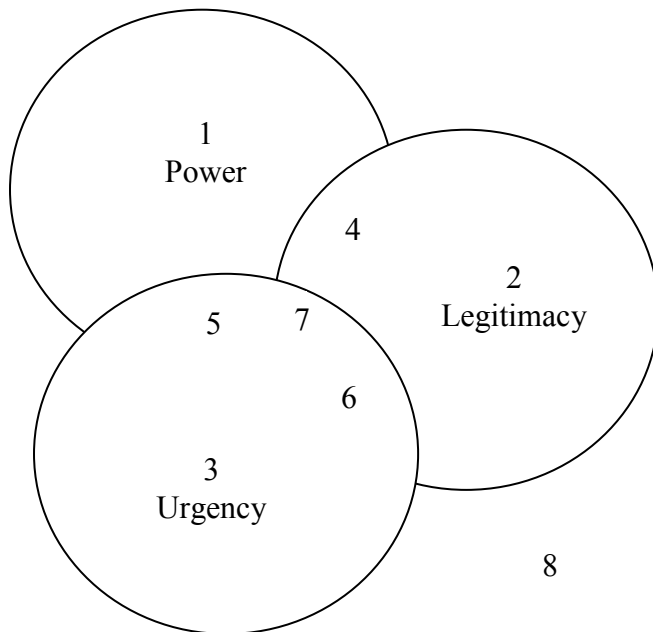


Figure 3.1: Qualitative classes of stakeholders (Adapted from Mitchell et al., 1997)

As displayed in figure 3.1, the interconnection between the attributes is clear, and this creates the foundation for identifying stakeholder classes. The numbers in the figure represents different characteristics of stakeholders, and defines the actual level of salience. In area 1, 2 and 3 the stakeholder has possession of only one of the three attributes, and can thereby be characterized as a *latent*, or tertiary, stakeholder with low salience. Area 4, 5 and 6 represents stakeholders which possess two of the attributes, and is characterized as *expectant*, or secondary, stakeholders with moderate salience on managers. Area 7 and 8 represents the extremes in both ends of the scale. Area 7 characterizes the *definitive*, or primary, stakeholder, which possesses all three attributes and thereby represents high salience. Area 8 is the *non-stakeholder* or *potential stakeholder* in the stakeholder-manager relationship (Mitchell et al., 1997).

Figure 3.2 continues the discussion made from figure 3.1, and suggests that latent-, expectant- definitive- and non-stakeholders can be further divided into more tangible classes of stakeholders.

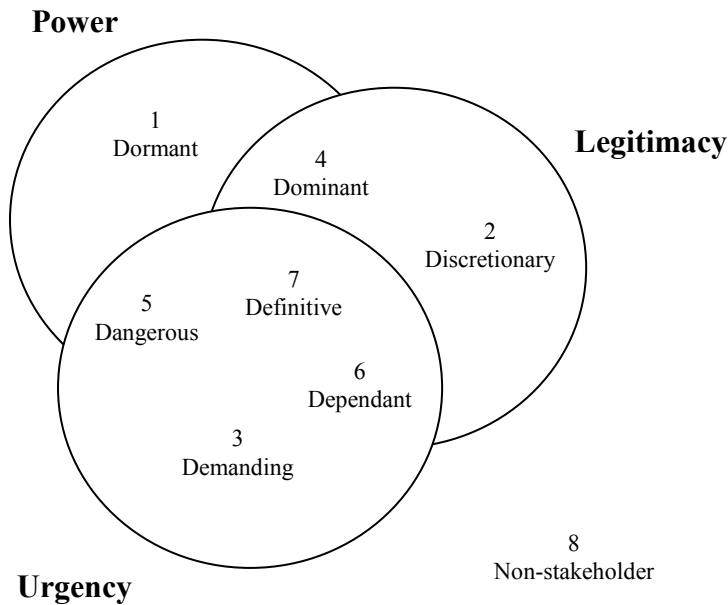


Figure 3.2: Stakeholder typology: one, two or three attributes present (Adapted from Mitchell et al., 1997)

The first class represents the latent stakeholders, which hold only one of the three attributes. First is the *dormant stakeholder* (Area 1), which holds the power attribute. These have the power to impose their will on an organisation, as reflected in the earlier mentioned definition, but as long as it lacks a legitimate relationship or an urgent claim, the power remains dormant.

Area 2 represents the *discretionary stakeholders*. These hold the legitimacy attribute, and for company managers they raise the issue of corporate social responsibility. The reason is that, as they have no power to neither influence a company nor have a lack on urgent claims, there is no obligation for managers to develop active relationships with them. The choice on doing so will be based on a manager's goodwill, style or ideas.

The last class in the group of latent stakeholders includes the *demanding stakeholder* (Area 3). These have an urgent claim on the organisation, but have no power or legitimacy to represent a serious obligation for the manager. Mitchell et al. (1997:875) describes them simply as the “*mosquitoes buzzing in the ears*” of managers, and states that they may not even call for their attention.

A common feature for these types of latent stakeholders is that they, as a result of possessing only one attribute, most probably will not give any attention to an organisation. The same applies to the manager, who may not even notice these stakeholders' existence (Mitchell et al., 1997).

As for the latent stakeholders, the expectant stakeholder which came forth in figure 3.1 also can be divided into three classes. In this category, where two of the attributes are present, a shift in momentum in regards to the stakeholder-manager relationship arises. As opposed to the latent stakeholder classes, expectant stakeholders expect something – they transit from a passive to an active stance (Mitchell et al., 1997). Area 4 represents the *dominant stakeholder* which possesses both power and legitimacy. These are by many perceived as the only, or at least the by far most important. When both power and legitimacy is present, the stakeholder can be said to be a member of an organisations union. However, without an urgent claim they don't represent the “absolute”.

Dangerous stakeholders (Area 5) has both urgency and power in the relationship, and this composition of attributes literally makes it a potential danger to the organisation. The lack of legitimacy may turn them into illegitimate participants in the organisation's environment. The process of identifying these stakeholders may be difficult to deal with.

In area 6 we find the so called *dependant stakeholders* which possess both legitimacy and urgency. The peculiar aspect of this group is that they rely on the power of other stakeholders or company managers to carry out their will. This may be said in the other classes of expectant stakeholders as well, but power stands forth as the main “executor” in attaining desires.

In this typology, the class with the highest level of salience is called the *definitive stakeholder* (Area 7). This category possesses all the three attributes, power, legitimacy and urgency, resulting in a necessity for managers to comply with definitive stakeholders' claims. It is also important for managers to realise the fact that any expectant stakeholder – dominant, dangerous or dependant – may move to the definitive category by attaining the one missing attribute (Mitchell et al., 1997).

Area 8 in figure 3.1 and 3.2 represents the *non-stakeholder*, or more correctly the *potential stakeholder*. The reason behind this is that even the most “insignificant” player in the organisation's environment may be of interest in the long term. This again displays the dynamics of Mitchell and colleagues (1997) typology of stakeholder identification and salience; the environment is not static, it shifts through time and courses of events. Table 3.1 display an overview of all the different types of stakeholder classes and level of salience.

Table 3.1: Different elements in stakeholder identification and salience (Adapted from Mitchell et al., 1997)

	Attributes	Classes	Level of salience
Latent	Power Legitimacy Urgency	Dormant Discretionary Demanding	Low
Expectant	Power and legitimacy Power and urgency Urgency and legitimacy	Dominant Dangerous Dependent	Moderate
Definitive	Power, legitimacy and urgency		High
Non-stakeholders			Non

There are several ways on how to perform stakeholder identification. Shell Gas Nigeria B.V. published a "Stakeholder Identification and Management Plan" for their LNG Train 7+ project on Bonny Island, Nigeria (Jacobs and Breukink, 2005), and their approach to stakeholder identification and mapping share similarities with Mitchell and colleagues (1997) methodology. They first define ten stakeholder categories, and then utilize a method for

mapping, using measures of low, medium and high levels of potential impact. Figure 3.3 shows how the mapping results in three types of identities, critical-, high awareness-, and interest group stakeholders.

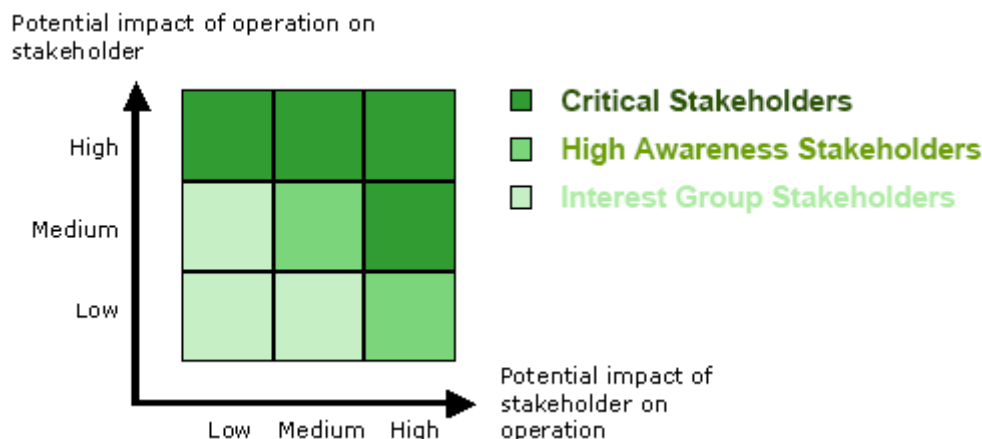


Figure 3.3: Mapping of stakeholders (Jacobs and Breukink, 2005)

This approach is similar to the method described earlier in the chapter, where Mitchell et al. (1997) first defines eight classes of stakeholders and then identifies categories with different levels of importance, or salience – all based on three attributes. The Shell methodology, as real as it is, continues from the identification and mapping process, and ends up with a detailed plan on how to engage to different stakeholder requests and desires, and unforeseen events. The important note in this case, is that these processes took place in mid 2005 and that the project is due 2012 (www.nigeriaing.com). This displays the importance of stakeholder relations in an early project phase. Another statement was made by a Shell Norway representative, stressing that in projects they apply a *dialogue-decider-deliver* approach to stakeholders rather than *decide-announce-defend* (Jonassen, 2009)

Mitchell and colleagues' (1997) methodology was modified by Agle et al. (2000), who tested the approach on numerous CEOs. Their dataset led to a research model which included the three attributes; power, legitimacy and urgency, which is shown in figure 3.4. The results from their study strongly suggested that the stakeholder attributes are related to stakeholder salience – confirming the model laid forward by Mitchell et al. (1997).

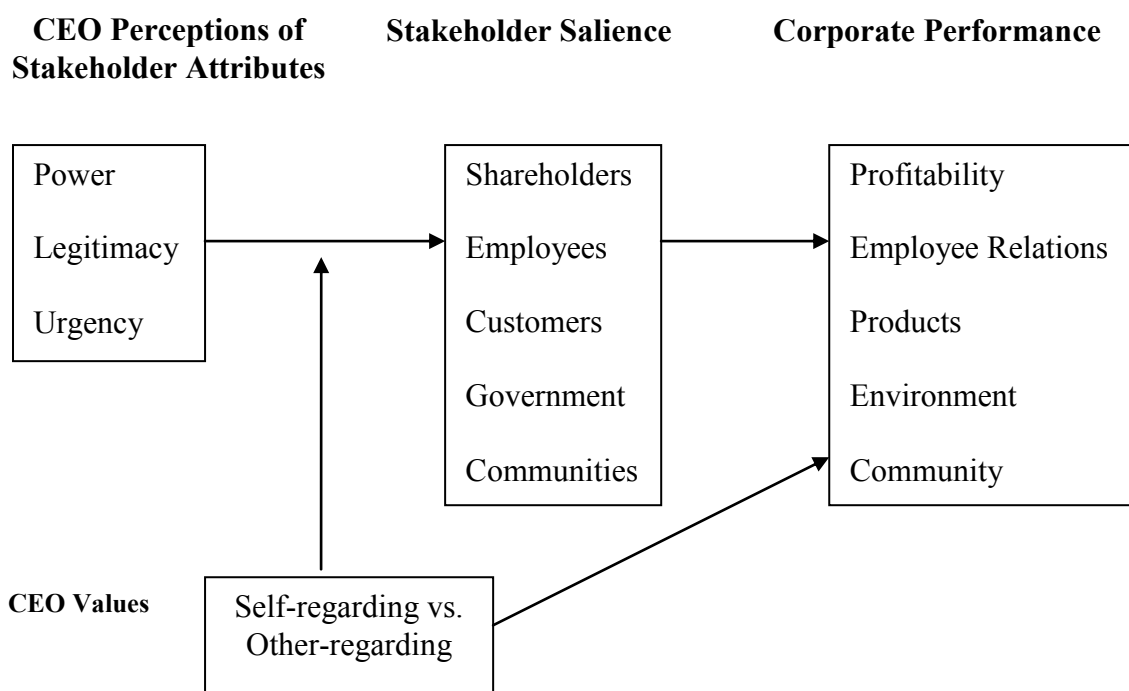


Figure 3.4: Stakeholder attributes research model (Adapted from Agle et al., 2000)

To set strategies that take into consideration both the company's goals and other stakeholders' desires may lead to sacrifice of e.g. financial prosperity. However, the importance of stakeholder interests is by many seen as extremely serious. Näsi (1979, from Näsi, 1995:25) claims that the central goal of management is "*to take care of the stakeholder balance*", and that the importance of the stakeholder perspective in worst case can lead to the question of a project's survival. The petroleum industry is constantly in the spotlight of environmental organizations, and especially in connection with exploration and production close to central fishery areas. The coastline off of Sandnessjøen is an area that through history has been an important source for local fisheries, and with heavy petroleum activity close to it, the question of further fishery activities may arise. BP claims that they have taken this issue into account through technical solutions, by adapting subsea solutions that does not interfere or obstruct the function of fisheries equipment (www.bp.com f). Solutions that meet the potential problems for different stakeholders are just what I want to uncover through implementing the stakeholder perspective in this thesis. Briefly put, the BP management has to undertake two functions; 1) the interpreting function that demands the adoption of activities for the stakeholders, and 2) the direction of these activities so that the balance between each stakeholder and the company is preserved.

3.2 Corporate Social Responsibility

Stakeholder theory can be said to be connected with the company's responsibility towards its surroundings. The question of an oil company's influence on affected communities has been much discussed through the years. What is their prominent role? To live an "organizational life" totally isolated from their surroundings, or to operate in such a way that it includes and gets included in the society? Such obligations are further known as corporate social responsibility (CSR). Like in so many other disciplines, scholars have different understandings of CSR, and hence the term holds a large variety of definitions and perceptions. Frederick displays a summary of four different stages of CSR development, with four characteristics distinguishing them respectively; 1) guiding CSR principle, 2) main CSR action, 3) CSR drivers, and 4) CSR policy instruments (2008). The first concept emerged in the 1950s, as *corporate social stewardship*. This concept was characterized by a corporate view on social responsibility, where managers were only looked upon as public trustees and social stewards. In the 1960s, the concept of *corporate social responsiveness* emerged. This philosophy stressed that corporations should respond to societal demands – more specifically, to take stakeholders and public policies into consideration. In the 1980s ethical considerations became a crucial factor, and the concept of *business ethics* emerged. Central in this idea, was that corporations should create and maintain an ethical corporate culture by treating all stakeholders with respect and dignity. In the 1990s and 2000s, globalization became a prominent factor for corporations, and so the concept of *corporate global citizenship* arose. Here, the central idea was for corporations to accept their responsibility for global impacts, through implementing global sustainability programs (Frederick, 2008). Large international companies are most likely to go, or have gone, through all these stages of the development of CSR, making it an interwoven part of their corporate strategies.

In chapter 2.2 I argued that Carroll's definition of CSR; "*The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*" (2007:33), to be the most proper for my thesis. Many people say that companies should do more than to just operate within their self-interest regarding financial purposes, and this is exactly what CSR is about. The definition shows that the concept concerns four inter-related aspects, and this can be said to summarize the previously mentioned stages of CSR development. Carroll (1991, from Crane and Matten,

2007) developed a model that displays the four aspects in an orderly fashion, as shown in figure 3.5.

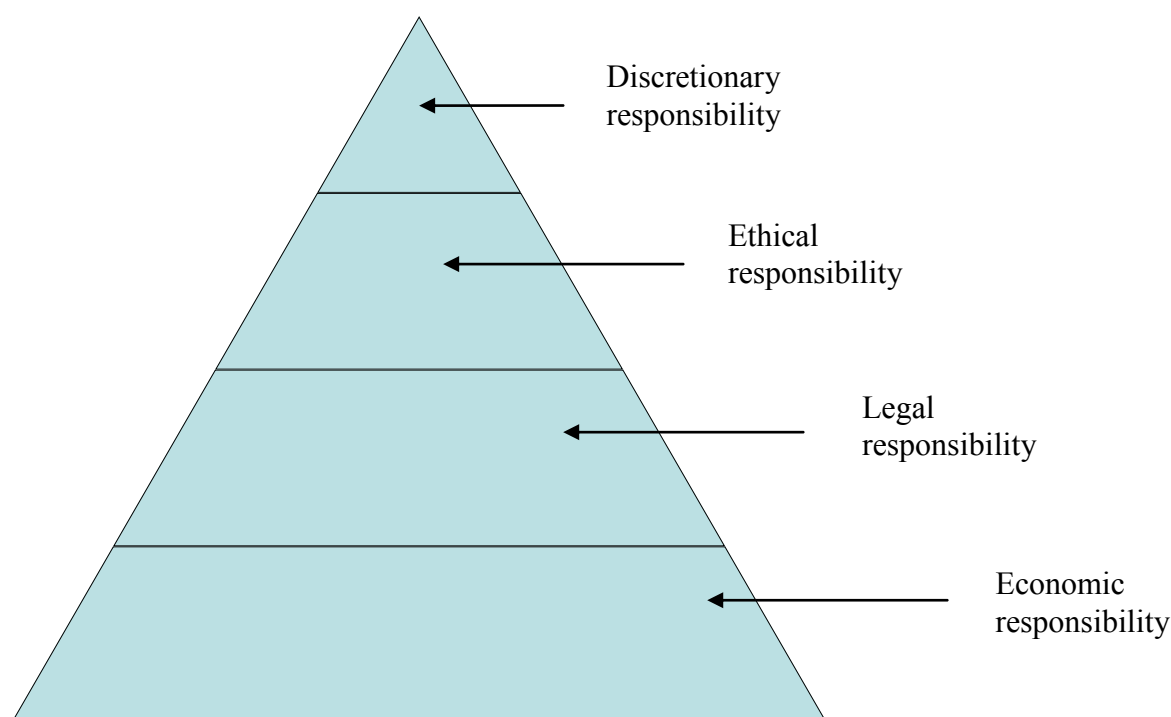


Figure 3.5: Carroll's four-part model of corporate social responsibility (Adapted from Crane and Matten, 2007).

As figure 3.5 shows, the different aspects can be placed in a pyramid demonstrating that the different levels have different priorities. 1) The *economic responsibility* represents BP's obligation to operate responsibly in financial terms. Shareholders, employees, and customers demand that the company serves return on investments, secure and fairly paid jobs, and good quality products. This level of CSR is the foundation for further responsibilities, and is required for all corporations. 2) *Legal responsibilities* concerns upholding the law, and "playing by the rules of the game". In my context, this means that BP has to operate within laws and regulations and not, say, be involved in corruption or illegal incidents. Like the economic level, this is required and necessary for further obligations. 3) *Ethic responsibilities* oblige BP to do what is right and fair, even when they are not compelled to do so by legal frameworks. Through the years, oil companies have executed operations that have been seen as "legal", but groups of people and environmental organizations have carried out extensive demonstrations that in some cases have lead to project failures. An example is the planned

offshore disposal of Shell's Brent Spar platform in 1996. This project was granted from political instances, but a worldwide campaign led by Greenpeace changed Shell's plans. In the aftermath, thousands of customers around the world stopped buying petroleum products from Shell's downstream infrastructure for some period of time (archive.greenpeace.org). 4) The *discretionary responsibility* incorporates activities that are to improve the quality of life of employees, local communities, and ultimately society in general. Typical examples of this are sponsoring of sport events, support for local schools, and building of recreation facilities for employees and their families. If BP is to make a positive impact on a small community like Alstahaug, even a small degree of discretionary responsibility may possibly lead to results. This last level in Carroll's four-part model is merely desired of organizations, and thereby less important than the others.

CSR may be seen through two perspectives; the theological, and the deontological. According to the theological perspective, organizations that implicate CSR in their strategies may be rewarded in the shape of more satisfied customers, more motivated employees, and eventually goodwill from local communities and national municipalities, to name a few. Orlitzky (2008) supports this, claiming that when stakeholders are engaged constructively, rather than treated as constraints, they may look more positively on the organization. He further claims that CSR may lead to several positive outcomes for the organization, such as;

- enhanced organizational reputation
- improved internal resources and skills (efficiency)
- increasing rivals costs
- attracting a more productive workforce
- boosting sales revenues
- reducing business risk

The deontological perspective claims that companies are responsible for taking care of the problems they cause before they happen, and that it is the company's *duty* to take all affected parties into consideration (Crane and Matten, 2007). What this shows, is that e.g. the members of Alstahaug municipality may have different perceptions on what is required by BP. The impact on the community will depend on how BP responds to these requirements.

Kurucz et al. (2008:84) brings forth the term *business case*. This is defined as “a pitch for investment in a project or initiative that promises to yield a suitably significant return to justify the expenditure”. In regards to CSR, the business case pitch refers to the fact that a company can perform better in financial terms by attending to its responsibilities toward creating a better society, and not only by attending to its core operations. Briefly said, a company can “do well by doing good”. Through the years, numerous researches have been done on the matter of CSR, and most are focused on finding a link between CSR and financial performance (Kurucz et al., 2008). The “disturbing” notion is that the results have been fairly mixed, leading some scholars to question whether CSR actually should be a motive for organizations. However, in the case of BP's Skarv development, the objective may not necessarily be increased financial performance. Kurucz and colleagues mention four types of business cases for CSR; 1) *cost and risk reduction*, 2) *competitive advantage*, 3) *reputation and legitimacy*, and 4) *synergistic value creation* (2008). Cost and risk reduction means that stakeholders' demands present potential threats to the viability of the organization, and that the economic interests of the company are served by mitigating them through levels of social or environmental performance. Competitive advantage focuses on building a competitive advantage by strategically orienting and directing resources toward the perceived demands of stakeholders – demands are viewed more as opportunities than constraints on the organization. The reputation and legitimacy case concerns building a competitive advantage, by strengthening both reputation and legitimacy through the organization's CSR initiatives. Finally, synergistic value creation focuses on seeking opportunities to discover, relate, and synthesize a diverse set of stakeholder interests (Kurucz, 2008). From this approach, we can see that value creation is rather dependant on the interconnection between CSR and the organizations environment – the stakeholders. In other words, for an organization to obtain value creation, organizational CSR and stakeholders must interact.

3.3 Ripple effects

In general, all activities will in one way or another make an impact on someone. A large production plant will most certainly affect sales on nearby suppliers and contractors, as well as restaurants and grocery stores. A business establishment in a small community will in most cases lead to new jobs, which again may lead to new houses being built. The point is that most activities will eventually lead to general increased economic activity within an area. Cooper and Smith (2005) have studied the link between growth in air transport services and the contribution to general economic activity, and concluded that the contribution can be divided into four different ripple effects; *direct*-, *indirect*-, and *induced* impacts, and *catalytic* impacts or spillover effects. These terms are relatively common in everyday language, with the exception of the catalytic impacts, so I will use the same approach for categorizing, and later discussing my empirical data, even if my study will focus on a subject different from the air transport industry. In the following I will describe these terms briefly.

3.3.1 Direct impacts

The *direct* impacts can be defined as operationally dependent, entirely or partly connected to the actual activities performed around the development and production of the Skarv field. In other words, direct impacts arise as a direct consequence of operations on, and the operating of, the FPSO. These impacts are the easiest to identify, and they will normally, but not necessarily, affect the actors closest to the “source”. The direct impacts, as a result of BP's petroleum activities, can be measured by looking at factors such as regional employment numbers, the amount of taxes and duties paid to regional municipalities, and salaries to employees.

3.3.2 Indirect impacts

Indirect impacts can be seen in connection to the direct impacts, as they are generated by the demand that direct impacts represent. The indirect impacts can be better understood by seeing them as the supplier's sub vendors, or identified as employment and activity supported down the oil company's supply chain. An example could be helicopter transport and maintenance tasks at the Skarv FPSO.

3.3.3 Induced impacts

Induced impacts can be seen as employment and activity supported by the spending of those directly or indirectly employed in the petroleum sector, or more correctly, those employed directly or indirectly buying other goods and services. An example could be employees at the Skarv FPSO buying food at the local grocery store, or seeing a movie at the local theatre.

3.3.4 Catalytic impacts

Catalytic impacts deal with how increased petroleum activities lead to an increase in other industries. In this case, such an impact concerns how BP's activities affect other businesses choice of establishment location. An example could be a hotel establishment to deal with increased overnight stops. Figure 3.6 displays the connection between the organization and different ripple effects.

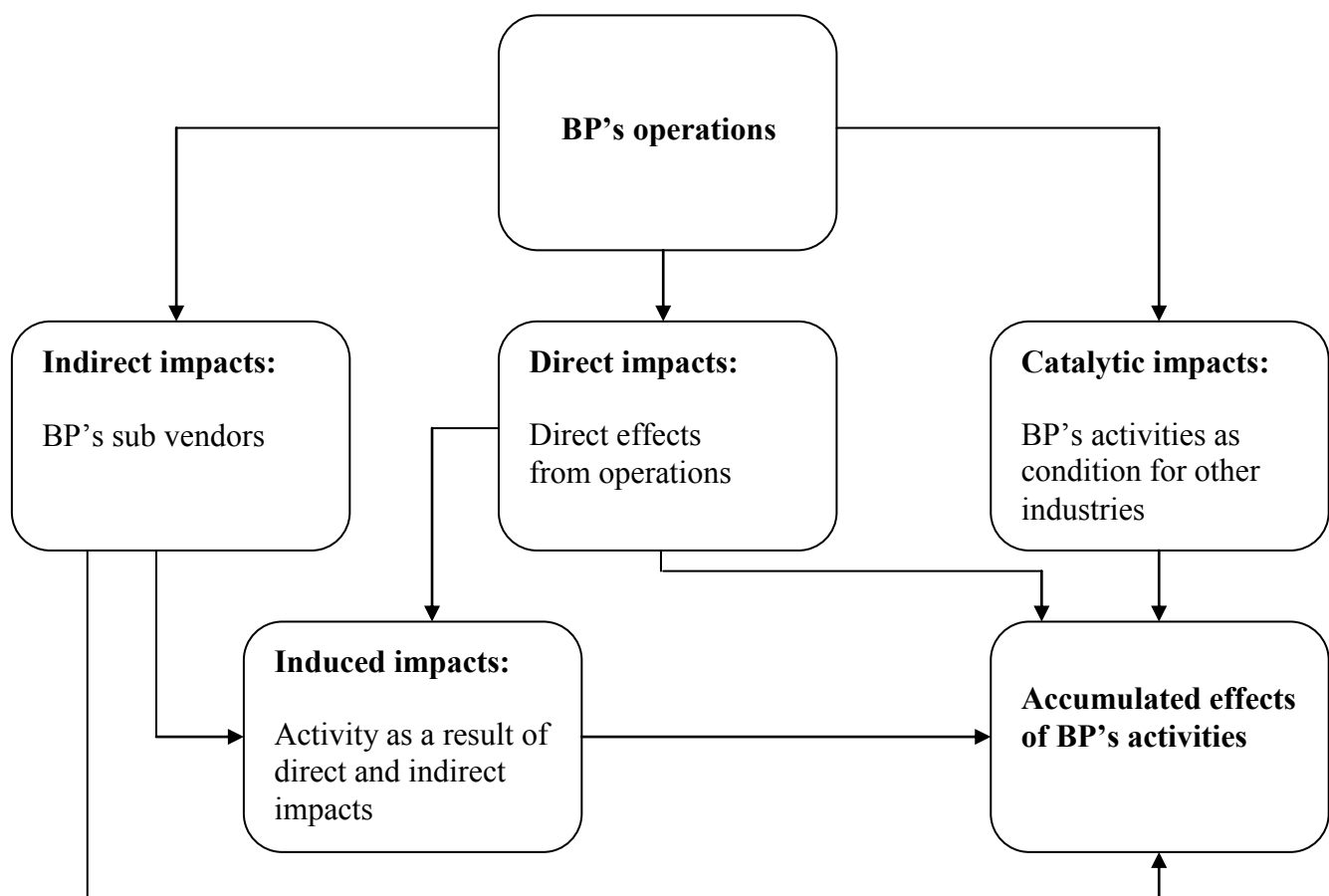


Figure 3.6: Different impacts as a result of BP's activities (Adapted from Solvoll, 2008)

To sum up chapter 3, I have thoroughly discussed the concepts of stakeholders and CSR, and given an overview of different ripple effects. The stakeholder theory, as we know it today, arose in the 1960s as a result of Stanford Research Institute, claiming that an organization may cease to exist without the support of *groups* of interests. Despite several years of research, there still is no profound agreement on what stakeholders are, but I decided to see Freeman's (1984) definition as the most appropriate in my setting. I further gave a deep explanation on the matter of stakeholder identification and salience, using Mitchell and colleagues' (1997) methodology. In section 3.2 I discussed the CSR theory, touching upon the history and development of the subject, to show what CSR really encompasses. I further looked at Carroll's well known CSR pyramid which distinguishes between different levels of CSR, and I touched upon Kurucz' ideas on the interconnection between value creation, CSR and stakeholders (2008). Chapter 3.3 explains different levels, or characteristics, of ripple effects.

In brief, I will try to expose the main problem statement by looking at how BP complies with the different local stakeholders, and how the company contributes to local organizations and groups through corporate social responsibility. I also want to see whether there may be some connection between those variables and positive outcomes in the shape of ripple effects. Now I will continue with a thorough review on relevant methodological issues.

4. Methodological reflections

To this point, the thesis has gone through an introduction, a chapter providing for definitions on the main terms that drives this research, and an extensive review of my theoretical approach. In this chapter I will try to link my choices of literature to a suitable methodological approach. I will start with giving a brief definition of two main concepts for this thesis; research methodology and the qualitative methodology direction. In point 4.2, I will give an extensive explanation for my choices of research methods. Point 4.3 deals with the ethical considerations for my thesis.

4.1 Definitions

Similar to chapter 2, I start this chapter by giving some brief definitions on the main method-driven concepts, namely research- and qualitative methodology.

4.1.1 Research Methodology

The term *method* is derived from Greek *methodos*, which means to follow a certain way toward a goal (Johannessen et al., 2005). In a more reasonable sense, one can say that methodology is a general approach to studying research topics (Silverman, 2005). According to Johannessen et al. (2005), *scientific* methods studies concern how you as far as possible can check if your assumptions relate to reality or not. Through this, one can see that the choice of research method will affect what is found through the research. Thereby the choice of method is crucial when it comes to creating convergence of research questions, theory, analysis and result.

The reason to why one should use scientific methods to answer, for instance, a research question, is the problem of everyday generalizations. Neuman (2003, from Johannessen et al., 2005) claim that there are three issues regarding everyday generalizations; over-generalization, selective observation, and the eager to jump to conclusions. In this way, the researcher's opinions may be looked upon as subjective and less reliable. Through this study I will try to avoid this by anchoring my assumptions to the interviewees' response and the qualitative data that is collected, and thereby strive to achieve a high level of objectivity.

Objectivity is fundamental in research, and means that the study object has to exist independent of the researcher's existence. The reason to this is that a subjective researcher may influence the study object's willingness to reply and function as an information source in a research setting (Johannessen et al., 2005). This issue will require that I as far as possible behave neutral when being in contact with the informants, so that every opinion gets presented without any external influence.

4.1.2 Qualitative Methodology

In the field of scientific research methods, there are two main approaches; qualitative and quantitative methods. Grønhaug and Kleppe (1989) claim that the terms qualitative and quantitative has special characteristics; quality refers to characteristics in a phenomenon, while quantity refers to amounts or numbers. In the qualitative approach, the purpose is to acquire extensive characterizations, and it is especially applicable when one has little or unclear firsthand knowledge about the subject that is to be researched. It is a method for obtaining deep information from relatively few sources, as opposed to the quantitative approach where one uses numerous sources. The qualitative approach' purpose is to capture meaning and experience that is impossible to quantify or measure, and the goal is to bring forth relations and totality. If the objective is to describe or understand something, or to develop new perspectives, applying qualitative data collection techniques is the most common approach, as they are characterized by a large degree of receptiveness and flexibility. Qualitative and quantitative methods may very well be combined in a research setting, but in this study I will apply a qualitative monomethod. This basically means that I will conduct a pure qualitative approach. To end this section I want to stress the fact that research methods is a tool, and not a goal in itself.

4.2 Research methods

I just provided some brief definitions of the main terms within the methodological sphere, to give an understanding of what is to come in the following. In this chapter, I will explain the choices I have made for this thesis. I will argue for my choice of methodology and research design, how the sampling and data collection will be done, and finally how the analysis and issues of validity and reliability will be carried out. All choices have been made in the light of my desired goal for this research, and the chosen theories as presented in chapter 3.

4.2.1 Qualitative Methods

As mentioned in chapter 4.1.1, research methodology concerns how to check your assumptions against reality. In the previous chapter I reflected the choice of methodology, and ended up choosing a qualitative monomethod as the master foundation for the thesis. In qualitative research, there is a strong tradition of prioritizing studies of perceptions, meanings and emotions. Through this thesis I want to reveal BP's approach for stakeholder relations in an early stage of the Skarv development, and in this way it can be said to follow an emotionalist model. This model is characterized by the desire to establish intimate contact with the research subject through open-ended interviews. This is in contrast to idioms like naturalism, ethnomethodology and post modernism, which is characterized by other desires and hallmarks (Gubrium and Holstein, 1997, from Silverman, 2005).

No matter what situation, any research study has to balance what is desired and what is possible to complete. It is mainly the research purpose and research question that decides which research method to use. Within qualitative research, the research question often start with *how* or *what*, while in quantitative it often starts with *why* (Mehmetoglu, 2004). In this study, my goal as a researcher is to *understand* something, by asking what a phenomenon means or concerns. My underlying desire is related to my paradigm. A *paradigm* can be defined as the worldviews or belief systems that guide researchers. During the last three decades there have been several debates on which is superior; the positivist approach or the constructivist orientation (Guba and Lincoln, 1994, from Tashakkori and Teddlie, 1998). Kuhn claims that paradigms are models that are imitated within any given field, and that competing paradigms may exist simultaneously (1970, from Tashakkori and Teddlie, 1998). The positivist paradigm is more known as quantitative methods, while the constructivist paradigm is more known as qualitative methods. The theory of simultaneous existence leads

to so called mixed methodology, which can be seen as a crossbreed between quantitative and qualitative methods (Tashakkori and Teddlie, 1998).

There are several differences between quantitative and qualitative methodologies, but the main deviation is concerned with the categorization of characteristics. Quantitative methods are focusing on the ability to count specific factors, like replies in a survey, where one major goal is to be able to generalize within a population. Qualitative methods are more concerned with acquiring extensive characteristics, e.g. through depth interviews, where one major goal is to bring forth context and totality in a subject (Johannessen et al., 2005).

In this study I will examine company-stakeholder relations, and to get the hold on an in-depth data foundation I will apply a qualitative monomethod study. The goal is to develop an overall understanding of how the petroleum activities by BP affect the different parts involved, and this leads me into an *intensive* strategy with a small selection of investigation units (Tashakkori and Teddlie, 1998). The reason for this is that I believe the data collection will be more reliable, as qualitative research leads to more receptiveness and flexibility (Johannessen, 2005). The thesis will be done as a case study with in-depth interviews, and through the interview guide I will possess a comprehensive collection of questions that will function as a guide for structuring the interviews. However, the strength of this method of data collection is that the guide does not have to be followed slavishly. It opens up for loose communication through open-ended questions, and this can often lead to detailed information that goes beyond the interviewer's intention. This will be the most significant source when it comes to gathering data for the later analysis, that will provide the basis for answering my research questions.

I argue that this will be the most appropriate method to illuminate and answer the research questions noted in chapter 1, as major respondent selection and massive statistical data probably will not provide me with the proper amount of in-depth feedback. However, it should be mentioned that my choice of methodology does not mean that quantitative- or mixed method research should be seen as less valuable in any context. There is no right or wrong method – only methods that are more or less appropriate in a specific setting (Silverman, 2005). My choice is purely based on the appropriateness of my specific research problem and - setting. In addition, I think that a qualitative approach can be seen even more

valuable to the particular case of Skarv than a quantitative one, because of its level of details and real life documentation. A qualitative study brings forth people's opinions that can be hard to quantify.

4.2.2 Case Design

Qualitative research can be performed in several ways, as the approach contains a large variety of underlying research traditions. One has to choose what way to collect data, and be aware that choices done in one part of the process will limit the possibilities later in the process. This leads to the study's research design, which Punch (2005) defines as the overall plan for a piece of research that situates the researcher in the empirical world. Johannessen et al. (2005) claims that there are four research traditions that are mainly used in the economic-administrative field of work; 1) phenomenology, 2) ethnography, 3) grounded theory, and 4) case design. Punch (2005:289) defines the case design as *"a research strategy which focuses on the in-depth, holistic and in-context study of one or more cases, typically through multiple sources of data"*. As mentioned in the introductory chapter I will choose the latter design in my research, more specifically an *intrinsic* case study. This particular case variant is, according to Punch (2005), characterized by the same as my goal for the thesis; to get a better understanding of a particular case. He further claims that a case may be an individual or a small group, an organization, a community or a nation, a process or a decision etc, so the diversity is wide. The major advantage with the case design is that one examines units, which makes it possible to make an extensive detailed description of them. At the same time one get a necessary perspective so that one can see the details in context, and thereby create an appropriate impression of what the units are parts of. This is exactly what I am looking for, including the study and description of how BP takes their stakeholders and corporate social responsibility into consideration. I want to understand how these elements, among others, function and are implemented in detail as a part of the BP organization.

There are two specific characteristics in a case design; a limited focus on the particular case, and as deep as possible descriptions of it (Johannessen et al., 2005). In brief, a case study is about gathering as much information about a limited subject as possible. The research arrangement for this study contains representatives from several different parties; the BP management, local municipalities, potential and existing suppliers, and different kinds of organizations related to such fields as business establishments and education. The

intensiveness in such a study means that I will have to dive deep and examine numerous characteristics in a small number of unities. The sampling is not aiming for generalization, but for analytical purposes where the goal is to give an extensive description of a social system.

4.2.3 Sampling

In order to link empirical data to the initially set theoretical framework, I have to find the appropriate sources, or informants. A wrong selection may lead to failure in being able to illuminate, reflect and make sense of their response. This leads into the matter of respondent sampling.

Silverman (2005) stresses the ability to generalize in quantitative research, which means that one can use results from one setting and apply them in another. This is seen as one of the major goals in the positivist paradigm. However, in the qualitative research tradition this is not necessarily seen as the most desirable objective. Generalization demands a certain size in population, so performing in-depth interviews with the amount required to generalize will in many cases be impossible in a qualitative study. However this does not mean that generalizability is unattainable in qualitative research. Silverman (2005) claims that there are four ways to generalize from qualitative data; 1) combining qualitative research with quantitative measures of populations, 2) purposive sampling guided by time and resources, 3) theoretical sampling, and 4) using an analytical model which assumes that generalizability is present in the existence of *any* model. Generalization is not crucial in my particular setting, but for other studies this might be highly relevant. An example could be if a researcher wants to map how parts of the population in Alstahaug perceive the presence of BP. However, despite I don't strive to achieve generalizations, one may draw parts of my findings and conclusions to other similar projects and areas. The matter of stakeholder relations is now a widely respected aspect in most international corporations.

Through this research my aim is to get the highest possible quality in collected data, so the sampling was done strategically because of the selection of respondents; representatives from the BP management, local municipalities, suppliers and different organizations (Appendix 3). This is also known as purposeful sampling, which means that the researcher knows exactly what target group to approach (Halvorsen, 1989). Random selection is the opposite way to choose samples, and is usually utilized in quantitative studies where the desire is to get

representatives from all parts of the population. There are several ways to assemble *strategic* selections, and some of the most common are; extreme- and intensive selections, maximum variety selections, homogenous selections, snowball selection, and typology-based selections (Miles and Huberman, 1994, from Johannessen et al., 2005). In my study, this can be characterized as an extreme- or deviant selection, which according to Johannessen et al. (2005:110) implies the choice of; “*persons or cases that are rich in information because they are extreme, special or deviant compared to others*”. The issues I am interested in require a certain degree of informant knowledge and profession, and parts of the information are probably inaccessible through other sources.

4.2.4 Data Collection

Data collection can be done in several ways, but as I have chosen to perform this study in a qualitative approach through a case design, there are some characteristics to it. In a case study, the *case* decides which data collection strategy to use. As in-depth information is what I desire to achieve in this setting, *interviews* is my choice of method. However, to perform interviews one has to possess some information to be able to develop the interview guide. As mentioned in the introductory chapter, I am writing my thesis in collaboration with a group of researchers at the High Center of Business, at Bodø Graduate School of Business. As they conduct a contractual research, BP provided with some input for the interview guide. The interview guide was developed at one of the project meetings, early in the research, where we sat down and formulated questions together. As the interviews would benefit more than one paper, each group contributed with questions that best served their respective works.

I have chosen to use an extensive degree of secondary data as an additional source of information about the different subjects. This will make it possible to carry out the interview and the following data analysis. The secondary data consist mainly of scientific papers and journals written by professionals.

4.2.4.1 Interview guide

To achieve a certain degree of structure in the interview setting, me myself and the scientists at the High North Center for Business formulated a systematic interview guide (Appendix 4) on the basis of what was provided by BP. This will, if developed the right way, make it easier to perform the interview in a way close to an ordinary conversation. I think this is crucial to be able to capture the best possible data from the interviewees. The structure of the interview guide will follow somewhat the same formulation as represented by Johannessen et al. (2005).

Introduction – where we present ourselves, the project, and what the questions will focus on. As we will perform interviews with people in very different situations, the question of anonymity and the distribution of results also have to be clarified. The last elements are the clarification that the respondent is permitted to abort the interview at any time, and the question of allowing us to record the interview.

Fact questions – in this stage we will try to establish an informal relationship with the respondents, by asking gentle questions with gentle answers. Here it is crucial not to scare or provoke the respondent, so starting off by asking such questions as company- and organizational information will be done.

Complicated and sensitive questions – this stage is the most crucial, and one has to find the right balance between complicate/sensitive- and gentle questions. An oil company's process of entering a small community can lead to tensions and skepticism, as people may see it as unknown and threatening. The possibility that respondents have had awkward experiences in situations like this may be present, so we will try to avoid getting into obvious tense subjects.

Ending – when the interview is over, it is important to let the respondents know that they can add relevant information that may have been passed. I will also try to arrange so that we can contact the respondents if something turns out to be unclear.

4.2.4.2 Interviewing

Interviews are one of the most popular ways of collecting qualitative data, and as mentioned in the introduction to this chapter, my desire is to collect in-depth information. The interview can be done in several ways, and Bryman and Bell (2007) mention some of them. The *unstructured*-, *semi structured*-, and *structured* interviews have different characteristics, and in my setting I will use the semi structured variant. This is characterized by an interview guide that lies as the basis for the process, while questions, subjects and order may vary. In this case I will follow the interview guide, but my desire is that the respondents speak freely – a so called open-ended interview.

My role in the interview setting, along with researchers at the High North Center for Business, was to function as a moderator, while at the same time taking notes. To safeguard the privileged interview situation, we recorded all interviews after getting permission. This may influence the respondents, but we tried to avoid this by starting off in a gentle way and by placing the device outside their visual angle. Recording interviews makes it possible to return to the data at any time if something is unclear or forgotten, and it also makes it possible to reveal the respondents tone of voice and state of mind. Recording the interview also makes it easier to be focused and clear in the interview setting. As the information is fresh in mind right after the interview, I will spend time to complement my notes right after each one is completed.

4.2.5 Analysis

In case designs, there are two main analysis strategies (Yin, 2003); *descriptive case studies*, and *analysis based on theoretical assumptions*. As I have a determined theoretical approach, I will base my analysis on the last strategy. An analysis based on a theoretical assumption concerns following the theoretical approach that was staked out in the beginning of the project, and letting it govern the analysis process. The analysis will contain my data collection and observations from the interviews, and the chosen literary foundation. Interpretation is essential in a qualitative analysis, and what I have to do is to see the different parts of information in the light of the totality in the data collection. Johannessen et al. (2005) claims that interpretation implies to set different parts in connection to each other so that it is possible to understand the sense of what is to be researched.

When the interviews are done, the raw data is a disordered collection of information before it gets systematized. One method to systematize raw data is to transcribe them. According to Johannessen et al. (2005), this implies a literal printout from interviews that later is used as basis for the data analysis. In this case, it means that I will have to transcribe the digital recordings into written text. This can be done by either writing the entire recording literally, or by only selecting parts that seems relevant. As I am trying to achieve as deep as possible data I will choose to transcribe the entire interviews, even though this is extremely resource- and time demanding. On average, one can allow for an average of four hours of work on one hour of recording (Johannessen et al. 2005). However, to be able to utilize the data, they have to be organized as well. There are three main techniques to perform this; *cross section based and categorization of data*, *contextual data organizing*, and the use of *diagrams and tables*. In this study I will use a cross section based system to *decode* subjects based on keywords and relevance that relate to my research questions, and this will limit the data to relate to and hopefully ease the analysis. To do this, the project group and I used the NVIVO software, which is specialized for organizing and analyzing large quantities of qualitative data. The 18 interviews resulted in an extensive amount of transcribed data, so we first thing we did was to perform a so-called “line-by-line analysis” (Glaser, 1998, from Sørnes, 2004). This involves starting off by identifying, or coding, individual parts of data, ranging from small sentences to whole paragraphs. Secondly, we broke down these parts into more manageable entities, or categories, which functioned more or less as umbrellas for information. We ended up with a total of 1475 individual incidents of data, represented in 25 different main categories (Appendix 5). The reason for the high number of individual incidents is simply because some

will fit into more than one main category. After this first step of data analysis, we continued to so-called axial coding (Glaser, 1998, from Sørnes, 2004). Here, we reduced the initial 25 categories into more hands on core categories, to make the coming theory-empirical data discussion more manageable. Each research project, with respective research problems, did this individually to make it as suitable for them as possible. For my thesis I ended up with a total of six categories;

- Conflict and cooperation – which includes the general Skarv debate in the Helgeland region, especially between municipality borders
- Culture and cultural understanding – which includes aspects of cultural differences and potential conflict of interests
- Perception of BP – which emphasize stakeholders' opinions on BP, for better or worse
- Ripple effects – which holds various direct and indirect impacts from BP's activities
- Stakeholder identification – which emphasize matters of BP's identified stakeholders, and actors identifying themselves as relevant stakeholders
- Nuggets – which is a collection of particularly good claims and comments

This selection is in my opinion representing the focus for my thesis in the best possible way. Even though I choose to have a higher focus on these specific categories, I will still leave the possibility of including other categories as well.

The coding methodology mentioned in the last paragraph originates from the grounded theory direction of qualitative methods, where the main idea is to generate theories from empirical data, through a combination of inductive and deductive thinking (Strauss and Corbin, 1997). In this case both I and the project group started off with a theory driven approach, but stopped after the first stage of categorizing, leading us into an empirically driven approach. In addition, we tried to sort out quotations that we thought might be of importance. How the decoding is done depends on how one read the data. They can, according to Johannessen et al.

(2005), be read *literally*, *interpreting*, or *reflexive*. I will decode the collected data literally, as this will provide me with the most descriptive information and at the same time minimize the possibility of missing out on important subjects. This issue will also be strengthened by collaborating with my research colleagues.

4.2.6 Validity and Reliability

In quantitative research, one can use complicated statistical tests and quantifiable analytic tools to ensure the quality of the data, analysis and conclusions. This is not the case in qualitative research, but still one has to be able to prove the quality, or credibility, of work. Seale (1999, from Silverman, 2005:209) calls this the *methodological awareness*, which “*involves a commitment to showing as much as possible to the audience of research studies...*”. The intention is that one has to be modest in drawing conclusions if you don't have a descent foundation of theoretical basis. In qualitative research there are different opinions on how to ensure quality in qualitative studies, but, among others, Silverman (2005) and Yin (2003) uses the terms *validity* and *reliability* to highlight the issues of methodological awareness.

Validity is another word for truth, and can be defined as “*the extent to which an account accurately represents the social phenomena to which it refers*” (Hammersley, 1990, from Silverman, 2005:210). Hellevik defines validity as; “*the extent of accordance between the theoretical definition of the latent characteristic and operational definition of the manifested character that is to be measured*” (2002, from Halvorsen, 1989:40). He further claims that the issue of validity arises because the researcher finds himself on two levels; the theoretical- and the empirical level. The accordance between these two levels is called definition-based validity, and means that the data collection has to be relevant to the problem statement. In my case, the issues of validity will be ensured by collaborating closely with my research colleagues. The fact that different individuals in the research effort study different perspectives designates me to focus on my particular setting; stakeholder relations and CSR in relation to ripple effects. Validity is, among others, strengthened by us having group meetings which often lead to constructive and critical discussions.

Reliability is concerned with the credibility of measures, and Hammersley (1992, from Silverman, 2005:210) defines it as “*the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions*”. High reliability means that independent measures shall give close to identical results, and that it shall ensure that data has a level of credibility that makes it suited in illuminating a scientific research question (Halvorsen, 1989). By this we can say that a satisfactory reliability is necessary to be able to answer my research questions mentioned in chapter 1. An immediate notion is the fact that I will perform the categorizing of data in company with my project group colleagues, and this will be a direct measure in strengthening the reliability. This brings forth the concept of interrater reliability. Thyer (2001:63) claims that “*interrater reliability establishes the degree to which different raters agree in their judgments of the phenomenon they are observing*”. The NVIVO-coding process can easily be done individually, but when one researcher has to decide what is relevant or not, the very basics of reliability may be compromised. We had meetings where two or more participants sat together while working through the masses of transcribed interviews. Preferably the whole group should participate together during the first sessions. The whole idea of interrater reliability is to increase the criticality of a researcher's perception. However, a decent reliability is not a sufficient requirement. The data also has to be valid, so one can say that a high level of reliability is required to achieve a high level of validity. This is shown in figure 4.1.

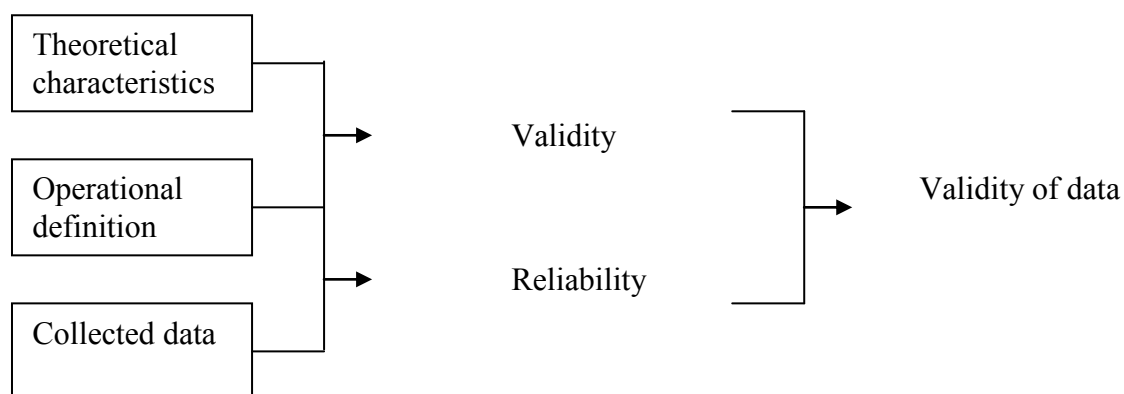


Figure 4.1: Connection between validity and reliability (Hellevik, 2002, from Halvorsen, 1989)

So how can I define my research as based on critical investigation of all data, and not only a small self-elected part of it, so called *anecdotalism* (Silverman, 2005). Validity is, as mentioned, about creating a sense of confidence to the fact that findings and results are true. Through this study I will attempt to take the respondents statements as a starting point, and try to avoid drawing conclusions based on my own biased attitudes and opinions. I will also follow Guba and Lincoln's techniques, called *persistent observation* and *method triangulation* (1985, from Johannessen et al., 2005). Persistent observation means that the researcher spends time to get to know the field in where the research is carried out. I will study the context of my research area through several types of secondary sources, and try to divide relevant from non-relevant information. Method triangulation means that one uses multiple data sources in the investigation, to produce understanding. In my setting, where I want to discover how BP relates to the large variety of stakeholders, I will perform interviews with individuals from the industry, local municipalities and different organizations. Through this, I hope I will be able to reveal a variety of replies that most likely will result in non convergence.

4.3 Ethical considerations

My fieldwork will include communication and interaction with influential people from the industry, central local politicians and others. Information sharing in such a setting will in many cases, depending on the issue, require a considerable degree of anonymity and concealment. This is within the field of ethics, which is the study of values and norms of a person or a group – what is good for, or right for people (Crane and Matten, 2007). I have to consider how to illuminate my study without leading to ethic irresponsible consequences for individuals, groups or societies. Me as a researcher may for instance be put in a situation where I am faced with confidential information. In such a situation it is important to have clarified strict guidelines and procedures, so that the issue of interviewer-interviewee trustworthiness is established.

In this study there are three elements that need to be considered in an ethical aspect; written documents, field notes from interviews, and audio recordings from interviews. All of them may require my absolute confidentiality if parts of the information are seen as confidential. To avoid the informants from being reluctant, I will make suggestions on how to ensure my confidentiality. As a basis, I will give the informants three choices in the first part of the interview; 1) complete receptiveness, 2) complete anonymity, and 3) anonymity where specified. Actual information that can be traced back to individuals is, by law, required to be imposed by professional secrecy. However, if the informants are aware of this and still don't demand it, I will use actual names if permitted. When it comes to data from the interview setting, I will insure the informants that the process of transcribing will be done by myself or colleagues, and that the audio recordings will be deleted by the end of the study process. The same will be done if eventual confidential written documents are received. In some cases, the level of confidentiality requires a written contract between the researcher and the informant, and this will be accepted if demanded. I will spend time with each respondent to explain all the important issues that will be highlighted in my study, and I will ensure that there exists a consensus within the organizations I decide to contact.

I think it is important to reflect upon these subjects in advance. Being prepared with the issue may also make me seem more serious and confident, and thereby ease interaction with the informants. The issues discussed above will in the end depend on whether the information can be seen as sensitive by the informants.

After being through all the interviews, as presented in appendix 3, I found out that thinking through these matters on beforehand was a rather good idea, after experiencing various cases of secrecy during my fieldwork. In three interviews the respondent urged for one or more citations to be excluded for the public, mainly concerning contractual terms and critics addressed to individuals or organizations. These respondents also demanded their names to remain anonymous. In one of the interviews, the respondent demanded to receive the whole interview in its transcribed state, before allowing me to use any of it. Even though I mention these experiences, I have to say I was surprised by the respondents' level of receptiveness. Before performing the interviews, I thought the level of "confidential" information would lead to more prominent levels of secrecy.

5. Findings and discussions

To this point I have given an introduction to my thesis, and explained my case and research questions as based on my senior problem statement;

“How does BP include and relate to regional stakeholders in the early project phase of Skarv, and how does this lead to possible regional ripple effects?”

I further gave definitions to the main terms, or concepts, provided an exhaustive presentation of my theoretical foundation, and explained and discussed my choice of methodology. Before we start the findings and discussion process, I will also refresh upon my research questions;

- 1) How does BP identify their regional stakeholders in an early project phase of Skarv?
- 2) How does BP prioritize between different stakeholder claims to Skarv?
- 3) What is the interrelation between question 1 and 2, and possible regional ripple effects?

In the following chapter I will lay out my empirical findings in relation to my theoretical framework as laid forward in chapter 3. My research questions will function as a framework for the findings- and discussion process. The findings will be divided into three main sections, based on my chosen theoretical directions, to make the chapter more lucid. My six NVIVO core categories, as mentioned in chapter 4.2.5, will be the main sources of empirical data.

5.1 Stakeholder management

"We wanted to make sure nobody could say; you haven't spoken to me"

Øystein Johnsrud

In chapter 3.1, I discussed and presented different aspects and concepts related to stakeholder identification and salience, based on Mitchell and colleagues' methodology (1997). In the following, I will relate findings from empirical- and secondary data to my theoretical foundation.

5.1.1 Stakeholder identification

My first research question deals with the identification of BP's stakeholders to the Skarv development;

Research question 1: *How does BP identify their stakeholders in an early project phase of Skarv?*

In this section I will start by looking at data provided by BP, and further link this to my empirical data from interviews. For BP, the Skarv development has divided the stakeholder identification process into two phases; the pre start-up phase and the start-up phase. With pre start-up I mean the point in time before actual activities started to take place in the Helgeland region. The first thing they had to manage was the environmental impact assessment (EIA), plan for installation and operations (PIO) and plan for development and operations (PDO). These documents are required prior to project initiations, and ultimately depends on approval from national authorities.

The start-up phase concerns the period after the mentioned documents has been approved and managed. Here BP focuses on a smaller geographical area, making it possible to engage in identification at a regional and local plan. In this chapter I will focus on BP's start-up phase, which mainly concerns the Helgeland region.

As mentioned in chapter 3.1, an organization has a vast variety of stakeholders in its environment. When BP started their process of stakeholder relations in the Skarv development, they first developed an external communication plan which was to document all key issues and stakeholders. This plan was due in 2006, after the EIA approval. Further, the communication plan “...provides an overview and steer for how to address these (stakeholders) in a consistent and correct manner and hence ensure all relevant stakeholders are properly and timely informed” (Geirmo and Johnsrud, 2006). The communication plan's objective is to build external trust, understanding and acceptance for the development, especially towards key stakeholders – ultimately mitigating the risk for and consequences of not appraising external stakeholders. BP defines their key stakeholders as those who can significantly influence the project objectives and delivery as well as conditions for future operations.

During the interview with BP representatives Johnsrud and Geirmo, I laid forward Mitchell and colleagues' identification and salience model that focus on stakeholders' possession of one, two or three distinctive attributes. As expected they did not immediately recognize my statement. I see the reason to this as being the fact that my chosen methodology probably is more of a theoretical-driven tool than an actual method for stakeholder identification and salience. BP's approach starts off by identifying eight *key issues*;

1. HSSE solutions for Skarv
2. Environmental Impact Assessment plan and PIDO (PIO and PDO)
3. Transport solutions for oil and gas from Skarv
4. Contracts and procurement
5. Schedule and cost estimate
6. Technology development
7. Interaction with fisheries and environmental organizations
8. Societal issues

These issues represent all key issues related to the Skarv development that needs to be addressed. Further, stakeholders are identified based on their respective level of influence on these issues, such as their potential for impacting project deliveries and future operations. In other words, the project's risk as a whole is based on key issues set out in advance. Broadly, BP divides their key stakeholder groups into eight classes;

1. Politicians
2. Authorities
3. Owners
4. Suppliers
5. Society
6. Employees
7. NGOs
8. Media

Further, the identification process shifts into a more specific stage, as focus is split into an *institutional* and a *societal* view. From the eight classes of key stakeholders listed above, one can immediately observe *politicians* and *authorities* as institutional, while the remaining six are societal stakeholders. On the institutional plan, BP defines stakeholders on the basis of localization and potential involvement in the Skarv development. In the very beginning, municipalities in various counties expressed their claims and expectations, but after the localization study was completed, Nordland County Municipality, Alstahaug, and Brønnøy was identified as the key *political* and *authorial* stakeholders to Skarv at a regional and local plan. In addition, BP identifies national governmental bodies such as the Ministry of Petroleum and Energy, the Ministry of Environment, and the Institute for Marine Research in this institutional group.

From interviews, we can see outlines of concurrent perceptions of the Skarv development on the institutional plan, especially between Sandnessjøen and Brønnøysund. In Sandnessjøen the general perception is that BP has done their moves the right way. However, a consultant in Nordland county municipality stated that "*Alstahaug has to enter the top division in regards to arrange and prepare for the industry*". Sørre, Mayor in Alstahaug, claims that Sandnessjøen has been proactive in arranging and preparing for development in relations to Skarv. They have made heavy investments in areas such as improved harbour conditions and

land area preparations for pipe storage. Berg, Chief of plan and development in Alstahaug, states that “...everything has to be served financially while we wait for business activities, but we can't relate to worst case scenarios”. The Mayor continues and emphasize that “there is now a completely different atmosphere in Sandnessjøen and districts outside of Sandnessjøen as compared to earlier. People are optimistic”. In Brønnøy, Mayor Trælnes admits that there are some limitations in the district, especially towards airport- and hotel capacity. He states that the municipality has worked hard for improving various aspects but, like in Alstahaug, the efforts should have been done earlier. Lofthus, representing Miras Multimaskin in Mo i Rana, has the impression that the political efforts in both Alstahaug and Brønnøy has been far from adequate, and that they have missed out on what could have been a much better outcome. Another business representative from Mo i Rana supported this claim, stating that the local authorities close to Skarv should have been more proactive in preparing for the business that soon will be upon them. In other words, the political authorities agree that they have been adequately active, while impressions from the industry claim something else.

On the *societal* plan, BP first identifies their suppliers. Suppliers are principally identified based on their level of competence and capacity, through a regular competition-based perspective. Geirmo says that “we can't award contracts to companies just because they are localized in the region. We have laws and regulations on competition that has to be upheld”, and this is supported by the Nordland County Governor, Odd Eriksen, who claims that “BP chooses the best contractor, and this is something actors in the region needs to realize. They have to win on quality and delivery guarantees”. Also, the external communication plan states that; “Contract strategy is based on international competition and complies with EU and national regulations”. BP has formed their contract structure mainly based on large contractors, so-called engineering, procurement and construction (EPC) contractors. These function as organizers, or umbrellas, for a large number of sub vendors, keeping contact with the EPC contractor instead of direct contact with the BP organization. The EPC contractors claim most of the total development contract sum. In regards to the operational stage, BP has envisioned that out of the 800 million in yearly operational expenses, about 200-250 million in contracts shall be “awarded” to regional suppliers. This is in great contrast to what Statoil did with Norne during the 1990s, where the contract structure was more or less left out from including region-specific actors. Now, small actors have the possibility to take part in the Skarv development, and this is, among others, acknowledged by Hansen in LOG Nord. Geirmo claims that “If a company from, say, Tromsø or Harstad approaches us, they are

welcome too, but Troms- and Finnmark County are not part of our core impact area". So, BP has made efforts to approach and communicate opportunities to regional suppliers. Both Lofthus and Olsen representing Miras Multimaskin and Momek in Mo i Rana, and Torgnes representing TTS in Brønnøysund, claims that BP has acted in a very positive manner in regards to approaching suppliers in the Helgeland region. However, Lofthus suspects that BP has underestimated the potential Helgeland can offer on various industries. Olsen supports this as he reminds me that last year's turnover in Mo i Rana industrial park exceeded 800 million NOKs. At the time of writing this thesis, three suppliers in the region has been awarded contracts for the ongoing development phase; AquaRock, Ruukki Scan Bridge, and Asco, all in Sandnessjøen. In addition, there has been awarded two contracts within Nordland county; Bomek in Bodø, and Nexans in Rognan.

So, in regards to the identification of suppliers itself, BP has done a proper job. However, in regards to timing of identification and information sharing connected to contracts, several respondents expressed their dissatisfaction. This element of stakeholders not being identified, or addressed, at the right time, infringes one of the external communication plan's objectives. Forbergskog in Torghatten Trafikkselskap (TTS) has been in contact with BP for about two years, discussing aspects on transport and supply, and asks; *"how can we as an actor invest 300 million in a new supply vessel without having a written contract up front?"*. Similar opinions are stated by other potential suppliers in the region. The general dissatisfaction is that the contract regime does not get communicated early enough. Few, if any, small or medium sized firms can risk large amounts of financial resources and time on something they don't know for sure will happen.

Also, suppliers that originally can be seen as "not qualified" have been approached by BP. The organization has, in addition to national law and regulations, strict corporate values and standards on issues such as health, safety, security and environment (HSSE). An example is AquaRock, a company extracting stone for rock dumping on the Skarv field. Geirmo states that they took some risk by awarding a relatively large contract to a newly established local company with no track records. What BP did, was to actively participate during AquaRock's loading operations, to ensure that HSSE standards were according to BP's corporate standards. Geirmo claims that *"we acknowledged that they were not 100% on all areas, but this is a potential important supplier in the region, so we saw this as an opportunity to lever their qualifications to meet demands by others as well"*.

BP has approached the society in many occasions and through various channels. The first I will mention is their use of seminars to address multiple stakeholders simultaneously. Since the end of 2006, BP has arranged and participated in 15 seminars in the region, in different settings. A business associate in Mo i Rana told me an interesting story that happened in 2007:

“Last year we had a session when BP was here for an information seminar, where about 500 students participated. We invited their parents for an evening seminar to inform about student's future and present job opportunities in the oil and gas sector. 17 parents came. It seems to me like people in Mo i Rana think of oil and gas activities outside Sandnessjøen as way to distant. The worst thing is that I even feel like most business leaders in Mo i Rana think so too”.

This example displays the difference in how people within the region perceive oil and gas activities. In Sandnessjøen in particular, BP has been active in trying to direct to local inhabitants. During one of their first trips to Sandnessjøen they sat up tents in the city streets, serving coffee and such, and communicated with people. Geirmo states that *“we want to be down to earth and approachable, not distanced and alien”*. He further claims that in identifying stakeholders in the society, BP has worked hard on keeping a local approach and tried to adapt to the local mentality. He acknowledge that the region has experienced disappointments in the past in relation to envisioned oil booms, and states that BP will do whatever they can not to join in line.

To date, the only employee in the district directly related to Skarv is BP's Base Manager, functioning as a field communicator in the region. Further recruitment will be done during 2010. Both Geirmo and Johnsrud highlight that the coming employment for Skarv will emphasize recruitment from high schools in the Helgeland region, but as with choice of suppliers, BP states that they won't employ people from the region just because they live there. BP has been in contact with several educational institutions in Helgeland to inform students about opportunities to work in the oil and gas industry. An example is the high school in Mosjøen, where some study branches, related to the petroleum industry, were threatened by closure. The high school has now experienced a rapid increase in applicants. Whether this is a direct consequence of BP's involvement can't be said for certain, but Johnsrud acknowledge that *“during the last recruitment process, three out of five job offers*

went to the region”, and this signalize to students that there are opportunities. However, Johnsrud stresses that, as BP approach regional schools to motivate students to choose oil and gas related study branches, they can't ignore them when it comes to the actual recruitment. Johnsrud also mentions that BP's personnel division has signalized that high schools in the region provide excellent students with high determination, and that also females are represented.

In regards to NGOs, BP first of all identified several fishery interest organizations. Norges Fiskarlag, Nordland- and Møre og Romsdal Fylkesfiskarlag, and Sogn og Fjordane Fiskarlag have all been identified to mitigate the risks of interrupting their activities. Johnsrud states that *”we have kept a close dialogue with the various fishery organizations, to listen to their expectations and desires”*. However, the fact is that not many objections have been addressed towards the Skarv development. Johnsrud further claims that his general opinion is that there is no competition on fisheries outside Sandnessjøen. According to the Skarv EIA:

“The field development will be carried out in an area with very limited trawl fishing. All seabed installations will be of no harm to eventual trawl fishing, and there are no limitations on general fisheries outside the 500 meter safety perimeter. In general, consequences of area claim and physical intervention for the fishery fleet are considered insignificant”.

The environmental impact assessment was developed by BP Norway in close collaboration to various independent organizations, so the conclusions are based on a balanced view from several actors external to the Skarv project organization.

In addition to these fishery-related organizations, BP identifies NGOs such as WWF, Green Peace, Bellona, Zero, Nature and Youth Norway, and the Norwegian Society for Conservation of Nature.

The various definitions of stakeholders, laid forward in chapter 2.1, shared similarities in that they include close to anyone able to affect or being affected by an organization. The same can

be said about BP's approach to the Skarv development, but they have been forced to keep a regional focus, apart from the more mandatory national stakeholders. Geirmo claims the reason to this as being the fact that BP wants the Skarv project to lead to largest possible effects. If the project somehow was to be operated from Bodø, the accumulated effects would have been much less tangible and visible. The effects that Skarv can give to such small communities as, say Alstahaug or Brønnøy, is potentially relatively larger than in bigger city centres.

5.1.2 Stakeholder salience

According to Johnsrud and Geirmo, the extensiveness of stakeholder claims coming from all over Norway, forced BP to break through and define their impact area at an early stage in the project. Geirmo tells me that they have had requests from various other municipalities, but after the mandatory EIA and PIDO consultative rounds, and the decision of Sandnessjøen and Brønnøysund as supply- and helicopter base respectively, BP was able to limit some of their "relevant" stakeholder claims. The question of *salience* was now limited to the Helgeland region, Alstahaug in particular, and this leads me into my second research question;

Research question 2: *How does BP prioritize between different stakeholder claims to Skarv?*

Based on the connection between critical issues and stakeholder groups that was described in the previous chapter, input from BP's external communication plan, and observations from empirical data, I conducted three figures that each relates to Mitchell and colleagues' stakeholder classes and level of salience. Figure 5.1 displays BP's *definitive* stakeholders in the Skarv development, figure 5.2 shows BP's *expectant* stakeholders, and figure 5.3 presents BP's *latent* stakeholders. An important note here, is that these classifications of salience are based on the point in time after the various localizations were decided, thereby excluding some stakeholders outside the primary impact area.

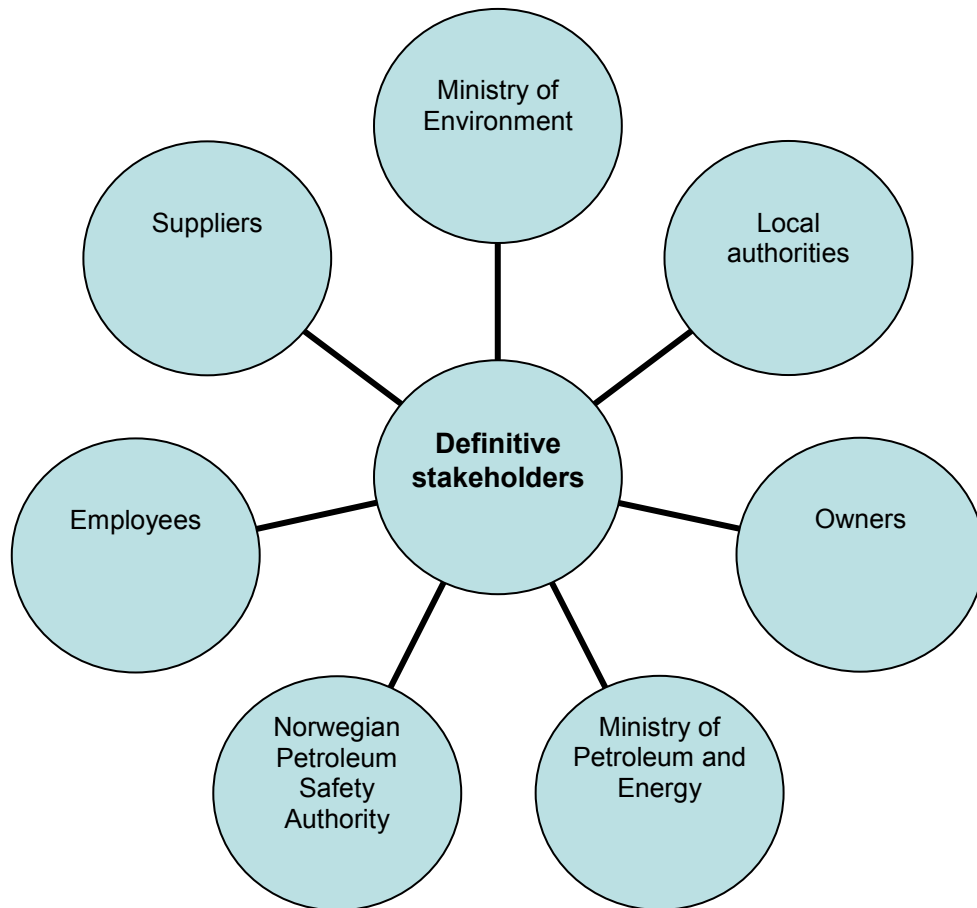


Figure 5.1: BP's definitive stakeholders in the Skarv project

As you can see from figure 5.1, there are several different stakeholders in this category. Due to the extensive variation in location of stakeholders, I formed categories that represent not only Alstahaug, but Helgeland as a region. As mentioned in the literature review in chapter 3.1, these are the most crucial stakeholders and possess all three attributes. In the following I will list BP's different definitive regional stakeholders, and explain to how they possess the attributes as laid forward by Mitchell et al. (1997).

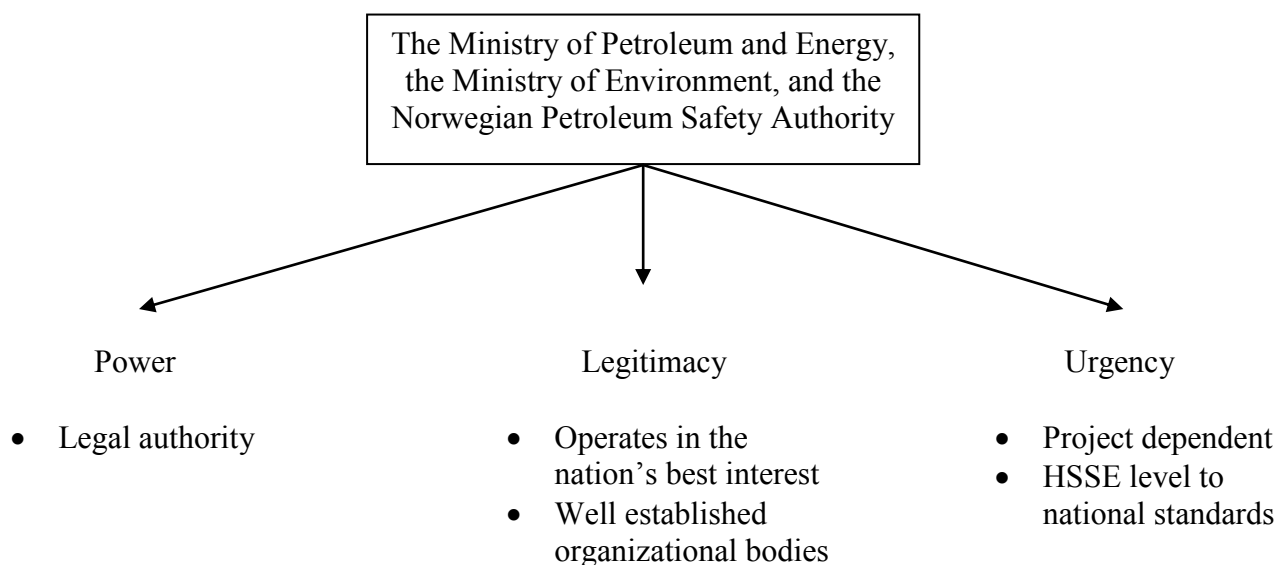


Figure 5.1.1: Ministry of Petroleum and Energy, Ministry of Environment, and the Norwegian Petroleum Safety Authority

The first group of definitive stakeholders consists of Governmental bodies with a high level of legal authority, where the power attribute is most prominent. These include the Ministry of Petroleum and Energy, the Ministry of Environment, and the Norwegian Petroleum Safety Authority. As you can see from the figure above, the power attribute is here presented by these stakeholders' legal authority – they are characterized by their power to both grant and dismiss crucial elements of a petroleum project like Skarv. The fact that national law and regulations lay as a basis for BP to follow, is confirmed by Geirmo. He claims that “*a close dialogue with the Ministries is decisive, as it is the way to the political decision-making process*”. In other words, the different Ministries are key in a project like Skarv. In regards to legitimacy, both Ministries can be said to have claims that are meant for the nation's best interest. In addition to their regulatory function, through legal authority, they operate so that every field development is to result in the best possible outcome, hence economic growth and employment to name a few. Their other attribute to legitimacy is that they are all well established organizational bodies. By this I mean that they're claims and demands are well grounded and legitimate. The matter of urgency is in this case related to BP's dependency to uphold regulated norms and standards, such as HSSE and discharge levels. Common for this group of definitive stakeholders is that, ultimately they are capable of deciding the projects survival.

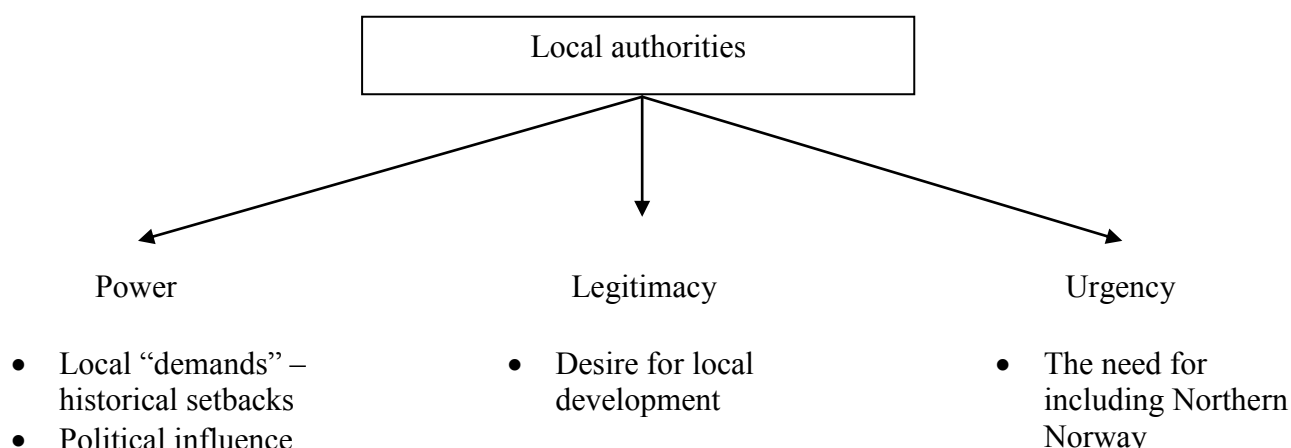


Figure 5.1.2: Local authorities

This group is also characterized by its level of authority. However, local authorities do not have the same influence as Ministries and governmental bodies. In the case of Skarv, local mayors and other authoritarian individuals may express their desires and needs, but this will be more directed towards higher national authorities. The particular aspect about certain areas in the Helgeland region is the historical picture of missed opportunities and setbacks.

Johnsrud asserts that “*Nordland County early stressed their concerns about missing effects from Norne, and they were not willing to except this one more time*”. In other words, local authorities or county municipalities may communicate their issues and get support from governmental bodies, wanting to see e.g. local development. The same can be said for urgency. Skarv, like any other field development on the NCS, is now more or less required to generate some positive impacts on communities in the vicinity, and the debate on petroleum developments in Northern Norway is very much heated. Geirmo claims that the Skarv development has been quite special as compared to other areas. He states that “*we need to have people in front working with the local environment, that really understand the Northern Norwegian culture and how the local society works*”.

For the Skarv project, Alstahaug and Brønnøy is considered as the most influential local authorities, due to their closeness to the actual activities and localization of supply- and helicopter base, but Geirmo claims that BP have been in contact with mayors in close to every municipality in the Helgeland region as well. He adds that “*we may never have anything in particular to do with them, but we want to show who we are and what’s going on. We want to have a broad view of the environment*”.

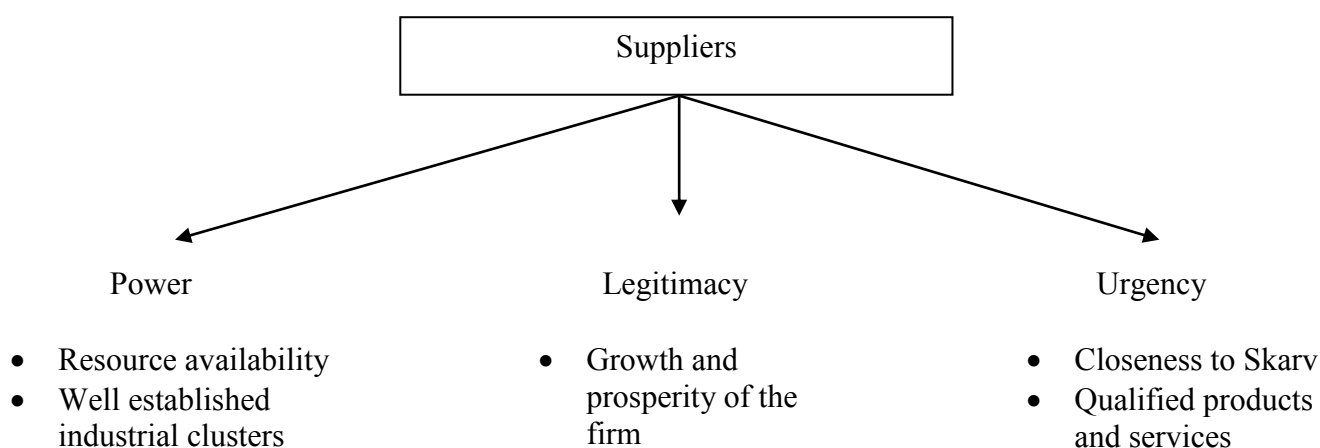


Figure 5.1.3: Suppliers

Suppliers also end up in BP's group of definitive stakeholders. Their power regards the availability of resource input, being products or services. BP's communication plan emphasizes *"use of local and Norwegian contractors and suppliers in the project"*, and that a key issue is to add to local and regional effects during drilling and operations. As the supply base is located in Sandnessjøen, local and regional actors are capable of answering to sudden demands much more immediate than suppliers from other areas of Norway on certain issues. The matter of industrial clusters, regards the wide composition of businesses in the region. If a potential supplier lacks a specific competence or capacity, the closeness between industry centres makes firms able to join forces and end up as a stronger entity. This has been done in Mo i Rana for several years, and Olsen in Momek Group states that *"As opposed to the political environment, the industry has learnt to cooperate. We have done joint deliveries with one of our largest competitors, and we always end up with a total win-win situation"*.

As mentioned earlier, three contracts have at this time been awarded to suppliers in Sandnessjøen. AquaRock got a 80 million NOK contract on stone deliveries, Asco got a 8 million NOK contract on piping storage, and Ruukki Scanbridge got a 25 million NOK contract on subsea anchors. Common for these suppliers are their closeness to Skarv, so location as an element was crucial in this case. In regards to anchors and rocks deliveries, the alternative was to transport from other locations, but this would be both more time- and capital consuming. In regards to legitimacy, suppliers are recognized by their desire for growth and prosperity of the firm. This is of course not extraordinary in business, but in the case of Skarv, various local and regional actors expect to be included in the development.

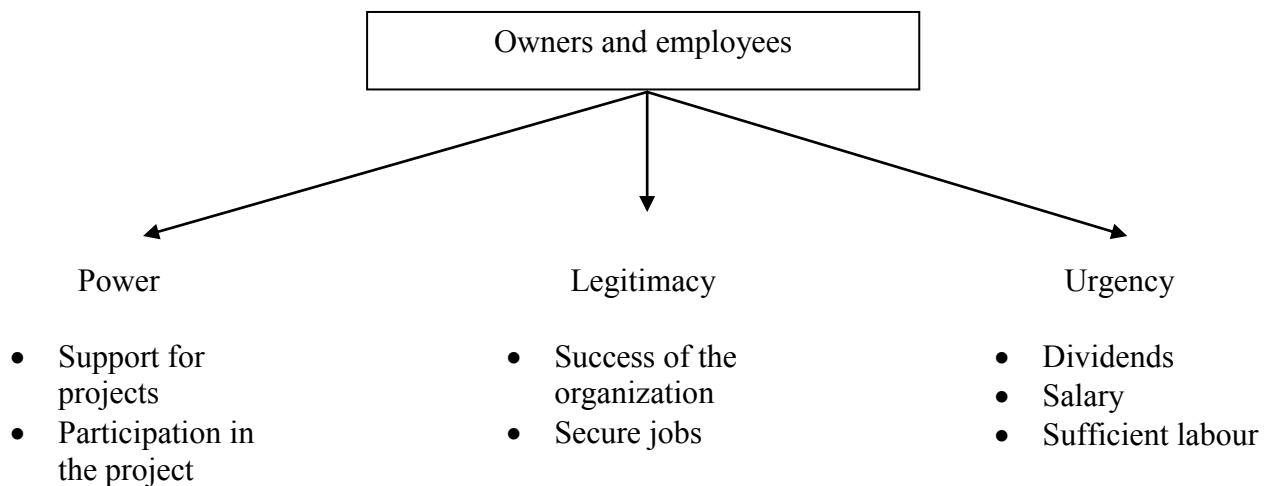


Figure 5.1.4: Owners and suppliers

Owners and employees are always important in terms of internal concerns, and this is displayed in BP's external communication plan, where they are seen as key stakeholders represented in all key issues. Like for the previous mentioned groups of definitive stakeholders, BP depends on the support and contribution from owners and employees for the Skarv project. In this early stage, BP has not yet employed anyone from the Helgeland region, but later, when operational activities start, they have identified Helgeland as an important area for employing workforce. This is positive in regards to ripple effects and eventual increase in regional population, but an interviewed business associate fears that this could inflict damage to other regional businesses. He states that "*The offshore industry offers good conditions for employees, and this can eventually lead to lack of labour for existing onshore industry*". BP acknowledges this issue, and as means to mitigate such negative outcomes, they have laid down efforts to emphasize students on choosing relevant education to be potential future employees.

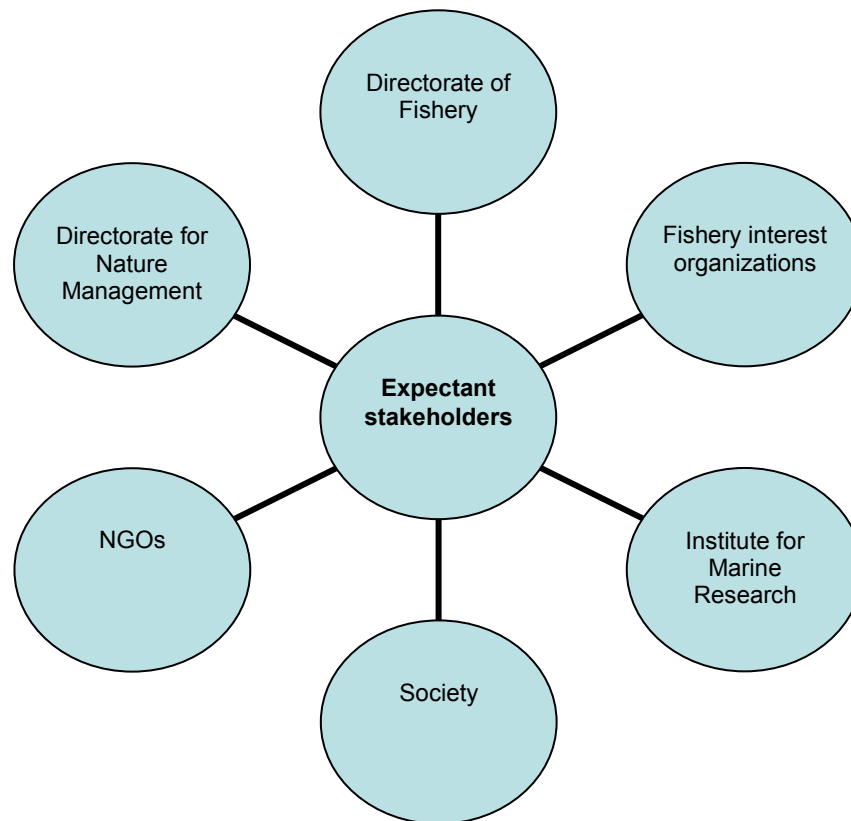


Figure 5.2: BP's expectant stakeholders in the Skarv project

As discussed in chapter 3.1, expectant stakeholders are characterized by their possession of two attributes of any combination. This again decreases the stakeholders' level of salience – the degree to which BP has to respond to their claims – as compared to the group of definitive stakeholders. In the following I will display the different groups and their combined possession of attributes.

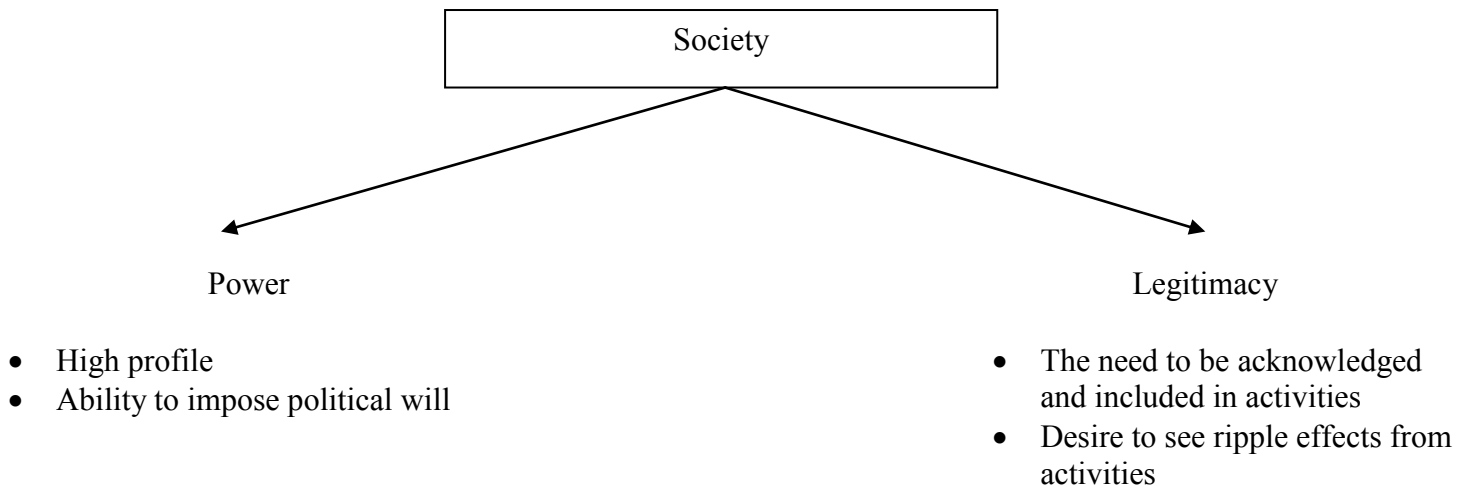


Figure 5.2.1: Society

Society at large represents legitimate claims, and has a degree of power because of their high and visual profile. This characterizes society as a so-called *dominant* stakeholder. As noted in the literature review, this group is by many seen as “the only stakeholder”. However, even though society has a legitimate claim and the power to impose it, without an urgent claim the Skarv project, literally speaking, does not directly depend on giving them much attention. In BP’s external communication plan, society is represented in all the identified key issues, however not as key stakeholders. It further states that;

“To earn trust and credibility of the society where we operate is a prerequisite for license to operate. Through compliance with corporate values, policies, and standards, acknowledgement and address of local society challenges, in cooperation with local and central authorities including other key publics, this will be achieved”.

These statements signalize how BP acknowledges the fact that dominant stakeholders only need an urgent claim to move into the definitive stakeholder category.

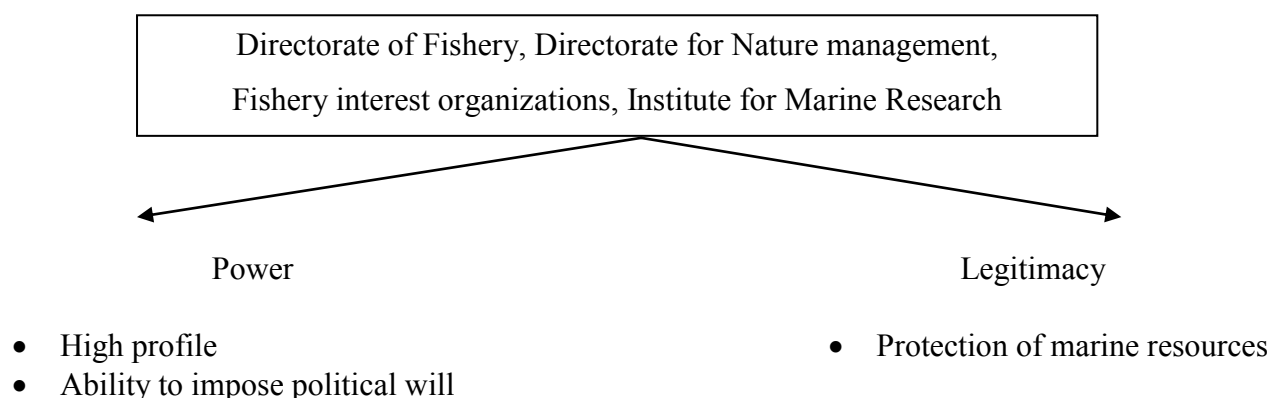


Figure 5.2.2: Fishery and Marine organizations

As for society, various fishery and marine organizations are identified as *dominant* stakeholders in the Skarv development. BP has given this group much attention, and through dialogue and mutual understanding potential issues has been mitigated to the largest possible extent. Johnsrud states that “*We have had very close contact to organizations in the line of marine responsibility, continually checking for expectations and requests so that we could include them in our plans*”. Similar to society, this group of dominant stakeholders will move into BP's group of definitive stakeholders if they have an urgent claim.

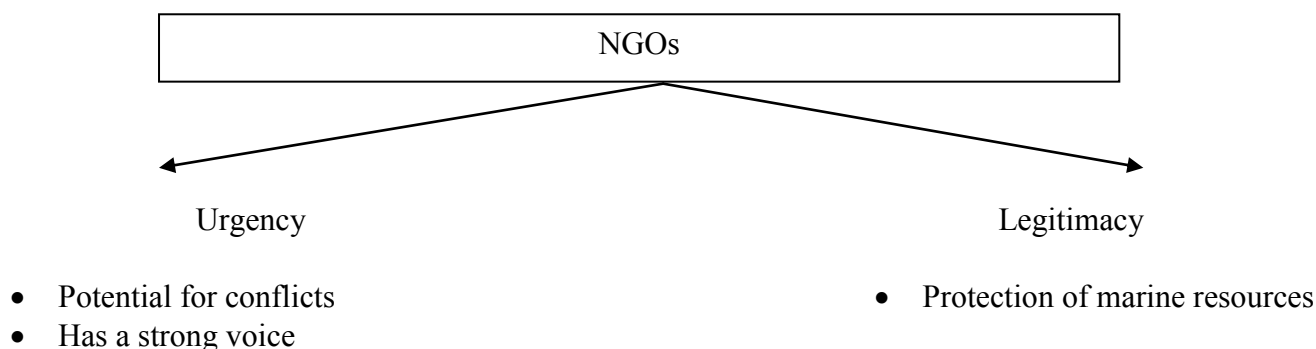


Figure 5.2.3: NGOs

NGOs are characterized as *dependant* stakeholders to the Skarv development, possessing urgency and legitimacy. By dependant, they are conditioned by power from other stakeholders to require manager's attention. Like with the last group discussed, BP has kept a close contact with NGOs, and their communication plan states that “*we will reinforce BP's commitment to HSSE as a key value, and underpin and strengthen BP's reputation and make sure our strong commitment and expectations to HSSE are understood*”.

Common for all expectant stakeholders, are their ability to transform into the definitive group by obtaining the one missing attribute. For BP to avoid unforeseen events, the challenge will be to have a proactive view on stakeholders belonging to this group.

The final group consists of BP's *latent* stakeholders. These possess just one of the attributes, being power, legitimacy, or urgency, and represents the lowest level of salience to managers.

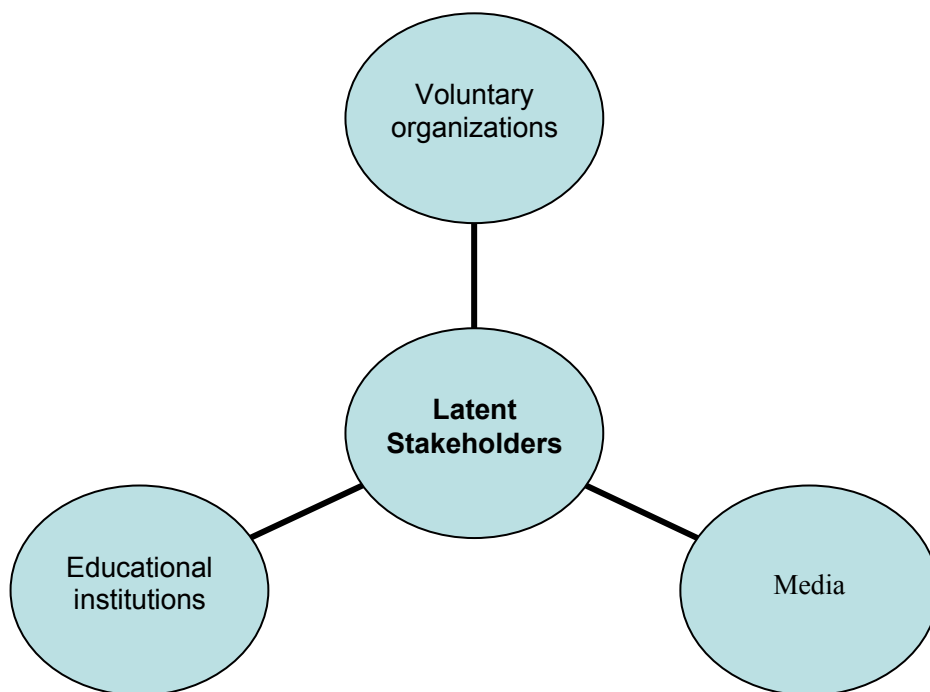


Figure 5.3: BP's latent stakeholders in the Skarv project

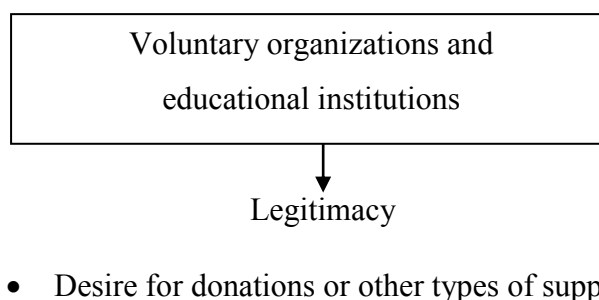


Figure 5.3.1: Voluntary organizations and educational institutions

Both voluntary organizations and educational institutions have no power to impose their will on BP, nor an urgent claim. The only attribute present is their legitimacy which in this case relates to their desire for financial or other types of support. They are so-called *discretionary* stakeholders. As discussed in the literature review, discretionary stakeholders raise the issue of corporate social responsibility. BP has actively supported both various cultural events, local organizations, schools and other educational institutions. In relation to Carroll's CSR classification, such actions can be seen as both *ethical* and *discretionary*, meaning that BP does more than they are expected to do. So, instead of an obligation, BP can do this to increase their profile and acceptance in local communities. But as noted, discretionary stakeholders can make demands without necessarily deserving much attention. Geirmo states that "*E&P Europe acknowledge what we do in Sandnessjøen as important, and see our actions as building a solid and positive presence. We have never had negative critics from internal sources about our activities in Sandnessjøen*".

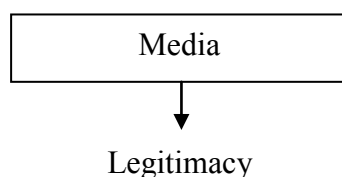


Figure 5.3.2: Media

Media is also characterized as a *discretionary* stakeholder to Skarv. Media, and the free press, can be a potentially risky stakeholder to a project, but also a tool for promoting and displaying for the public what is going on. Klæboe, journalist in a local news paper in Alstahaug, very much acknowledge BP's availability through the process. He claims that "*They are very good on sharing information and keeping us up to date. They are much more available than we are used to in other firms*".

5.2 Ripple effect aspects

In chapter 5.1.1 I looked at who crucial national and regional stakeholders to Skarv are, and how BP has identified them. In chapter 5.1.2 I explored those stakeholders' level of salience – the degree to which managers prioritize between stakeholder claims. In the following I will try to expose my third research question by looking at the interrelation between research question 1 and 2, and regional ripple effects.

Research question 3: *What is the interrelation between question 1 and 2, and possible regional ripple effects?*

Following Solvoll's (2008) methodology, I will divide ripple effects into four categories; *direct-, indirect-, induced- and catalytic impacts.*

Direct impacts are, as mentioned in chapter 3.3.1, related to actual activities and can be seen as operationally dependent. To date there has not yet been any oil or gas production activities on the Skarv field, as the project is in an early development phase. However, there has been some initial activities and preparatory work been done.

In regards to regional employment, there have not been any results yet. The only employee stationed in the region, Knut Kusslid, has a permanent office address in Sandnessjøen, Alstahaug. He has been within the BP organization for four years, and was employed as Base Manager in Sandnessjøen, October 2008. Most of the workforce focusing on the Skarv development is stationed in Oslo, Stavanger, Korea and Singapore. In addition there are some BP employees from Helgeland in the project organization, though stationed outside the region. So, in regards to employment and work related costs such as salary, tax payments and employers contribution, there has only been one employee in the Helgeland region – for less than a year. Further recruiting will according to BP be done during 2010. As the permanent office in Sandnessjøen is rental, there will be no property tax payments in the region. Since 2007, BP has supported and sponsored various local events and organizations, mainly in Sandnessjøen, for a total of about 2.000.000 by rough estimates. To name a few, this includes;

- “World Championship” in crab fishing (Main sponsor)
- Support for a magnetic resonance imaging x-ray machine at Sandnessjøen hospital
- Purchase of local work of art
- Various events and stands
- Local news paper agencies
- Used laptop computers for local educational institutions in Sandnessjøen
- “First Lego League”
- Mosjøen high school
- Training facilities
- Various recruitment programs
- LOG Nord

Indirect impacts are closely connected to direct impacts in that they depend on operations. In chapter 3.3.2 I stated that indirect impacts can be understood by seeing them as the supplier's sub vendors, or identified as employment and activity supported down BP's supply chain. At the time of writing this thesis, BP has awarded three contracts to regional suppliers, all localized in Sandnessjøen. AquaRock, a newly established rock mining and extraction company, has been awarded an 80 million NOK contract on rock delivery. In addition, BP will continue with a sequence investment in this company for about 70 million NOKs. Ruukki Scanbridge has been awarded a 25 million NOK contract on subsea anchors, and Asco, an onshore base supplier, has been awarded an 8 million NOK contract on piping storage. BP also states that COOP, a local grocery store in Sandnessjøen, has had a continual supply of food and such to arriving supply vessels. This and other small sized products and services have been delivered to the Skarv project, but certain amounts are not available.

Induced impacts can be seen as activity resulting from spending of those directly or indirectly employed in the Skarv development. In Sandnessjøen, the increased activity in the region has led to an immediate effect on real estate where prices have increased more than the national average. In 2008, Stokka airport in Sandnessjøen had the highest passenger increase in all of Helgeland, with a 6% increase (www.ssb.no d). Geirmo claims that since 2006, each year BP and their associates has had about 50 air-travels and 200 overnight stays in the region – mainly Sandnessjøen. These effects are difficult to measure, however Sørra, Mayor of Alstahaug, states that *"you don't have to go further than to the local cab driver to understand that there is an increased activity in Sandnessjøen. There is no doubt that oil and gas affects the local community"*.

Catalytic impacts are, as mentioned in chapter 3.3.4, concerning BP's effect on other businesses choice of establishment localization. To date, the catalytic effects of Skarv are as follows;

- Extended runway at Stokka airport in Sandnessjøen
- 150 million NOK investment by Avinor, in improved helicopter base in Brønnøysund
- Veolia Miljø and Scomi Oiltools have been granted responsibility for Skarv's drill waste, and will invest in a new 100 million NOK plant in Sandnessjøen.
- Coastbase Nordland, a supply base operator, has invested in massive land areas to provide storage facilities in Sandnessjøen
- Thon Hotels in Brønnøysund was established in 2005 and now has plans for expansion
- AquaRock's establishment in Sandnessjøen

To date, these various categories of ripple effects are difficult to measure because of the early stage of the project, but there has been conducted several calculations and projections.

According to the Skarv environmental impact assessment, about 300 million NOK's, or 3% of national deliveries, will go to regional suppliers during the development phase – mainly transport activities. This moderate share is by BP explained to be the lack of capacity in the region. However, during the operational phase, the accumulated effects of personnel-, products- and service costs are projected to be more than 100 million NOKs per year, or 22% of operating costs from Norwegian suppliers. In regards to employment numbers, the annual

regional effect during operations is projected to be 127 man-labor years – mainly in Sandnessjøen and Brønnøysund. These are divided into 67 as a direct effect, 24 as an indirect effect, and 37 as an induced effect. If you assume that 80 employees will be generated within Alstahaug municipality, the net effect to total employment will be about 4%. During the projects lifetime, the accumulated employment effect is calculated to 2700 man-labor years.

Regional perceptions concerning ripple effects are somewhat diverging. According to Olsen, in Momek Group, “...we clearly see that activities in Sandnessjøen are flourishing, and I think this is just the beginning”. Sørre, Mayor in Alstahaug, acknowledge that effects have already come forth, but he highlights that “cooperation among the four region centers, Alstahaug, Vefsn, Rana and Brønnøy, is a prerequisite for substantial ripple effects”. Another company executive expressed his dissatisfaction about such issues, claiming that the political environment has been way too hesitant in developing infrastructure to attract businesses. He stated that “Ripple effects don't come from nowhere. They are not result of a resolution sat out in advance”. Sørre supports this claim, as he emphasizes his disappointment of Nordland county municipality not being sufficiently supportive in developing smaller local communities.

An anonymous ENI Norway representative told me that “there has to be a certain number of petroleum fields to get sufficient onshore supply activities, hence high exploration activities is basically the source for future societal development and prosperity”. In a long term perspective this is probably true, but as we can see, regional effects have already come forth as a more or less direct consequence of just Skarv's activities. However, a study of regional ripple effects from Skarv will be more of an interesting research after some years of operations on the field, hence after the planned start up in 2011.

The purpose of the first part of this chapter was to display a brief overview of the present situation. In the following, I will relate ripple effects to BP's corporate social responsibility.

In chapter 3.2 I presented a CSR framework, based on Carroll's ideas (1991, from Crane and Matten, 2007), which recognizes four distinct levels of CSR; economic, legal, ethical, and discretionary. BP's external communication plan acknowledges corporate responsibility matters as the main issue towards the societal stakeholders. BP's objective is to earn trust and credibility, through; *"...compliance with corporate values, policies and standards, acknowledgement and address of local society challenges, in cooperation with local and central authorities including other key publics"*. The communication plan further identifies three areas for community investment;

1. Enterprise – supporting local and regional economic development.
2. Education – supporting a wide range of appropriate learning initiatives
3. Energy – enabling communities to gain access to energy

Of these areas, BP has the highest emphasis on education and increasing the availability of human resources. Sørra admits that the technical qualifications in Alstahaug and other small municipalities in the region are low, even on a national basis. He also emphasizes that increased industry activities, in Rana and Vefsn in particular, has lead to a pressed situation in regards to the availability of work capacity. BP's support and efforts towards education in the region has not only avoided some study branches to close down, their acknowledgement to inform and enlighten students on choosing industrial professions has lead to a large increase in applications and general interest. Johnsrud states that the objective in community investment has been to *"...build local capacity, transfer of skills, and help the general community development"*. This claim agrees with the philosophical view on discretionary CSR, which states that it is to improve the quality of life of employees, local communities, and ultimately the society in general. Community investments, such as direct donations and other types of financial support, provided to actors such as voluntary organizations, will most likely not lead to any long term positive effects to a society. As we can see from the empirical data, BP has clearly engaged in CSR that can lead to more than just instant flashes such as donations to local football clubs etc. The active support to AquaRock was not something they had to do, but BP acknowledged that having an established rock-delivery company in the region could potentially lead to more long term effects. An established company like AquaRock will be a strong contributor in eventually building Sandnessjøen up to be seen as a serious onshore supply base provider. The same can be said for the support and efforts made towards educational institutions in the region. BP acknowledges that there will be a need for

work force with the right competence, not only for the Skarv project, but for increasing the general access of qualified and interested future employees. These examples are in accordance with the communication plan's objective, and what Johnsrud claims; "*we emphasize community investments where there is a balance between what the corporation can offer and what communities need*".

Both I and BP have the impression that most actors are satisfied in what BP does and has planned to do. Geirmo states that "*We have received much positive feedback on our actions, there are however high expectations ahead and it is a challenge for us to continue to meet the expectations of the stakeholders*".

6. Conclusions

This thesis has explored BP's identification and salience of stakeholders, in their Skarv oil and gas field development outside Alstahaug, Nordland County. In addition I explored what the interrelation is between identification and salience, and possible regional ripple effects. After exploring and discussing my findings in the previous chapter, I will now present my main conclusions.

1. BP's methodology for stakeholder identification and salience is based on an external communication plan, but it supports Mitchell and colleagues' framework, using power, legitimacy and urgency as attributes for determining stakeholder classes and level of salience.
2. Power stands forth as the most prominent attribute for identification and salience. It forces BP to identify and respond to stakeholder claims to a much larger extent than urgency and legitimacy.
3. BP has approached stakeholders to Skarv in a very good manner.
4. Localization should be recognized as an important attribute when identifying stakeholders.
5. The interrelation between BP's stakeholder identification and salience, and possible regional ripple effects, correlates. The decisive factor is to set out clear strategies in the earliest stage of a project, and to communicate and stick to it through the whole process.
6. If you are represented in BP's external communication plan, the possibility to benefit from ripple effects is very high.
7. Sandnessjøen has the highest level of salience, and the present situation related to ripple effects shows that Sandnessjøen has achieved the most tangible impacts and benefits.

Through the empirical findings, we have seen that Mitchell et al.'s (1997) methodology for stakeholder identification and salience reflects BP's methodology in the Skarv project. The combination of power, legitimacy and urgency as attributes results in different classes of stakeholders, with respective level of salience. BP's majority of stakeholders fit into the group of *definitive* stakeholders, representing the highest level of salience, which first and foremost acknowledges governmental bodies – recognized by their high authorial influence which ultimately can decide upon the projects survival. In relation to regional stakeholders, the general perception is that nobody feels ignored. What seems to be the case is that active, or proactive, participation, by stakeholders belonging to any category is the decisive factor when it comes to benefit from the Skarv development. BP has defined their main focus area, but if individuals or organizations from more distant areas address their needs, BP has been more than willing to reply to their claims.

Comments and claims by various respondents in combination with BP's external communication plan, shows that the *power* attribute stands forth as the most influential variable in the manager-stakeholder relationship. All identified stakeholders, belonging to the highest and second to highest level of salience, were recognized by their possession of power along with any combination of legitimacy and urgency.

My conclusion whether there is an interrelation between BP's stakeholder identification and salience, and possible regional ripple effects, is positive. Even though the Skarv project is in an early development stage, it has already lead to several impacts. In the light of BP's identified key stakeholder areas, Sandnessjøen first and foremost, the corporation conducts CSR to both legal and discretionary levels. The interrelation is based on the localisation of stakeholders, strongly supported by BP's two onshore units; the supply base in Sandnessjøen and the helicopter base in Brønnøysund. Sandnessjøen acquires the most focus and interest from BP, and this is recognized in other close by municipalities.

As concluding remarks, Sørra, Mayor of Alstahaug, reflects upon the future;

"The fact that BP, and eventually StatoilHydro, now organize their operational stage contract structure, so as to give local and regional suppliers admittance to the exciting and demanding field of oil and gas, is very positive. Now only the future can tell if there will be any effects in the local community, but we are very optimistic. BP has brought hope and optimism back to the region, and this time we believe".

7. Contributions, limitations and further research

7.1 Practical contribution

The practical contribution of this thesis is that existing research on stakeholder identification and salience in the Norwegian oil and gas sector is quite limited. On that basis, I see this paper as having a high level of originality, and that hopefully I can encourage other to continue doing more research within this exciting field of work.

Secondly, my results have shown that so far, BP has received acceptance and acknowledgement for most of their actions and activities. This could potentially be a contribution to other organizations entering a new area for business activities, as I give a status report on some of the important elements that needs to be considered.

7.2 Theoretical contribution

Mitchell and colleagues' (1997) methodology for stakeholder identification and salience has been tested and utilized in various research. However, the extensiveness and differences of variations in geographical and industrial settings will lead to fluctuating results. My study specifies the oil and gas industry in Northern Norway, and will therefore be a potential new value to existing research on Mitchell and colleagues' methodology. In addition, using a theoretical approach that has been performed several times by others, will usually strengthen the end validity of the methodology's approach.

7.3 Limitations

This study is written as a single case study, specified to a certain area and a certain organization. This specificity can be seen as a drawback, as results are difficult to generalize and be used in other settings. However, this “weakness” cannot be said to be exclusively negative. A study with a high level of details can in some cases be more relevant than several studies with a low level of details. Even though the setting is set to Helgeland, my conclusions that are based on in-depth qualitative methods may function as a framework for other projects. Another aspect is the relative level of uncertainty to calculating ripple effects. At the time of writing this thesis, the availability of precise statistical numbers and financial results, only made me able to give a brief, or shallow, look at the situation.

7.4 Further research

There are several interesting directions on continuing my study. First I would suggest a similar approach to mine, but with a larger focus on local or regional ripple effects. As mentioned in the findings- and discussions chapter, there have not yet been many physical activities in the region as a result of the Skarv development. An interesting approach could be to follow Solvoll (2008) and Lian and colleagues' (2005) methodology, for identifying and measuring ripple effects of Skarv after some years of operations. Their methodology gives a systematic overview of various impacts which displays the actual outcomes. In addition to ripple effects, the study should also focus on demographical factors in the vicinity of Skarv, such as population- and employment statistics, and developments in commuting.

Another opportunity is to conduct a quantitative approach to Mitchell and colleagues' methodology, to test CEO's of oil companies' perception of power, legitimacy and urgency as attributes for measuring and identifying stakeholders. Similar research has been conducted by Agle et al. (2000), who fully supports this methodology.

8. References

- Agle, B. R., Mitchell, R. K. and Sonnenfeld, J. A. (2000). *A report on Stakeholder Attributes and Salience, Corporate Performance, and CEO Values*. In Logsdon, J. M., Wood, D. J. and Benson, L. E. (2000) Research in Stakeholder Theory, 1997-1998: The Sloan Foundation Minigrant Project. Clarkson Centre for Business Ethics, University of Toronto. pp. 39-54
- BP Norge AS (2006). *Konsekvensutredning, Skarv Idun*
- Bryman, A. and Bell, E. (2007). *Business Research Methods*. Second edition. Oxford University Press
- Carroll, A. B. (1993). *Business and Society*. Second edition. Cincinnati: South-Western
- Carroll, A. B. (2007). *A History of Corporate Social Responsibility: Concepts and Practices*. In Crane, A., McWilliams A., Matten D., Moon J. and Siegel D. (2008). *The Oxford Handbook on Corporate Social Responsibility*. Oxford University Press: Oxford. pp. 19-46.
- Cooper, A. and Smith, P. (2005). *The Economic Catalytic Effects of Air Transport in Europe*. Eurocontrol - Experimental Centre, Oxford.
- Crane, A. and Matten, D. (2007). *Business Ethics. Managing Corporate Citizenship and Sustainability in the age of Globalization*. Second edition. New York: Oxford University Press
- Crane, A., McWilliams, A., Matten, D., Moon, J. and Siegel, D. (2008). *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press, 2008
- Fjellså, O. (2007). *Planer for utbygging og drift av Skarv Idun feltet – lokale ringvirkninger*. Petro Harstad 2007, presentation.
Downloaded May 8th. Link:
http://www.bp.com/liveassets/bp_internet/norway/norway_norwegian/STAGING/local_assets/presentations/Petro_07_foredrag_olav.ppt
- Frederick, W. C. (2008). *Corporate Social Responsibility: Deep Roots, Flourishing Growth, Promising Future*. In Crane, A., McWilliams A., Matten D., Moon J. and Siegel D. (2008). *The Oxford Handbook on Corporate Social Responsibility*. Oxford University Press: Oxford. pp. 522-531.
- Freeman, R. E. and McVea, J. A. (2001). *A Stakeholder Approach to Strategic Management*. Darden Business School Working Paper No. 01-02.
Downloaded March 12th. Link:
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=263511

- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman Inc, Boston.
- Geirmo, J. E. and Johnsrud, Ø. (2006). Skarv/Idun Development. *External communication plan*. BP
- Grønhaug, K. and Kleppe, I. A. (1989). *Er kvalitative metoder kvalitativt bedre?* Beta nr 1. pp. 27-36.
- Halvorsen, K. (1989). *Å forske på samfunnet. En innføring i samfunnsvitenskapelig metode*. 2. utgave. Oslo: Bedriftsøkonomenes Forlag as.
- Henriksen, J. T. and Sørnes, J. O. (2008). *Petroleumsaktivitet og lokal- og regional verdiskapning*. Nordområdesenteret for Næringslivet v/ Høgkolen i Bodø. LU-rapport 2008
- Jacobs, R. P. W. M. and Breukink, C. M. (2005). *Nigeria LNG Train 7 + Project, Stakeholder Identification and Management Plan*. Revision 0.3 – draft. Shell Global Solutions
- Johannessen, A., Kristoffersen, L. and Tufte, P. A. (2005). *Forskningsmetode for økonomisk-administrative fag*. 2.utgave. Oslo: Abstrakt Forlag as.
- Jonassen, T. (2009). Norske Shell Presentation for Arctic Study Tour 2009. (Personal communication)
- Kurucz, E. C., Colbert B.A. and Wheeler D.C. (2008). *The Business Case for Corporate Social Responsibility*. In Crane, A., McWilliams A., Matten D., Moon J. and Seigel D. (2008). *The Oxford Handbook on Corporate Social Responsibility*. Oxford University Press: Oxford. pp. 83-112.
- Lian, J. I., Bråthen, S., Johansen, S. and Strand, S. (2005). *Luftfartens samfunnsnytte*. Dokumentasjon av nytte og skisser til et løpende rapporteringssystem. TØI rapport 807/2005. Oslo, 2005
- Mehmetoglu, M. (2004). *Kvalitativ Metode for Merkantile Fag*. Bergen: Fagbokforlaget.
- Mitchell, R. K., Agle, B. R. and Wood, D. J. (1997). Toward a Theory of Stakeholder Identification and Salience: Defining The Principle of Who and What Really Counts. *Academy of Management. The Academy of Management Review*. Vol. 22 (4), pg. 853-886
- Mitroff, I. I. (1983). *Stakeholders of the Organizational Mind: Toward a New View of Organizational Policy Making*. California: Jossey-Bass; 1. Edition.
- Näsi, J. (1995). *Understanding Stakeholder Thinking*. Helsinki: LSR Publications
- Orlitzky, M. (2008). Corporate social performance and financial performance: A research synthesis. In Crane, A., McWilliams A., Matten D., Moon J. and Seigel D. (2008). *The Oxford Handbook on Corporate Social Responsibility*. Oxford University Press: Oxford. pp. 113-134.

- Post, J. E., Preston, L. E., and Sachs, S. S. (2002). *Redefining the Corporation: Stakeholder Management and Organizational Wealth*. Stanford University Press
- Punch, K. F. (2005). *Introduction to Social Research. Quantitative and Qualitative Approaches*. Second Edition. London: SAGE Publications Ltd
- Silverman, D. (2005). *Doing Qualitative Research*, Second Edition. London: SAGE Publications Ltd
- Solvoll, G. (2008). *Hurtigruta, Samfunnsregnskap*. SIB-notat 1006/2008
- Strauss, A. L. and Corbin J. M. (1997). *Grounded Theory in Practise*. SAGE Publications
- Sørnes, J. O. (2004). *Information and Communication Technologies in Practice*. Doctoral thesis for the degree of doktor philosophiae. Trondheim: NTNU
- Tashakkori, A. and Teddlie, C. (1998). *Mixed Methodology. Combining Qualitative And Quantitative Approaches*. Applied Social Research Methods Series Volume 46. California: SAGE Publications, Inc
- Thyer, B. A. (2001). *The Handbook of Social Work Research Methods*. SAGE Publications
- Varelius, J. (2006). Allhoff on Business Bluffing. *Journal of Business Ethics* (2006) 65: 163–171. Springer 2006
- Whitepaper to the Storting nr. 8 (2005-2006). *Helhetlig forvaltning av det marine miljø i Barentshavet og havområdene utenfor Lofoten* (forvaltningsplan), Miljøverndepartementet 31. Mars 2006
- Whitepaper to the Storting nr. 39 (1999-2000). *Olje- og gassvirksomheten*. Olje og Energidepartementet
- Yankelovich, D. (1999). *The Magic of Dialogue. Transforming Conflict into Cooperation*. Touchstone. Rockefeller Center, New York
- Yin, R. K. (2003). *Case study research: design and methods*. Thousand Oaks: SAGE Publications

8.1 Web-pages

Alstahaug County, downloaded January 23rd. Link:

<http://www.alstahaug.kommune.no/index.asp?startID=&topExpand=&subExpand=&strUrl=/applications/System/publish/view/showobject.asp?infoobjectid=1000922&menuid=1001290&startmenuid=1000272>

BP. Links:

- a <http://www.bp.com/subsection.do?categoryId=9003512&contentId=7007214>
- b <http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9021229&contentId=7039276>
- c <http://www.bp.com/sectiongenericarticle.do?categoryId=9017977&contentId=7042894#7151807>
- d <http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9003526&contentId=7008112>
- e <http://www.bp.com/genericarticle.do?categoryId=9003467&contentId=7034758>
- f http://www.bp.com/liveassets/bp_internet/norway/norway_english/STAGING/local_assets/downloads_pdfs/s/konsekvensutredning_skarv_idun_2.pdf

CSR Quest, downloaded February 16th. Link:

<http://www.csrquest.net/default.asp?articleID=12770&heading>

DTU Aqua, downloaded April 28th. Link:

<http://www.aqua.dtu.dk/Nyheder/Arkiv.aspx?guid={94D3D024-F4FB-46D2-8682-BC852ACC2D55}>

Greenpeace, downloaded February 16th. Link:

<http://archive.greenpeace.org/comms/brent/brent.html>

Gyldendal, Norsk Forlag, downloaded April 14th. Link:

<http://www.gyldendal.no/undervisning/petroleum3/realindex.html>

Helgeland's official web-page, downloaded April 21st. Link

<http://www.helgeland.no/#presentasjon>

Helgelandsbase, downloaded February 10th. Link:

<http://www.helgelandsbase.no/beforewebsys/before.php>

La Plata County Energy Council, downloaded March 10th. Link:

<http://www.energycouncil.org/documents/EconomicsFinalWord.doc>

Nigeria LNG Limited, downloaded February 16th. Link:

http://www.nigerialng.com/NR/rdonlyres/BFD298A3-EC70-4781-ACF7-E9A2D8FB4E2D/0/18_NLNG7_Stakeholder_Management_Plan_03.pdf

Norwegian Petroleum Directorate, downloaded January 23rd. Link:

http://www.npd.no/English/Emner/Geografiske+omraader/norsk_sokkel_1_2004_eigr_enseforalt.htm

Norwegian Petroleum Society, downloaded March 24th. Link:

http://www.npf.no/article.php?page_c=2&id=654&p=&c=131

Rigzone, downloaded February 16th. Link:

http://www.rigzone.com/news/article.asp?a_id=41395

Statistics Norway. Links:

a http://www.ssb.no/statistikkbanken/Default_FR.asp?PXSid=0&nvl=true&PLanguage=0&tilside=selecttable/MenuSelS.asp&SubjectCode=02

b <http://www.ssb.no/emner/02/01/10/befteft/tab-2008-06-20-01.html>

c http://statbank.ssb.no/statistikkbanken/Default_FR.asp?PXSid=0&nvl=true&PLanguage=0&tilside=selecttable/hovedtabellHjem.asp&KortnavnWeb=regsys

d http://www.avinor.no/tridionimages/2008%20Passasjerer_tcm181-82554.xls

The British Computer Society. Downloaded May 10th. Link:

<http://www.bcs.org/server.php?show=ConWebDoc.19584>

WordNet, downloaded April 12th. Link:

<http://wordnetweb.princeton.edu/perl/webwn?s=shareholder>

9. Appendices

Appendix 1: Industry composition in Alstahaug

Companies (All industries)	1820 Alstahaug
2002Q4	720
2003Q4	719
2004Q4	709
2005Q4	693
2006Q4	710
2007Q4	722
2008Q4	742
2009Q1	732

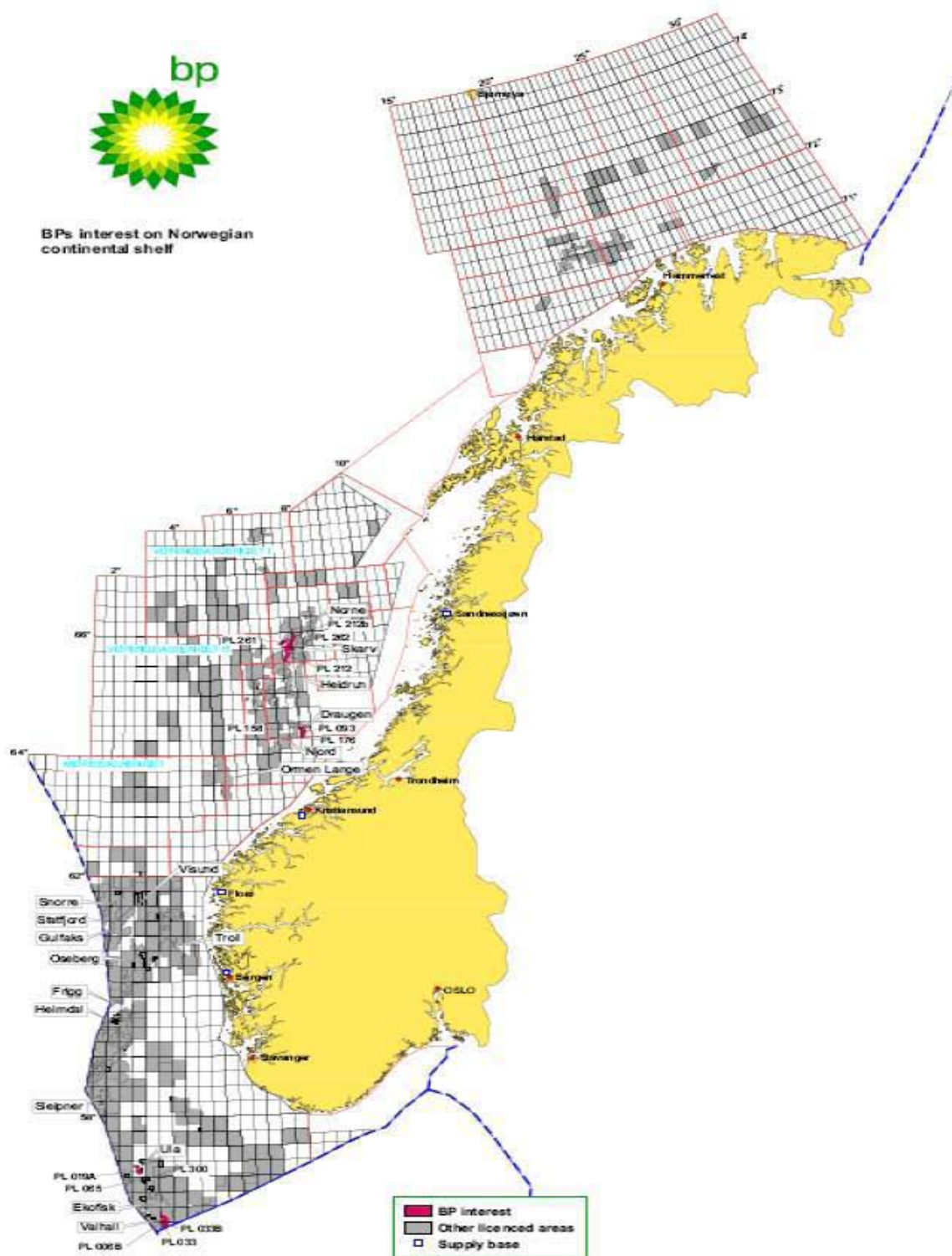
Industries with 24 or more established companies 2009Q1

Agriculture	101
Fisheries	24
Building	28
Construction	54
Retailing	78
Real-estate	75
Education	25
Health care	34
Social Welfare	28
Sum	447

Main industries as part of total **61,07 %**

Source: www.ssb.no c

Appendix 2 a: BP's interests on the Norwegian Continental Shelf



Appendix 2 b: BP's interests on the Norwegian Continental Shelf

BP Norway AS is co-owner in 13 licences on the Norwegian continental shelf and operator on 10 of these (operator in **bold**)

LICENCE	BLOCK	AWARDED	PARTNERS	OWNERSHIP
PL 006B	2/8 Valhall	1965	BP Amerada Total Enterprise Oil	28,333% 28,333% 15,000% 28,333%
PL 019	7/12 Ula	1965	BP Svenska Petroleum Dong	80% 15% 5%
PL 033	2/11 Hod	1969	BP Amerada Hess Total Enterprise Oil	25% 25% 25% 25%
PL 033B	2/11	2001	BP Amerada Hess Total Enterprise Oil	25% 25% 25% 25%
PL065	1/3 Tambar	1981	BP Dong	55% 45%
PL093	6407/9 Draugen	1984	BP Shell Petoro Chevron	18,36% 26,20% 47,88% 7,56%
PL 158	6407/8	1989	BP Statoil Chevron Shell	18,36% 30,00% 20,00% 31,64%
PL176	6407/12	1991	BP Shell Petoro Chevron	18,36% 26,20% 47,88% 7,56%
PL 212	6507/5 6507/6 Skarv	1996	BP Statoil Enterprise Oil ExxonMobil	30% 30% 25% 15%
PL 212b	6507/3	2002	BP Statoil Enterprise Oil ExxonMobil	30% 30% 25% 15%
PL 261	6507/1, 2	2000	BP RWE-DEA Statoil	50% 30% 20%
PL 262	6507/2	2000	BP Enterprise Oil ExxonMobil Statoil	30% 25% 15% 30%
PL 300	2/1	2003	BP Dong	55% 45%

Source: www.bp.com f

Appendix 3: Interviews

Location	Name	Occupation	Firm/organization	Date
Bodø	Jan Erik Geirmo Øystein Johnsrud	Press executive Skarv HSSE executive Skarv	BP	31.03.09
Bodø	Odd Eriksen	County Governor	Nordland County	18.02.09
Bodø	Per Eidsvik	Consultant	Nordland County	
Brønnøysund	Brynjar Forbergskog	CEO	TTS (Torghatten Traffic Company)	16.01.09
Brønnøysund	Matti Risto	News editor	Brønnøysund Avis	16.01.09
Brønnøysund	Glenn Hermstad	News editor	Brønnøysund Avis	16.01.09
Brønnøysund	Kjell Trælnes Knut Horn	Mayor Chief of plan and development	Brønnøysund municipality	16.01.09
Brønnøysund	Paul B. Torgnes	Chairman	NHO and TTS	16.02.09
Brønnøysund	Margunn Ebbesen	Party representative	The Conservative Party	16.02.09
Brønnøysund	Odd H. Kristiansen	Chairman	NPF Nordland	16.02.09
Mo i Rana	Elise Husum	CEO	Kunnskapsparken	24.01.09
Mo i Rana	Steinar Høgås	CEO	Rana utviklingsselskap	24.01.09
Mo i Rana	Torger Lofthus	Marketing executive	Miras Multimaskin	25.01.09
Mo i Rana	Steinar Olsen	Finance executive	Momek Group	25.01.09
Sandnessjøen	Henry Klæbo	Journalist	Helgelands Blad	17.01.09
Sandnessjøen	Stig Sørra Arve Berg	Mayor Chief of plan and development	Alstadhaug municipality	16.01.09
Sandnessjøen	Evy Wenche Hesjedal	Harbour executive	Alstadhaug municipality	17.01.09
Sandnessjøen	Erik F. Hansen	CEO	LOG Nord	16.01.09

Appendix 4: Interview guide

BP's Skarvprosjekt

Den direkte og indirekte næringsutvikling regionalt og lokalt som følge av Skarv

- Regionale og lokale vare- og tjenesteleveranser (direkte og indirekte) til Skarv siste år
- Antall kontrakter, årsverk og verdi
- Oversikt over bedrifter med vedlikeholds- og modifikasjonsoppdrag
- Regionale og lokale leveranser til annen oljevirksomhet (annen enn skarv)
- Industriseminarer, opplæringstiltak, annet

Oversikt over de direkte og indirekte ringvirkningene i regionen (sysselsetting, verdiskapning, nyetableringer/knoppskyting etc)

- Hva har gjort at dette har kommet i stand?
- Hvem har bidratt, og hvordan?
- Er dette forventet, eller har man sett for seg mindre eller mer?
- Kan du selv eller andre gjøre noe for å forsterke dette ytterligere?

Kompetansefremmende tiltak innen utdanning og industri som BP alene eller sammen med andre gjennomfører i Nordland;

- På høyskole og universitetsnivå
- I videregående skoler
- På ungdomsskoler
- Yrkesmesser
- Blant faglærere og skolerådgivere

Politikere og næringslivets oppfatning av BPs innsats for utvikling regionalt og lokalt

- Etablering av basefunksjon og driftsenhet i Sandnessjøen
- Tilrettelegging for lokalt næringsliv for å kunne konkurrere om kontrakter til Skarv
- Informasjon til næringsliv om leveransemuligheter
- Bruk av basefunksjoner i Brønnøysund og Sandnessjøen
- Informasjon og kompetansebygging innen skole og industri

Hvilken innvirkning/stimulans har BPs tilstedeværelse/engasjement i regionen bidratt til?

Beslutninger og ringvirkninger som følge av BP's nærvær/aktivitet i regionen

Skarvs direkte og indirekte bidrag til infrastrukturbeslutninger på Helgeland

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 Skarvutbyggingen og driften av feltet

Hva gjør myndighetene på ulike nivå for å legge tilrette for regionale ringvirkninger på Helgeland/i Nordland, og hvilken betydning har disse tiltakene?

Annet

Appendix 5: NVIVO core categories

Free Nodes

Name	Sources	References
BP effects	9	27
BP's importance for suppliers	6	20
Challenges, resources and resource sup	12	63
Conflict - Cooperation	16	148
Contracts	11	54
Critics	16	127
Culture and cultural understanding	3	32
Debate and inclusionment	14	60
Dialogue	15	144
Dutch Decease	12	32
Education and competence	14	83
EIA	2	4
Employment	6	9
Expectations and demands	16	123
Improvements	7	15
Infrastructure	9	20
Instruments	9	38
Lessons learned	10	56
Nuggets	13	87
Perception of BP	14	51
Praise	12	66
Ripple Effects	15	125
Risk	13	33
Stakeholder ID	12	39
Strategical moves	5	17