How Do Companies In The Energy Sector Invite Stakeholder Engagement Through CSR Communication Strategies?

An Exploratory Study Of Annual Sustainability Reports

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Acknowledgments

I love deadlines. I like the whooshing sound they make as they fly by.
– Douglas Adams

Abstract

Corporate social responsibility has become an urgent topic nowadays. Following multiple ecological scandals involving huge energy conglomerates, society has started to ask private sector difficult questions: do you care about anything outside your direct commercial aims? Do you have any idea about moral duties and social problems? What really stands behind each of your controversial actions? Companies found themselves in the position when the absence of response is a global failure in terms of brand trust, brand equity and brand reputation. Their motives and communication styles will be assessed and analyzed through interpretive inductive content analysis of CSR reports.

The author of this study attempts to look at this relationship through the lens of relatively new stakeholder theory developed by R.E. Freeman and assess what is really going on in the corporate sector. By assessing annual corporate sustainability reports the following fundamental questions will be addressed: (1) how do companies frame their motivation to engage stakeholders and (2) what are specific CSR communication strategies currently used by organizations, notably towards local communities?

In general, this paper builds on existing ideas concerning the topic as well as attempts to fill in certain theoretical gaps for future research and managerial application.

Key words: content analysis, CSR, engagement, relationship, stakeholders, stakeholder theory, sustainability reports

1.**Introduction**

1.1. Motivation

Relations between energy conglomerates and society have never been easy and are best described by the cliché of 'love-hate relationship'. Indeed, the dichotomy between strong dependence on non-renewable sources of energy and awareness about all the negative consequences they bring has troubled civil society and local communities for quite a long time already. Despite recent global trends towards renewable sources of energy which will revolutionize the whole industry, one can not ignore that current dependence of society in both developed and developing countries on oil and gas remains very high. Therefore, the system of checks and balances between our needs to consume refined sub-products of oil and natural gas and attempts to make the Earth a better, greener place deserves attention from both academia and private sector.

Several scholars, for example, Peidong, Yanli, Yonghong, Lisheng and Xinrong (2009) and Leder and Shapiro (2008) have described energy industry as the one which will sooner or later face inevitable decline. Nevertheless, the prevailing opinion in academic circles right now is that this process will be rather slow and associated with multiple transformational obstacles of different nature. In economic terms the foreseeable medium-term future is described as the one where energy companies will still prefer traditional energy sources, while continuing to make a huge environmental and social impact (Moriarty & Honnery, 2012). Hence, one of the main discourses and discussion focuses being shaped in academia right now is whether there are any real changes in the energy sector nowadays, and what kind of communication level energy companies therefore have with different interested social groups like NGOs, local communities and international organizations.

Furthermore, in light of recent media attention to some environmental and social issues, the topic of Corporate Social Responsibility has been put firmly on many business agendas (Anderson & Bieniaszewska, 2005). According to ISO (The International Organization for Standardization), CSR is understood generally as "a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society" (Leonard & McAdam, 2003, p. 27). How do energy companies adjust to changed requirements for ecology, human rights and workplace quality and still manage to send the right positive image to the audience? With people acquiring more and more bargaining power (Hamann & Acutt, 2003), organizations are forced to come up with environmentally friendly ideas and sustainability projects as well as, of course, communicate them to the audience. What drives them, how they approach CSR and how they conceptualize targeted influenced communities are all in

focus of this study.

More specifically, the assessment of recent corporate CSR reports through the prism of one theory serves as a good scientific way to understand how this one of the most controversial industries (Banerjee & Bonnefous, 2011) invites engagement and opens up to publics. Indeed, the theory in question, named stakeholder theory by its founder R. E. Freeman, analyzes all social groups which are either directly or indirectly affected by activities of a certain company, e.g. an oil and gas conglomerate. I was much attracted by this quite global approach, which treats a company not only as a profit-maximizing body and people not only as passive observers. It also helps to understand the nature of corporate communication both generally and specifically for a particular stakeholder.

1.2. Research background

The energy sector, to a large extent, remains one of the most monopolized sectors of economy. Although it does not necessarily exclude small private entities, a huge share of world market belongs to energy giants like Royal Dutch Shell, Exxon Mobil or BP, which are respectively ranked 1st, 2nd and 4th top revenue corporations by *Fortune Global 500* in 2012, with their aggregate revenue amounting to 1,3 trillion US dollars. Table 1 summarizes the top 20 private companies and indicates how substantial the role of energy companies currently is:

Table 1. Excerpt From 'Fortune Global 500' In 2012:
(http://money.cnn.com/magazines/fortune/global500/2012/full_list/)

Rank	Company	Revenues ($ millions)
1	Royal Dutch Shell	484,489
2	Exxon Mobil	452,926
3	Wal-Mart Stores	446,950
4	BP	386,463
5	Sinopec Group	375,214
6	China National Petroleum	352,338
7	State Grid	259,142
8	Chevron	245,621
9	ConocoPhillips	237,272
10	Toyota Motor	235,364
11	Total	231,580
12	Volkswagen	221,551
13	Japan Post Holdings	211,019
14	Glencore International	186,152
15	Gazprom	157,831
16	E.ON	157,057
17	ENI	153,676
18	ING Group	150,571
19	General Motors	150,276
20	Samsung Electronics	148,944

As can be seen, 50% (10 companies) out of the top mentioned above are oil and gas companies. This leaves very little doubt that they are currently in possession of enormous bargaining power. According to Jacobsson and Bergek (2004), "fossil fuels are the dominant source of energy in the world, contributing about 80% (91,000 TWh) of the total primary energy supply and 64% (9400 TWh) of the electricity generation in 1999" (p.815). Energy sector basically influences everyone. In a way, the fact that every person benefits from energy, and, as a consequence, is affected by energy, makes this sector of economy worth a research. For example, a Russian gas giant Gazprom has a unique right of energy export, granted by the government (Tsygankova, 2012). From this perspective what such companies do, what kind of decisions they take, what sort of projects they get involved in and how they plan their long-term future in terms of environment and relations with the audience becomes a question left almost entirely unanswered. There is a growing concern in local communities about environment and such pressing social issues as charity, inequality and discrimination.

These 'company versus society' challenges are not only particular of today but rather rooted deeply within a rapid industrialization of Western countries in the XIX century, which is associated with growing discrepancy between those who added value and those who benefited from it. The conglomerates of W.H. Vanderbilt or an oil empire of J.D. Rockefeller in the United States significantly changed the relationship patterns between corporate sector and people it influences. These early XX century purely capitalist organizations "lacked the knowledge of business moral compass, social metaphors, stereotypical images, and the place of corporation in the cultural space" (Ihator, 2004, p. 243). Later on, the introduction of an eight-hour working day and a minimum wage encouraged people to work more effectively. Simultaneously, the development of trade-unions happened. This was the ice-breaking moment when companies could not anymore ignore the interests and demands of people who are directly influenced by their activities (Preuss, 2008).

Nowadays, in a highly competitive market a shift of power from companies to stakeholders has only continued (Bourne & Walker, 2005), and multiple involved social groups are gaining an opportunity to have a say. Those include, for example, shareholders, local communities, customers, employees, financiers, suppliers, government, special interest groups, media, consumer advocacy groups, lobby and competitors. The managerial implications for government relations (GR, or public affairs), investor relations (IR) and public relations (PR) can hardly be overestimated in this case.

A shift from exclusive attention to shareholders (and therefore, farther from profit maximization as the one and only purpose of the company) to a more global concept of stakeholders has been quite gradual. It involved significant changes in the way society and companies perceive

each other. If earlier relations between a company and people were limited either to potential employment, share purchase or product quality, nowadays company's non-product attributes like values, demographics or, especially, corporate social responsibility efforts have truly become key drivers of identification with consumers (Bhattacharya & Sen, 2003). Therefore, in a highly competitive environment, the concept of stakeholders is not only a way to look at managerial practices but also a business opportunity, a chance to find a unique competitive advantage.

1.3. Purpose and scope of research

Via an analysis of annual sustainability reports published by energy companies, this study asks: *how do companies in the energy sector invite stakeholder engagement through CSR communication strategies?*

Energy sector, gradually transforming into one of the most globalized industries (Harris, 2001), provides multiple instances of interaction between the corporate sector and people. Large companies inevitably (directly or indirectly) influence enormous numbers of people across the globe, and the interests of those stakeholders are often contradicting to the point of being mutually exclusive. In this regard, the industry under analysis presents a unique case of huge business doing (or not doing) something which might even directly contradict its business interests, with profit maximization overshadowed (at least in the mediated environment) by good cause.

Energy sector is huge both in economic terms of world market share and in societal-political terms of global impact and CSR. Therefore, I concentrated only on the largest companies, which are involved in traditional sectors of oil and gas industry, e.g. petroleum exploration, shelf drilling, energy distribution, refineries, pipeline construction, oil tankers management and subsequent marketing and positioning of energy-related products.

As an object of analysis I chose annual sustainability reports or, in some rare cases, CSR sections of annual reports, which serve as one of the main channels of communication between the company and external environment (Sweeney & Coughlan, 2008). Audited, structured and easily available, these documents provide a sufficient base for a media and communication-related study. It is important to notice that the CSR reports are not always accessible and are therefore substituted with corresponding parts of general annual reports.

Annual reports present a rather interesting phenomenon, since they do not show information as construed or reiterated by scholars, market researchers or external consultants but exclusively as told 'first hand' by companies. In this regard the study will focus on practically undistorted data - not only on what has been explicitly written but also on what is missing in the report, since aspects left unsaid are sometimes the most important for a good interpretation.

1.4. Social and academic relevance

This paper's theoretical basis and consequent research are grounded deeply in the spheres of (i) business and (ii) media and communication. Under *business* scholars understand commercial activities of a privately-run entity, primary purpose of which is to make profit by providing goods and services to consumers. *Media and communication* are understood as company's need to send the right message to the audience in a mediated environment, which results in a necessity to establish effective communication tools, both internally and externally. This environment will be thoroughly investigated in the light of stakeholder engagement theory, which in itself has significant academic and commercial implications. Those implications will not only be described further but also critically evaluated and applied to existing annual or sustainability reports of companies.

Recent media attention around Greenpeace and Arctic 30 has shown that people are sincerely interested in how energy companies enact their declared corporate social responsibilities. This particular crisis broke out in autumn 2013 when Russian special forces raided and arrested Greenpeace activists who were protesting against Gazprom's drilling in the Arctic. Repression of a peaceful apolitical ecological demonstration coupled with a rather brutal violation of human rights have raised a lot of concerns about Gazprom's allegedly genuine commitment to being 'green' and compliance with global CSR standards. Although this research will not concentrate on crisis communication techniques, this example is a very good illustration of how miscommunication and alienation between companies and civil society may lead to a rather undesirable energy versus environment conflict. Furthermore, it demonstrates how easily companies are ready to compromise their commitment to corporate social responsibility and its primary elements like human right advocating and ecology, when it comes to possibility of concrete profit gains. The suspicion that companies use the term of CSR as a tool of manipulation was probably not surprising, but it only strengthens the willingness of many stakeholders to manifest and establish more control over business decision makers.

Indeed, it is reasonably expected that energy companies' true devotion to ecological friendliness and, more broadly, to transparency is communicated rather explicitly and touched upon in CSR reports, a gesture of voluntary data disclosure which already became traditional for huge multinationals. Beattie, McInnes and Fearnley (2004) observe: "There is a consensus that the business reporting model needs to expand to serve the changing information needs of the market and provide the information required for enhanced corporate transparency and accountability" (p.208). Nowadays this is already happening.

This topic is important and timely because there is a global tendency towards being ecologically conscious, practicing a fair trade and making energy consumption greener (Laroche,

Bergeron and Barbaro-Forleo, 2001). Realistically, it is rather obvious that companies are sometimes (but not always, surely) forced to do this under pressure of public opinion. Hendry and Vesilind (2005) note that "such adoptions of green business and engineering practices are morally neutral because the driving forces behind them are legal and economic, but not ethical" (p. 252). Therefore it is worth observing how private sector makes the best of these circumstances. Several companies in the oil and gas sector, under pressure of local communities, activists and NGOs, have successfully demonstrated this 'If you can not avoid it, then lead it' attitude in recent decades by launching multiple ecologically friendly campaigns. For example, 'The Paper Campaign' launched in 2000 to preserve old forests; 'Sweatshop Campaign' against Nike's business practices in Asian countries with low labor costs; and 'The Computer Take-Back Campaign' to oppose exporting electronic waste to developing countries from developed ones (O'Rourke, 2005).

Since not all stakeholders are equal in the way they benefit from company's activities or in the way they are affected by those actions (Mitchell, Agle, & Wood, 1997), or, importantly, in the way they matter for the company, it is scientifically relevant to concentrate on some specific stakeholders and investigate how communication proceeds in very precise cases. Work with local communities, for example, is especially captivating because it deals with concrete people affected by concrete projects. Engagement with stakeholders in this regard is a mix of public diplomacy and internal strategy building. What should be communicated to stakeholders and how?

The topic of this research is so urgent and versatile that all aspects mentioned above indicate multiple research dimensions. In other words, the current state of affairs opens up many ways to approach and apply this theory. Nevertheless, the following research questions address seemingly the most riveting current issues of company against stakeholders relationship.

1.5. Research questions and thesis composition

Research questions are rooted deeply in my own motivation and perception of what is really important and relevant to investigate right now. Firstly, I wanted to see why companies focus not only on shareholders and stock owners but on a much broader audience. What drives them to step aside from profit maximization and take a different look? Do they employ CSR communication purely pragmatically, or is there perhaps a moral stance behind? Secondly, I attempted to gain more understanding of how companies conceptualize specific stakeholders, particularly local communities, and communicate with them. Since local communities are a non-legal term and its interpretation might be quite broad, I researched how companies understand the concept of communities, how they approached them and framed their communication strategies. These aspects are materialized into the following research questions, equally important and somewhat interrelated:

RQ1: *How do energy companies frame their motivation to engage stakeholders?*

RQ2. *What are specific CSR strategies used towards primary stakeholders, notably local communities?*

In order to make analysis of the above mentioned problematics logical and cohesive, the set-up of the thesis consists of five main sections, each of which corresponds to a specific stage of research. It also contributes to its internal logics and inductive and exploratory nature.

The Introduction section serves as an instrument to justify my academic motivation and curiosity about the topic described above. It presents the problem in a scientifically embedded context and proposes concrete issues to address within realistic timeframe of a Master Thesis.

Despite the study is inductive, it is still grounded deeply into academic context and valid sources of previous research, so the the next section, Theoretical Framework, gives an overview of relevant scientific works and their relation between each other as well as describes a brief history of their interpretation. Some of the works are evaluated critically, in order to identify possible gaps in theory and stay as unbiased as possible. This section also attempts to use some elements of theory creatively to bring about novelty into research.

The third section, Research Design, provides appropriate coding of research questions, describes methodology and explains the choice of methods and approaches. It also informs about chosen units of analysis and selection criteria.

The fourth section, Findings and Analysis, describes the research itself. It informs the reader about what has been done, how and why. Eventually, it draws certain scientifically original conclusions which address my research questions.

The last and fifth section is Discussion and Conclusion. This is where all pieces of puzzle come together, and where scientific evidence is followed by a critical analysis of this research, its implications and possible limitations.

As required by Erasmus University Rotterdam and by logics of narration, this thesis contains all relevant references and one appendix with links to analyzed reports.

2. **Theory And Previous Research**

2.1. Stakeholder theory and management. Back to the basics

R.E. Freeman, a renowned American philosopher and a professor of business administration, best known for his works on business issues and ethics, claims that currently there is a process of giving more and more pressing power to social groups who can have a certain claim on the firm (1983). Externalities, moral hazards and monopoly power abuse have been significant economic factors in those changes and encouraged society to take more control over private sector. Since the turn of the XXI century and accelerated globalization processes, the balance of powers between the corporate sector and civil society has shifted even more, with people, or stakeholders, receiving more bargaining power than ever before. The world has become a rather compact and highly integrated place, as competition between companies and their exposure to the global economy and social processes has been elevated to a principally new level. A top-down managerial approach which has been practiced for decades and which has always been considered the only right way to manage business, has been challenged with new business theories which *prioritize people's interests over those of a particular organization*. These challenges have been associated with multiple changes of people's everyday life.

The advent of new communication technologies such as Skype© and high bit-rate Internet have dramatically changed the way people interact, perceive and analyze data as well as perform research (Bertrand & Bourdeau, 2010). A simultaneous process of social networks' development has only ignited those processes and given a communication industry the phenomenon of reciprocity and computer mediated communication (Vallor, 2012). Indeed, social networks have created the demand for a directly meditated feedback, therefore shortening the chasm between those who take business decisions and those who will carry the burden of these decisions' consequences.

The Internet has significantly changed the concept of distance (Mok, Wellman & Carrasco, 2010). From this viewpoint, the perspective of more intensive stakeholder engagement into business processes has become as urgent as never before, since a decision taken in Hong Kong might easily change lives of people in Rio de Janeiro. In other words, the world has faced a new phenomenon of global stakeholders, wherein a certain company might have stakeholders on the other side of the planet. Hence, the choice to analyze energy sector, as the one where power and income are distributed globally between relatively few players.

In today's world the relationship between a corporation as an economic player and people is well established within the framework of managerial capitalism, where the role of managers as agents have become a nexus of all activities which constitute economic life (Freeman, 1983). In this

regard, the question of in whose interest and for whose benefit companies should really function has become apparent and commercially important.

The concept of stakeholder engagement is relatively new, although rooted deeply in older approaches to company-society relations. Freeman (1984) describes stakeholders as "group and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions" (p. 41). The concept itself, while being quite innovative, enabled to take a totally new stance over commerce and corporate governance. Freeman researched it deeper together with other scholars. Freeman and Reed (1983) define a stakeholder in 2 ways. From a narrow perspective, stakeholders are particular groups of people vital for survival and success of a company. But broadly speaking, stakeholders are defined as anyone affected by the company.

The author expresses a rather revolutionary for the 1980s thought that managers do not have a duty (a responsibility the way society traditionally perceives it) but an abstract relationship with different involved societal groups. While still differentiating between legal stockholders and broader stakeholders, he, nevertheless, points out that the influence of the latter is on the increase basically due to three significant factors: (i) laws as a way to control corporate activities; (ii) unions as an entity with huge bargaining power, and (iii) laws as a protection of local communities (e.g. through environmental regulation). Freeman therefore advocates that in today's world there is significantly more societal/stakeholder control over managerial capitalism than ever before. The framework is organized through 6 ground rules which are as follows:

a. Principle of entry and exit: anyone is a potential stakeholder;

b. Principle of governance: never give up the right to have a stake. It means that a person who can be a stakeholder will become one;

c. Principle of externalities: even those parties who didn't choose to be influenced or to benefit from corporate activities are potential stakeholders;

d. Principle of contracting costs: becoming a stakeholder is not automatic and requires a decision;

e. The agency principle: domination of ultimate collective interest of all stakeholder;

f. The principle of limited immortality: long term business orientation of a company.

These ground rules clearly suggest that the concept of stakeholders is universal and involves a lot of different social group, depending on a particular company case.

Freeman (1984) bases his stakeholder theory on 5 core principles, 4 of which are also further used in a research paper of Donaldson and Preston (1994). The authors claim that the stakeholder theory, as a rather new theoretical and managerial approach, is, firstly, descriptive, or empirical. It means that this theory provides a model which describes what a corporation really is.

Unlike the idea of managerial capitalism, the stakeholder approach explicitly states the importance of non-legal parties. In other words, those people whose lives are influenced by the company's operations. Secondly, the theory is instrumental and serves as a tool to achieve various performance goals like profitability, growth etc. Thirdly, the stakeholder theory is normative and provides definition to those non-legal parties. Donaldson and Preston (1995) claim that a stakeholder is the one who defines himself as such. In other words, relationship between a company and a person is not necessarily reciprocal. Fourthly, the theory is managerial in the broad sense which means that it defines structures, processes and attitudes for general policies and for particular case studies. The latter point is not equal to the previous three but rather comprises them all, merges them and forms a unified approach to the theory. The authors, despite describing and justifying those principles, highlight that the only true right of existence for this theory is grounded deeply into its normative, purely functional base: what stakeholders ought to do and what they ought not to do. T.M. Jones (1995) disagrees with the dominance of normative approach to stakeholder engagement and dedicates the whole paper to instrumental approach in order to merge corporate social performance and financial performance through trust and cooperation (which removes the issue of opportunism from the equation).

2.2. Critical assessment of the stakeholder engagement theory

The stakeholder theory, as the one which involves purely social non-financial issues, inevitably touches upon a modern concept of corporate social responsibility and can be analyzed from this perspective (Freeman & Velamuri, 2008). Corporate social responsibility, or CSR emerged under pressure of multiple stakeholders like clients, workers, business partners, local activists and, of course, legal, or institutional shareholders. The concept implies that an organization is motivated to create some social value outside both direct commercial interests of the firm and law enforcement (McWilliams & Siegel, 2001).

Pedersen (2011) highlights that CSR has changed the thinking paradigm of many managers and encouraged them to think more about externalities of their work. While supporting Freeman in general terms, Pedersen, nonetheless, criticizes him for treating all stakeholders as equal, noting that some social groups like customers and employees are way more important than, for instance, NGOs or local communities. This distinguishing between primary and secondary stakeholders suggests a hierarchy of sorts. It is also of high importance for managers to mind how and to whom they articulate social responsibilities as well as how they create value. Pedersen (2011) has highlighted that priority in managerial practice is still given to a rather narrow managerial view. By stakeholders a lot of managers still understand only groups directly involved in core transformation systems.

However, he also clearly defines the boundaries of what should not be considered as a stakeholder, which Freeman, being the founder of the theory, has not defined precisely. The theory itself, nonetheless, has developed significantly ever since. For any theoretical approach it is crucial to set the line between what counts as a relevant variable and what does not. In this regard, Pedersen has not groundlessly criticized the idea but rather critically evaluated it and brought it to a totally new conceptual level which today allows to conduct a proper research and apply the theory to real business practices.

J. Frooman (1999), elaborating on Freeman's ideas, concentrates more on practicalities – on which factors relationship between stakeholder is based and which strategies different groups can use in order to increase bargaining power. Frooman advances the idea of four types of stakeholder influence strategies: direct withholding, indirect withholding, direct usage, and indirect usage. There are also four types of resource relationships: stakeholder power, high interdependence, low interdependence, and firm power. The balance of power therefore shapes the strategy. High dependence of the stakeholder on the firm implies the stakeholder will employ usage strategies; low dependence implies the use of withholding. High dependence of the firm on the stakeholder implies the use of direct strategies; low dependence means indirect ones. The author notes that knowledge of how these relations work is a critical point for application of the stakeholder theory.

Along with practical matters, the theory has been criticized for containing conceptual gaps. Mitchell, Agle, & Wood (1997), systematically denying that all stakeholders are equally important and contributive, state that the stakeholder theory has not been attributed a fully theoretical status. In their paper they claim that by creating a precise and clear topology of stakeholders and therefore giving more structure to this theoretical basis, they can make the concept more applicable for managerial implications. They categorize stakeholders according to having one or more of three relations attributes: power, legitimacy and urgency. Power is an extent to which a stakeholder can impose his/her own will in a relationship (p. 865). Legitimacy is considered by scholars as "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" (p. 866). Urgency is defined as a variable which show that a certain relationship is (i) timely and (ii) mutually important for both sides (p. 867).

Freeman and Harris (1999), summarizing almost 20 years of research in the stakeholder theory, have come to agree that there is a range of theoretical issues in this approach. First of all, they claim that it is important to establish certain measurable criteria of company's societal/non-financial value as well as establish how those criteria fit into more traditional commercial standards like solvency, turnover and profitability. Since, as stated above, the role of this theory is mostly

prescriptive/normative, the question which arises is what a company should do to achieve the target goal. Secondly, there is a certain degree of critique which states that those social groups on which the theory is based, are not sophisticated enough and require further specification and refining, which is not always done by the companies. The third and final issue revolves around the problem of classification and research boundaries. Indeed, putting labels on company's processes and the theory's easy division of people into categories still remain under a huge validity question.

Freeman, Wicks & Parmar (2004), in their turn, systematically doubted theses presented by Sundaram and Inkpen (2004) concerning division of stockholders and stakeholders by pointing out that those interests are not contradictory (as was claimed), and there is a significant overlap between them. They also claim that, unlike stated by Sundaram and Inkpen, creating value for stakeholders leads to value for shareholders, too. Therefore, they make an attempt to integrate stakeholders into traditional concept of corporate profit maximization. Freeman, Wicks and Parmar observe that their scientific opponents miss the idea of seeing entrepreneurship in the context of stakeholder relationship, with a businessman being a primary agent. To this effect, M. Clarkson (1995) agrees with Freeman et al and, although suggesting to strictly differentiate between social issues and stakeholder issues, proposes that no stakeholder group should benefit at the expense of others and therefore reintroduces the idea of profit as a common good.

Hillman and Keim (2001) go even further and claim that stakeholder management does not contradict with commercial value creation but, on the opposite, may be complimentary to shareholder value creation and eventually become a competitive advantage. So, they merge the social and economic aspects of the theory and conclude that these variables are correlated. This idea that 'social' investment might actually have return just like a usual financial investment is somewhat revolutionary.

The last chapter in the history of the theory's critique is arguably written in 2003 by Phillips, Freeman and Wicks who attempted to correct certain long-lasting misinterpretations of stakeholder theory. The authors remark that the theory itself does not serve as a ground for managerial opportunism and prevalence of self-interest and still considers legal and economic factors. This way, they merge purely monetary corporate interests with stakeholder potential and general societal moral doctrine.

2.3. Stakeholder ranking

Freeman's concept of stakeholders does not only imply the existence of certain interrelated social group or individuals which exist in a constant cooperation with each other but also investigates in what way those group and individuals interact and how they identify each other.

There are different approaches to ranking stakeholders. Indeed, Bryson (2004) mentions that there are a lot of cases which failed because they did not take into account or prioritize certain social groups. As B.W. Tuchman (2011) observes: "Three outstanding attitudes – obliviousness to the growing disaffection of constituents, primacy of self-aggrandizement, and the illusion of invulnerable status – are persistent aspects of folly" (p.275). In fact, poor business results can sometimes be direct consequences of failure to conceptualize key stakeholders' demands by powers that be. From commercial perspective, this is regrettable waste of money, human resources and competitive potential.

Cheney (1983) describes the need to work with different external social groups as a gradual shift from a traditional organization with very direct and, as the author calls it, "forceful" (p. 158) means of influence to more indirect way to encourage individual involvement and person's self-identification with company's values and goals. He also uses Burke's dialectical framework of congregation and segregation stating that in Western society it is natural for an employee (who is usually a primary stakeholder) to identify themselves with the employer (another primary stakeholder). Cheney also outlines three primary identification strategies: *association* (a strong similarity between a company and an employer), *dissociation* (unification against a common enemy), and *transcendent we* (we as a group, as opposed to other groups) (pp. 148-149).

J.M. Bryson argues that "wise use of stakeholder analyses can help frame issues that are solvable in ways that are technically feasible and politically acceptable and that advance the common good" (2004, p. 22). In fact, the correctness of such an analysis is often based on right understanding at whom those advances are targeted.

Analysis of stakeholder rankings is especially important nowadays, when certain business decisions might affect a lot of people, whereas no one seems to take responsibility for those decisions (Bryson, 2004). Therefore, it is of crucial importance to have certain practical guidelines. Bryson groups fifteen stakeholder identification and analysis techniques into four principal categories which are as follows: (i) organizing participation; (ii) creating ideas for strategic interventions; (iii) building a winning coalition around proposal development, review, and adoption; and (iv) implementing, monitoring, and evaluation of those strategic interventions. For the corporate sector this classification has very important implications, since Bryson basically attempts to incorporate stakeholder engagement into general business strategies of an organization and therefore make inviting stakeholder engagement a strategic decision. Another huge advantage of stakeholder engagement approach is that it is a relatively cheap one. The author points out that "expenditure of resources that typically is minuscule when compared with the opportunity costs of less than adequate performance, or even disaster, that typically follow in the wake of failing to

attend to key stakeholders, their interests, and their information" (Bryson, 2004, p.31). As can be observed, the author takes a very practical approach and analyzes techniques to involve stakeholder from a purely commercial viewpoint which makes a lot of sense since the theory itself was proposed and developed in an inextricable link with business practices. Bryson (2004) provides a comprehensive theoretical and practical framework about how managers should define and, therefore, deal with interested parties or individuals. For example, he proposes to make use of the basic tools to perform preliminary stakeholder engagement, i.e. in order to comprehend which stakeholders are relevant.

Stakeholder ranking can be analyzed not only from a purely commercial but also from ethical and moral perspective. Since the concept means that some groups can identify themselves or be identified as relevant players, the question of morality is inevitable. J. Kaler (2002) after properly analyzing several approaches to the definition of stakeholder conceptualization concludes that "for the purposes of business ethics, stakeholders in a business have to be defined as those with a claim on its services: more particularly, a strong or weak, role-specific, morally legitimate claim to have their interests served by that business".

Parent and Deephouse (2007) investigate stakeholder listings through a framework of Mitchell et al (1997), using the terms of power, legitimacy, and urgency. They use primary components of Mitchel's theory and, after using a multi-method comparative case study of two large-scale sporting event agencies and focusing on particular interviews with their managers, observe that number of so-called stakeholder attributes (qualities which makes a person/group a stakeholder) are positively related to salience. They also stress the importance of hierarchical level for stakeholders.

Ravnborg and Westermann (2002) point out that when it comes to natural resource management and communication with stakeholders, the best way to identify stakeholders and resolve possible conflicts is to follow a certain very precise line of actions, which include defining the economy sector/area; accepting that there are parties out there which are interdependent; identify stakeholders; bring conflicts into the open; and negotiate possible options which are supposed to result in a specific plan. Just like many other scholars who investigate communicative function, the authors, however, tend to answer the questions of 'what' and' 'why' but very rarely - 'how'. For instance, in a diverse business environment how is it actually possible to "bring conflicts into the open" (Ravnborg & Westermann, 2002, p. 45)? How can this idea be communicated to, for instance, local and indigenous communities and interpreted exactly in a way which is desirable for a company? How to make sure that this attempt to create connection with those communities will not fire back and cause more problems? And if it does, is there a plan B?

2.4. CSR communication and stakeholder engagement

A.B. Carroll notices that "there is a natural fit between the idea of corporate social responsibility and an organization's stakeholders" (1991, p. 43). Indeed, both the stakeholder theory described above and the concept of CSR include the notion of human influence and morality, and therefore it seems logical to look at stakeholder engagement from a CSR perspective. Although much of CSR literature describes social responsibility and global citizenship as something extra-economic and extra-legal, implicitly making this concept purely moral in nature, I am more inclined towards the definition given by Carroll. He puts CSR as an inextricable part of any organization's operations, which are ranked and structured into the following pyramid (figure 1) and form a specific business model:

Figure 1. The Pyramid of Corporate Social Responsibility According to A.B. Carroll (1991):

Philanthropic responsibilities
Be a good corporate citizen.
Contribute resources to the community,
Improve quality of life.

Ethical Responsibilities
Be ethical.
Obligation to do what is right, just and fair.
Avoid harm.

Legal Responsibilities
Obey the law.
Law is society's codification of right and wrong.
Play by the rules of the game.

Economic Responsibilities
Be profitable.
The foundation upon which all others rest.

As can be seen, legal and economic activities are not excluded from the focus of the research but are rather made part of CSR and presented as a basis for more targeted CSR activities at the top. This approach is especially relevant for my study in light of necessity to analyze annual and sustainability reports where data about commercial activities of the company is often interrelated with CSR-related data.

A.B. Carroll also incorporates certain elements of Freeman's theory into the spheres of pure pragmatics and relates all main groups of stakeholders to types of CSR mentioned in the pyramid. This matrix (Table 2), as the scholar points out, "is intended to be used as an analytical tool or template to organize a manager's thoughts and ideas about what the firm ought to be doing in an economic, legal, ethical, and philanthropic sense with respect to its identified stakeholder groups" (p. 44). The author intends this data to be used for strategic planning and decision making which involve multiple stakeholders' claims. However, I see this matrix not only as a prescriptive prospective tool, which basically indicates what should be done, but also as a descriptive retrospective tool, which answers what has already been done and how. My area of research is about the past, so this matrix can be a great tool to structure data retrieved from units of analysis.

Table 2. General Stakeholder/Responsibility Matrix According to A.B. Carroll (1991).

	Types of CSR			
Stakeholders:	Economic	Legal	Ethical	Philanthropic
Owners				
Customers				
Employees				
Local communities				
Competitors				
Suppliers				
Social activist groups				
Public at large				
Others				

In a more recent work Carroll together with Schwartz (2003) advocates (i) a three domain approach instead of a four domain approach, which unites philanthropic and ethical responsibilities and (ii) the fact that borders between these domains are not strict. I agree with the both ideas. The concept of unification, in fact, goes hand in hand with general CSR trends where charity, or philanthropy, is usually not specialized into a separate category. The vagueness of borders between

legal, economic and ethical parts is also agreed upon, mostly due to variety of possible interpretations of this terms. Furthermore, as was stated by the authors, economic and legal parts (just like annual reports in general) are legally compulsory, whereas social responsibility with all its diverse subgroups is still interpreted as an act of company's good will, which makes it academically even more interesting to look at.

Clarkson (1995) elaborates on the scientific framework of Carroll by using the same list of main stakeholders and proposes what kind of issues may arise regarding each of them (Table 3). From a practical perspective, Clarkson gives a good guideline, in which parts of annual/sustainability report one might look for relevant data, and which aspects of corporate life should be communicated to interested parties. It would be interesting to investigate how (and whether) companies frame their motivation to engage stakeholders, i.e. communities, this way:

Table 3. Typical Corporate and Stakeholder Issues According to Clarkson (1995):

1. Company (internal processes):   1.1. Company history   1.2. Industry background   1.3. Organization structure   1.4. Economic performance   1.5. Competitive environment   1.6. Mission or purpose   1.7. Corporate codes   1.8. Stakeholder and social issues management systems
2. Employees: 2.1. General policy   2.2. Benefits   2.3. Compensation and rewards   2.4. Training and development   2.5. Career planning   2.6. Employee assistance program   2.7. Health promotion   2.8. Absenteeism and turnover   2.9. Leaves of absence   2.10. Relationships with unions   2.11. Dismissal and appeal   2.12. Termination, layoff, and redundancy   2.13. Retirement and termination counseling   2.14. Employment equity and discrimination   2.15. Women in management and on the board   2.16. Day care and family accommodation   2.17. Employee communication   2.18. Occupational health and safety   2.19. Part-time, temporary, or contract employees   2.20. Other employee or human resource issues
3. Legal shareholders: 3.1. General policy

3.2. Shareholder communications and complaints 3.3. Shareholder advocacy 3.4. Shareholder rights 3.5. Other shareholder issues
4. Customers: 4.1. General policy 4.2. Customer communications 4.3. Product safety 4.4. Customer complaints 4.5. Special customer services 4.6. Other customer issues
5. Suppliers 5.1. General policy 5.2. Relative power 5.3. Other supplier issues
6. Public stakeholders, or local communities 6.1. Public health, safety, and protection 6.2. Conservation of energy and materials 6.3. Environmental assessment of capital projects 6.4. Other environmental issues 6.5. Public policy involvement 6.6. Community relations 6.7. Social investment and donations

2.5. Authenticity versus strategy dilemma

Rhetoric towards stakeholders is one of main priorities of corporate communications nowadays (Nielsen & Thomsenn, 2009). Although authors' attention is focused primarily on small to medium enterprises, the growing demand from stakeholders on information and corporate responsibility is, without a doubt, also applicable for medium to large corporations. This has been demonstrated by a number of CSR scholars who blame huge companies for a wide range of issues, mainly connected to environment, human rights and harassment of rights of local communities. This double-sided situation, when, on the one hand, companies are changing internally in order to meet expectations of the target audience, and when, on the other hand, local communities, environmentalist and human right activists pro-actively put pressure on companies, has led to a rather peculiar phenomenon: it has become quite unclear what really motivates companies to engage with interested stakeholders. In academia and within regulatory bodies like the UN sympathies are traditionally given to external activists from the government, local communities and other stakeholders. Doh and Guay (2006), for example, have research the role of NGOs' activism in light of stakeholder influence and environmental policies across the EU and the USA. Their findings, along with many other things, suggest a substantial role of the government and locals in formation of today's CSR. Generally, this is a support of approach which puts external pressure as

the main factor of companies' engagement with stakeholders in spheres of CSR. The idea that companies engage with stakeholders in CSR because they are forced to is shared entirely or partially by many other scholars like Monks, Miller and Cook (2004) and Utting (2003). The latter even called external initiatives of multiple external stakeholders "strategic interventions" into market (p. 4). This position is rather popular, and academic articles supporting the pressure-putting approach are well cited.

The other extremity, mostly prevalent within corporate sectors, tends to prioritize private initiative (that is what is referred to as 'social license' in many annual CSR reports under consideration) and pragmatism (orientation towards profit). The idea behind is that companies do CSR because it is favorable from both economic and moral positions (Margolis & Walsh, 2001). This position emanates from companies themselves which, being a substantial bargaining power in the market, strive to create a positive image, build reputation etc. but at the same time reinforce their market positions. Although, as pointed out by Reynolds and Yuthas (2008), the lines between the moral compass of society and company's strategic objectives can (and probably will) interact and blur, in stakeholder discourse there is still a distinction between what is moral and what is profitable. In other words, not everything which is moral is profitable, and the other way around. This is, as I see it, exactly the reason why certain scholars suspect companies of dishonesty, if not more. Reynolds and Yuthas go even further and come up with a "relational" (p. 47) approach which views interaction among corporations and constituents as natural and claim, therefore, that "adopting a relational view requires stakeholder engagement not only in prescribing reporting requirements, but also in discourse relating to core aspects of the corporation such as mission, values, and management systems." This perspective stance, however, can be argued for a number of reasons.

Firstly, the focus of my research is, in a way, exactly prescribing requirements in the form of annual sustainability reports, which are rather standardized and legally binding. Mission, vision and values are investigated only as inseparable elements of company's interrelation with stakeholders.

Secondly, I concentrate on energy companies, huge conglomerates, often (especially in cases of BRIC countries) financially supported by the government, and whose right of existence traditionally does not appeal to morale as a primary driver. Indeed, morality (authenticity) is researched in this study, but a current level of relationship between stakeholders (which consist of human beings, who are moral by definition) and companies does not allow us to put the equality sign between company's corporate objectives and morale as a philosophical discipline. I believe, it is only realistic to investigate in which proportions the topic of authenticity (moral drivers) is there

in the sustainability reports.

As it sometimes happens, there is some acceptance of multiple realities, therefore, multiple truths when it comes to interpretative research. Yes, there is evidence that there are "some elements of insincere CSR in every company in its early stages of acquiring CSR practices, especially in the early stages of the development of the business culture, and also during the maturing process" (Debeljak, Krkac & Banks, 2011, p. 5). But there is also quite abundant proof that there has been a significant shift towards a "more authentic strategic intention in business organizations today" (Liedtka, 2008, p. 237).

Most of researchers in academia tend to express their attitude towards an authenticity versus pragmatism (strategy) issue in very balanced and moderate terms. Tobacco industry researchers Palazzo and Richter (2005) advocate an idea that some industries are naturally less open to principles of sustainability, and, as a consequence, their CSR engagement with stakeholders can not be based on principles of morality or common good by definition. It does not mean, nevertheless, that these companies do not engage, for instance, local communities through CSR communication, but this engagement is much "thinner" (Palazzo & Richter, 2005, p. 387) in nature. Another work by Palazzo in cooperation with Basu (2008) supports the idea that, generally, managers nowadays act in terms of morality and get involved in CSR activities for 3 reasons: stakeholders (external pressure), performance (pragmatism) and motivation (the term, which I would substitute with authenticity, as the notion of motivation is quite broad and very open to interpretation). McShane and Cunningham (2012), in their turn, claim that in every organization there are some elements of authenticity and inauthenticity. Genuine approach to CSR, as claimed, has a wide range of positive externalities like enhanced corporate reputation, organizational reputation and locals becoming true ambassadors of the company.

> McShane and Cunningham summarize the main idea dominating contemporary stakeholder literature: the tensions inherent in CSR makes stakeholders somewhat skeptical of the organization's commitment to their CSR program, thus, motivating them to ascertain the extent to which it is truthful, accurate, reliable and genuine. In other words, they want to know the extent to which the CSR program is a reflection of the organization's true self (p. 82).

So, as stated above, there is a demand for being authentic, and there is companies' internal readiness to do the same.

The issue of authenticity versus strategy, or, to put it differently, pragmatism versus ethics has been seemingly solved by Driver (2006) who comes up with a rather accommodating message that this whole discourse should be moved "beyond the stalemate of economic versus ethical

models by providing an alternative perspective integrating existing views and allowing for more shared dialog and research in the field" (p. 337).

The author suggests: move beyond making a normative case for ethical models and practices of CSR by moving beyond the question of how to manage organizational self-interest toward the question of how accurate current conceptions of the organizational self seem to be. Specifically, it is proposed that CSR is not a question of how selfinterested the corporation should be, but how this self is defined" (p. 337).

In this regard, annual sustainability reports serve as company's manifesto, the main message channel to its stakeholders and a great tool to find a common ground between business ethics, profitability and external demands.

Hence, in light of stakeholder theory and those three dimensions proposed by Palazzo and Basu, the RQ1 of this study ("How companies frame their motivation to engage stakeholders?") seems not only academically interesting but also urgent and business-related, as companies strive to demonstrate their allegiance to moral principles and engage different social groups in a genuine way.

As previously stated, this thesis will concentrate on the following research questions:

RQ1: *How do energy companies frame their motivation to engage stakeholders?*

In other words, why tell local people in the neighborhood across the river what the company is doing, if its residents are, perhaps, unlikely to become direct clients? Indeed, examining and evaluating communicative ways in which corporations 'talk' about their motivations to all involved parties in today's mediated environment is a crucial stage of stakeholder engagement research.

RQ2. *What are specific CSR strategies used towards primary stakeholders, notably local communities?*

Although the concept of stakeholder conceptualization has a rich theoretical background, it is important to examine its practical aspects, since CSR often serves as a practical cookbook for companies who wish to make a change in their relationship with different stakeholders, including, without doubt, local communities.

The answers to these questions will shed light upon current motivational patterns in the energy sector, contribute to further specification of local communities in CSR communication and generally endorse future attempts to research the stakeholder theory deeper.

3. Research Design

3.1. Inductive exploratory nature of the study

The dichotomy of deductive and inductive approaches is well known, well researched by multiple scholars and well established. Elo and Kyngäs (2008) highlight that the choice of a specific approach should be determined by the purpose of study and abundance/scarcity of previous theoretical knowledge about a subject or area of research. Furthermore, the choice of approach is still primarily determined by the research target.

This research is an inductive research for a number of reasons. Firstly, the overall study was concerned with CSR communication towards stakeholders, and therefore it was academically important to observe and interpret concrete patterns which emerge in this communication. Secondly, it is objectively impossible to find a specific theory which would combine annual reports as an object of research and stakeholder engagement theory as a prism through which I looked at these reports. Any specific theory (which would otherwise encourage me to involve deductive approach) would limit the scope of research to a very specific and rather inflexible framework. Thus, there was a risk that some important elements of communication, which might have important implications for academia and corporate sector, would be missed out. Hence, the inductive interpretive nature of this study.

Research design was understood as a "protocol for carrying out or accomplishing something (esp. a scientific experiment)" (Maxwell, 2012, p. 2) or, in other words, as a set of logically connected arranged steps which would lead inductively from a beginning of the research (initiated by different causes like scientific urgency, curiosity or client order) until the findings, their proper interpretation and ultimate conclusion. Research design is necessary not only as an A-to-Z algorithm for people of science to research something but also as an important tool to structure data, understand what should be researched, why and how. The sequence of steps of any protocol depends on both scientific purpose and individual decision of a researcher but it goes without saying that all steps of a design protocol are expected to appear in the correct order and make sense.

I saw research design not only as a 'to-do-list', which would give my research a structure but primarily as a road map which, although structured and planned, is still open to changes during the study itself. The risk of creating a strict framework is that, despite it gives you a strong focus on your objectives, it might prevent you from seeing something important outside you framework. Clearly, it concerns the overall validity of study and raises an inevitable question of 'how true is what you claim here?'. This issue has been investigated from different viewpoints, however, Cho and Trent (2006) offer a compelling argument. These authors propose a recursive, process-oriented

view of research process, which, however, does not exclude structure but rather advocates not to ignore reality and side findings during the process. As said before, this paper concerns analysis of energy companies and strives to see how they engage stakeholders. This area of research is vast and relatively unexplored, and even less theorized at this moment, and hence encourages to use inductive approach rather than deductive theory-based one.

3.2. Object of research

3.2.1. Organization inclusion criteria

I selected the companies using *Fortune*'s ranking, following several other studies of Callison (2003) and Alnajjar (2000). *Fortune* has very specific criteria of looking at companies and ranking them (Chun, 2005). It prioritizes financial soundness, long-term investment value, usage of corporate assets, innovativeness, quality of management, quality of products, talent attraction and CSR acknowledgment. My choice of selection criteria was determined by ultimate scientific purpose of this study and the stakeholder theory, through which I conduct my analysis. There are quite many aspects in ranking of anything which remain a matter of opinion, and therefore I chose the most unbiased parameter, that is market capitalization. Financial soundness is ranked #1 among selection criteria by *Fortune* (Chun, 2005). Sustainability report of top 20 companies in this ranking are therefore units of analysis. Although stakeholder theory touches on not only large corporations, they are basically the best examples of this theory being implemented, since the larger a company is, the larger its influence over different societal groups is.

To examine the research question, I looked at corporate annual sustainability reports. Those reports, being one of the most important documents of the company, are chosen to be an object of investigation for a number of reasons. Firstly, the document is legally binding and therefore very precise in the description of current and sometimes future commercial and social activities of a company. Secondly, this document is by definition an open source booklet, which gives a sufficient access to data, enough to make the research valid. Thirdly, annual report is standardized (although not always in the same way) which makes analysis more structured, logical and systematic. Fourthly, these reports provide unique first hand data about organization and not retold or reinterpreted pieces of information. This paper challenged these annual CSR reports by looking at them from a critical perspective of an aforementioned stakeholder theory.

Annual reports were found on the official website of companies, usually in the Corporate Relations or Investor Relations section. The booklet (or a collection of booklets) are freely available for downloading and hence are open for analysis. For the sake of convenience and clear and

detailed presentation of research results only an English version of each particular annual report was taken into consideration. Data were coded, made measurable, and final results were presented in full accordance with set research objectives.

Annual CSR reports, although naturally covering many other aspects of commercial activity, partly reflect companies' desire to invite stakeholder engagement, promote their own identification as a transparent company and conceptualize specific targeted stakeholders like communities or government. In fact, these activities are not limited only to ecology and also include charity, employees engagement, public affairs etc., which might be significant factors in establishing relationship between different social groups and energy sector enterprises.

Amount of units for analysis is defined by both academic criteria set by the educational institution as well as by reliability criteria. As rightfully pointed out by a number of scholars, inadequate or badly estimated amount of units for analysis may result in equally inadequate results, which can undermine the validity, social and academic value and overall reliability of a research.

Sandelowski (1995) states: there are no computations or power analyses that can be done in qualitative research to determine a priori the minimum number and kinds of sampling units required, but there are factors, including the aim of sampling and the type of purposeful sampling and research method employed, which researchers can consider... (p. 179).

Zhang and Wildemuth (2009) elaborate more on the above mentioned purposeful sampling by mentioning four criteria of trustworthiness which a scientist must keep in mind while conducting a research: credibility, transferability, dependability and confirmability.

Using a different terminology, a research sample should possess two mutually inclusive categories: informational redundancy (Lincoln & Guba, 1994) and theoretical saturation (Strauss & Corbin, 1990).

The year 2012 is chosen as a time frame for analysis of annual reports. It is done for two significant reasons: (i) this a full finished year, and (ii) this was the most recent year about which needed data was available at the start of this research in autumn 2013.

3.3. Qualitative content analysis

As a primary method of data collection and its analysis I chose qualitative content analysis. According to K. Carley (1993), textual analysis remains one of most important scientific approaches in social science and is best for extracting relevant concepts or themes from huge amount of data.

Qualitative methodology is scientifically appropriate for the aforementioned research

questions as it serves as a good way to analyze how certain patterns, or principles, or approaches are being used in a real business environment under very concrete circumstances. Moreover, the research questions of my thesis imply (both theoretically and linguistically) the answers which can hardly be expressed in numbers. Questions which strive to explain social and business processes not in statistical data and equations but rather in categories like 'who are important stakeholders?' or 'how is this community conceptualized?' require a verbal description as well as rather extended interpretation.

Qualitative research is also a good tool to analyze ever-changing social processes. As I intentionally use the case-study terminology (like units of analysis and their description), this qualitative research can easily be seen as a multiple case analysis. In fact, annual reports, although selected through specific criteria and having roughly the same structure, represent different legal entities, different management styles, different levels of CSR involvement and different attitudes to power distance, culture of dialog etc. Therefore, it is next to impossible not to separate them and initially investigate them not as a whole 'energy sector' but as a collection of independent organization, which might or might not have something in common. Furthermore, this inductive case study approach fits very well into the stakeholder engagement theory, which is the only theoretical idea I employ fully and which analyses every separate company in its relation to surrounding environment (like clients, local community, activists etc.) and to a much less extent to other companies.

Hsieh and Shannon (2005) describe qualitative content analysis as "a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns" (p.1278). This thesis will inductively analyze corporate annual reports through coding of certain relevant concept inherent within theoretical framework of stakeholder identification theory.

3.3.1. Thematic/rhetoric analysis as a coding tool

The primary purpose of thematic rhetoric analysis as a way to perform content analysis is to determine themes inherent in the body of the text. The concept of theme and its usage within the text is closely related to a broader, more philosophical concept of legitimacy, which any company strives to foster. Castello and Lozano (2011) highlight three types of rhetoric as a way to communicate intentions to the audience: *strategic* (which involves scientific-economic paradigm), *instrumental* (which involves fundamental concepts of CSR) and, the last but not the least, *dialectic* (which involves stakeholder engagement).

Any company performs all three types of rhetoric but in different proportions, accentuating

either pragmatic aspects, or moral, or cognitive (taken for granted assumptions) ones. Castello and Lozano further mention that companies in their corporate communication use the above mentioned persuasive rhetoric as means to appeal to either logics ('what we do will have a positive impact', emotions ('what we do fits societal perception of morale') and, finally, importance ('what we do is urgent and timely').

All the themes in annual reports reflect economic, environmental and societal disclosure, but not as a whole. Annual reports are segmented into chapters, each of which serves a specific communicative function. The purpose of thematic analysis is to identify those themes, classify them within the trinity of strategy, institution and stakeholder engagement. This research is, however, not limited to these categories and open to newer categories that might emerge. From practical perspective, it helps to see how companies actually perceive CSR – either as a capitalization instrument, or a moral compass, or just as a response to demands from involved stakeholders, using Freeman's terminology. Relationship of certain sub themes of above mentioned categories to chapters in annual reports is not only important to identify manageable segments for analysis but also to investigate existing patters.

3.3.2. Data coding guidelines

Concrete data coding frameworks were not determined since my research objectives and methodology imply emerging of new patterns. I used the following framework as a guideline and a point of reference with a possibility to extend it during the research.

The topics of CSR and stakeholder theory were an object of research of many scholars. Some of them produced multiple algorithms of how a scholar can actually analyze retrieved data, but only very few of members of academia actually came up with variables which could potentially classify and systematize data which reflect relations between multiples stakeholders like civil society or indigenous tribes and companies (possibly, because of a relatively new topic of stakeholders).

For RQ1 the best framework was provided by Idowu and Papasolomou (2007), who researched the issue of authenticity in British corporate sector and came up with a rather comprehensive overview of all motivations which a company might have while communicating with its stakeholders (both external and internal). These motivations are well expressed in Table 4:

Table 4. Good Intentions Or False Pretences? Idowu & Papasolomou, 2007, p. 144.

Reasons summarized				
Corporate reputation	**Stakeholder Pressure**	**Economic performance**	**Genuine Concern**	**Broad social/cultural**
To provide a more rounded picture of the company	To inform stakeholders	To meet best practice in company reporting	To ensure that employees are aligned with company's targets	To demonstrate an open management style
To meet best practice in company reporting	To provide a more rounded picture of the company	To derive CSR's positive PR benefits	To demonstrate an open management style	To reflect the importance attached to CSR by the company
To derive CSR's positive PR benefits	To satisfy disclosure requirements of major shareholders	To satisfy disclosure requirements of major shareholders	To reflect the importance attached to CSR by the company	To uphold its core values, to to act as corporate conscience
To reflect the importance attached to CSR by the company	To align with the request of the current UK government	To ensure that employees are aligned with company's targets	To demonstrate to stakeholders that non-financial issues are also important	To continue the culture which its founder started at the inception of the company
To demonstrate to stakeholders that non-financial issues are also important	In response to questionnaires to be completed for tenders and government departments	In response to questionnaires to be completed for tenders and government departments	To act as impetus to challenge its existing practices	To demonstrate that is senior managers strive to strike a balance between the needs of its shareholders and that of other stakeholders
To strengthen corporate reputation				

This table initially concerned only UK corporate sector, but since the scholars took a rather global approach and came up with an integral framework, it was logical to attempt to apply this framework outside the borders of UK as a sort of a starting point and then see what kind of new or unexpected patterns might appear.

Furthermore, since some of the parameters above appeared several times under different motivational drives (which means that any action of a company to engage in CSR with publics might have several motives behind), I optimized the table in accordance with work of Basu and Palazzo (2008), merged the above mentioned criteria into three categories of external pressure (by stakeholders), performance (pragmatism) and authentic motivation. This approach, while employing less criteria with therefore less overlaying patterns, also better corresponds with reality. The reason

for that is that companies usually differentiate these 3 dimensions themselves, and their parlance in CSR reports had a bigger potential for analysis from exactly this perspective.

When it comes to RQ2 concerning relationship with a specific stakeholder – local communities, I believe that the best scientific framework which helps address my research objective was, doubtlessly, the one by Morsing and Schultz (2006). They came up with the following coding mechanisms (table 5) through which CSR communication strategies towards specific stakeholders were assessed (Morsing & Schultz, 2006, p. 326):

Table 5. Three CSR Communication Strategies By Morsing & Schultz, 2006.

	The stakeholder information strategy	The stakeholder response strategy	The stakeholder involvement strategy
Communication ideal: (Grunig & Hunt 1984)	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication ideal: sensemaking and sensegiving:	Sensegiving	Sensemaking -> Sensegiving	Sensemaking ←> Sensegiving – in iterative progressive processes
Stakeholders:	Request more information on corporate CSR effort	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts

It is important to observe that local communities as primary stakeholders were therefore studied and systematized in relation to the above mentioned communication strategies. However, conceptualization of this particular stakeholder - community - was studies more inductively, without preset classification criteria for the sake of openness and robustness of analysis.

4. Findings and Analysis

An interpretive thematic content analysis was conducted over 20 annual sustainability reports or sustainability sections of annual corporate reports for the year 2012, which were chosen according to their 2013 market capitalization, as measured by *Fortune.* 1683 PDF pages were taken into account in total, with an average report length of 84 PDF pages. The shortest reports belonged to Schlumberger and Oxy (21 pages and 18 pages accordingly), whereas the longest report was published by Ecopetrol (383 pages). All reports were either duplicated on official websites of companies or significantly enriched in comparison to website data in order to give a more rounded picture of organizational activities.

All reports were downloaded from official websites of respective companies. All annual sustainability report had a structure which roughly resembled the structure of general corporate reports, with sections like "Address to Shareholders", statistical information and, in some instances, case studies to exemplify certain points.

The reports proved to contain enough information to address two research questions, which supported initial assumption that such reports contain the most comprehensive data on companies' activities.

Geographically, a slight majority of reports (12) came from Europe and Northern America, whereas the rest of reports (8) came from developing countries with high production levels of traditional non-renewable energy sources, i.e. China, Russia, Brazil and Colombia:

Table 6. The Complete List Of Companies Under Analysis.

#	Name of the company	Market capitalization (US$ bn)	Country of origin
1	ExxonMobil	394.6	US
2	PetroChina	264.5	China
3	Royal Dutch Shell	222.6	Netherlands
4	Chevron	211.6	US
5	BP	132.1	UK
6	Ecopetrol	126.6	Colombia
7	Petrobras	124.7	Brazil
8	TOTAL	121.9	France
9	Gazprom	112.3	Russia
10	CNOOC	96.7	China
11	Sinopec	96.5	China
12	Rosneft	93.4	Russia

13	Schlumberger	90.2	US
14	Eni	88.1	Italy
15	Statoil	79.3	Norway
16	ConocoPhillips	70.4	US
17	Occidental	62.1	US
18	LUKOIL	56.3	Russia
19	BG	56	UK
20	Suncor	50.4	Canada

4.1. RQ1. How do companies frame their motivation to engage stakeholders?

4.1.1 Identification of target stakeholders. Checks and balances

19 out of 20 companies under analysis highlighted the importance of engagement with stakeholders. Most of companies saw stakeholder engagement as a mutually beneficial partnership. Taking into account the nature of the energy industry and a range of current and potential controversies around their business activities, priorities of companies in relation to stakeholder engagement did not differ significantly from company to company, with most of narration dedicated to importance of environmental projects. Besides that, around 50% of organizations explicitly applied to support of local communities and respect of host culture and local lifestyle.

Brazilian Ecopetrol, for instance, summarize their intentions in the following statement, with two references to sustainability being made in one paragraph:

Corporate Responsibility in Ecopetrol. Ecopetrol provides guidelines to ensure responsible management of the company's relations with its stakeholders, based on the **recognition of their expectations** and the adoption of practices and behaviors that seek **mutual benefit**. This is in order to **leverage the achievement of business objectives, contribute to the sustainable development of the environment, promote respect for human rights and ensure the long-term sustainability of the business** (p.65)**.**

This 'planet plus people' approach is reiterated in its own unique way by Russian Lukoil, which abstained from general references and targeted their stakeholders geographically with approximately the same idea:

Peoples of the Far North**. Environmental and industrial safety** is the primary concern of the general public in the North-Western region. Following the transparency and stakeholder relations principles, the Company's enterprises have been maintaining **relations with the environmentally minded public** (p.57).

The same idea can be found in all reports and is therefore very typical of companies in the energy industry. However, such consistency towards global good to the point of uniformity paradoxically led to substantial differences in the lists of targeted key stakeholders. In other words, companies have all roughly the same clear and systematic perception of what they should do in terms of endorsing relations with stakeholders, but understanding of who these stakeholders are is different.

All 19 companies (excluding Gazprom) explicitly listed their stakeholders exactly under this term and referred to them directly in the narration where necessary and relevant. Some companies created separate section called Stakeholder Engagement whereas some others just incorporated the concept into other sections. Table 7 gives a concise overview of which stakeholders the companies identify for themselves:

Table 7. Overview of Stakeholders In Relation To Companies.

	Customers	Employees	Government	Shareholders	Suppliers	Communities	NGOs	Contractors	Academia	Media	Int. organizations
ExxonMobil	X	X	X	X	X	X	X				
PetroChina		X	X	X		X	X	X			
Royal Dutch Shell	Stakeholders are referred to but not listed.										
Chevron			X			X					
BP	X	X	X	X		X	X	X			
Ecopetrol		X	X	X		X		X			
Petrobras	X	X	X	X	X	X	X	X	X	X	
TOTAL	X	X	X	X	X	X	X			X	X
Gazprom	Stakeholders not mentioned.										
CNOOC	X	X	X	X	X	X	X	X		X	
Sinopec	X			X	X	X					
Rosneft		X	X	X	X	X					
Schlumberger	X		X		X	X					
Eni				X		X	X	X			
Statoil	X	X	X	X	X	X	X	X			X
ConocoPhillips			X	X	X	X	X	X	X		
Occidental			X		X						

LUKOIL	X		X		X						
BG			X			X	X				
Suncor	X	X				X	X				
Results:	10	10	15	12	11	16	11	8	2	3	2

Apart from having specific sections for stakeholder engagement, in every report under analysis the term of stakeholder was mentioned in other places, directly not connected to enumerating stakeholders, which indicates that companies use the notion of stakeholder strategically, as inextricable parts of company's outlook on business, legal and social processes. It shows that these reports keep stakeholder theory's managerial implications in focus and apply them where necessary. In other words, the depth of attention which was paid to external social groups, in my opinion, eliminates the risk that organizations used the theory as a fashionable trend to attract people and not as a real business tool.

It has been found that the distribution of company's attention between all observed stakeholders is not equal, which reflects the theoretical concept of primary and secondary stakeholders, as suggested by, for instance, Pedersen (2011). None of the reports, however, explicitly divide their stakeholders into primary and secondary, so this dichotomy remains more in the theoretical aspect of stakeholder approach. Organizations never explicitly state that they consider some social groups to be more important than others, but this division is still there but remains implicit. A possible reason for this is that primary stakeholders are considered to be 'higher' than secondary ones, which may make secondary stakeholders feel less significant to the company. Since one of purposes of such reports is purely marketing, this is not a desirable outcome for companies to create such an impression, even if this impression is true.

Although different companies prioritize different stakeholders, overall we can see which stakeholders are more likely to receive most of attention in the reports. The most popular stakeholders were communities (mentioned in 16 reports), governments (15 reports) and shareholders (12 reports). And if the presence of shareholders and governments may be explained in legal terms (since those social groups have a legal and enforced claim on the firm), the attention being given to local communities, or 'host cultures' indicates company's voluntary readiness to engage in an open dialog with non-legal parties. Furthermore, local communities is even linguistically a very general umbrella term which includes everyone from residents of developed areas to indigenous population of Australia or Sakhalin.

Slightly less attention was granted to suppliers and non governmental organizations (both

addressed 11 times) and customers and employees (both mentioned 10 times). It does not mean, however, that these stakeholders are seen as less important but it is very possible that these particular groups prefer to receive data through other less universal ways. In other words, companies may arguably consider these groups less likely to read the reports. For example, customers are probably more inclined to refer to company's website because it provides a more bullet-point database instead of dozens PDF pages, which need to be found, downloaded, opened and read. Employees, in their turn, have access to internal communication channels, SAP, mail and interpersonal networking, which gives a quicker but less structured data. Suppliers possibly have explicit data described precisely in contracts.

NGOs, however, present a more complex case, since in many reports the concepts of communities and NGOs overlap. NGOs are often sees as a subgroups of those local communities and as leading organizations which represent interests of those communities. Technically, NGOs are sometimes seen as moderators between the corporate sector and, for instance, local populations of Africa.

Only a few reports mention partners, international organizations, academia and media. And if the first two can be incorporated into broader groups of contractors and NGOs, academia and media are somewhat underrated. Surely, anything in the report can potentially be a material for media or academia, but there are surprisingly few sections intended specifically for them. Taking into account importance of CSR for contemporary research and how much attention of the press is given to ecological disasters, this lack of communication seems like a missed opportunity to get the message around.

The only exception was Gazprom, which did not refer to any stakeholders either directly or indirectly. No synonyms were used to identify that there are any interested non-legal social groups outside, which might be influenced by company's direct activities. The only stakeholder, which was mentioned several times, was government, but its involvement was described contextually only as a regulatory body, so the company does not actually consider the state as a group to endorse relationship with, but rather as a regulatory structure "from above". Furthermore, the state is a primary shareholder of the company, and the rhetoric of the report is not about communication within the paradigm of "company with/versus state" but rather within the paradigm "company is the state", so the application of stakeholder theory did not find ground in this particular case. This lack of attention to the stakeholder approach might be an indicator of even a greater problem of company's ignoring the need of people which are influenced by it. Recent media attention towards Gazprom's drilling activities in the Arctic and imprisonment of NGO Greenpeace's activists was symptomatic of lack of communication instruments and systematic ignorance of people's interests.

Within the story telling of all reports there is one phenomenon which can not be ignored – that is a very clear system of checks and balances. In each of 19 reports a lot of attempts to find balance between shareholders (stock owners) and stakeholders have been noted. I based this observation on the assumption that interests of the former and the latter are often contradicting. Shareholders are interested in profit maximization (since it will increase their own wealth), whereas stakeholder are interested in all sort of restrictions which might decrease this profit maximization but create a greater "good" for people in general. Some indicators that companies are treading 'between the devil and the deep sea' include:

a. Black and white rhetoric ('we could not do this by we surely can do that'). This declamation of guilt prevails in reports of companies with high controversy level, which are connected to recent media outbursts like Gulf of Mexico for BP. BP, noting that "The Gulf Coast accounts for about 18% of the US's total commercial seafood landings. Shrimp and oyster supplies are particularly heavily concentrated in the Gulf.", informs that "in 2012 we continued to work with state and federal trustee agencies through the Natural Resource Damage Assessment (NRDA) process to evaluate the potential for injury to wildlife and habitat, and the recreational use of these resources".

b. Statistics which tries to serve two masters. All reports under consideration contained statistics related to performance, HR and other criteria, and more than half of them (11, or 70%) referred to stakeholders in some parts. E.g. Suncor gives an overview of promises from the previous year and than smartly connects the results to stakeholder satisfaction and economic achievements, so that a reader gets an impression that these two things do not contradict but supplement each other.

c. Business case studies used to describe certain projects only as a win-win situation. Ecopetrol, for example, organized Eco-Efficiency Technology Forum as a response to criticism of not being green enough, which "brought together 210 people from Ecopetrol's various departments, who along with 20 experts and technology providers, delved into specific cases of technology application for problem solving and eco-efficient practices, establishing thirteen initiatives applicable in the company".

d. Accent on commonly acceptable values like minorities, charity, children or endangered species. Almost all reports had this section as a sort of tool to accommodate all stakeholders and appeal to what we all find important regardless of our position within stakeholder framework. Lukoil indicates that "To preserve and promote the traditional lifestyles of the Khanty, Mansi, Nenets and Selkups OOO LUKOIL-West Siberia has been entering into agreements for social and economic development of the areas populated by such ethnicities."

4.1.2. Conceptualization of motives to engage stakeholders

Stakeholders, theoretically defined as sources of a certain 'claim' on the firm, were seen as such by companies too. Organizations seemed to realize the differences in stakeholders' interests and their expectations from the corporate sector. For example, NGOs, communities and employees were usually seen as sources of external or internal pressure. They, together with environmentalists, were simultaneously seen as morale advocates.

The biggest attention in the rhetoric was paid, however, to those social groups which constitute profit seekers like shareholders, partners and suppliers. In these cases rhetoric was supported with statistics, figures, graphs and other visual tools.

However, despite Carroll's theory (1991) concerning motivational dimensions described these three parameters as almost equal in importance, reality turned out not to fit this idealist view. To analyze how advanced organizational motives are, I used Fisk's criteria for "sustainable agenda" (2010) which access how corporate priorities in 2010s have changed in comparison to the 1990s and the 2000s.

Typical 'old' companies have been described as serving "more diverse, informed and conscious customers", with corporate governance finally prioritizing ethics and social behavior, and sustainability being part of global strategy.

Typical 'new' 2010+ corporations are seen as those where lower classes are given a social lift, a change to succeed ("rising base of the pyramid"), where "sustainable innovation puts social and environmental issues at core of business", where collaboration between private sector and communities endorse a "new business model", and where "sustainable markets are most profitable, as 'doing good' becomes the best way to grow" (Fisk, 2010, p.5). So, looking at these acts of voluntary data disclosure called annual sustainability reports, which are supposed to showcase the best of company's achievements, can we really conclude that companies which are represented in these reports have motivated themselves well enough to switch from an old contributing to a new transforming stage? Reports were analyzed content-wise as matching above descriptions or not.

Do analyzed energy companies truly help the locals? Around half of companies have referred in their narration to business cases about local communities and their potential positive impact on business. They systematically showed with statistics and interviews with local and municipal authorities that a company is doing their best to attract local talent. There was, however, very little mentioning of scale of such projects. CNOOC, for example, describes their work in Nigeria as follows:

Nigeria. As one of the partners of the OML 130 project in Nigeria, we have been

proactively fulfilling our social responsibilities by **donating approximately US$2 million annually for educational investment and personnel training purposes** (p. 84).

Is US$2 million large enough for a country with population of 174 million people? What percentage is it from the company's net worth? EBITDA? Stated differently, important data is given without any context and is therefore too open to speculation. As a result, it is hard to really say whether a particular company returns more to the community than it takes from it.

Does sustainable innovation puts social and environmental issues at core of business? In most of analyzed reports, CSR is deeply incorporated into general strategies of companies. Some companies demonstrate genuine motivation to involve certain stakeholders into certain aspects of business. For instance, Rosneft holds regular meetings with students and graduates of Far East Federal University, Russia, to provide hiring opportunities or short-term project collaboration for CV strengthening. Their report rhetoric strives to persuade that this mutually beneficial partnership is not a one-time event but a strategic decision. Some companies like Schlumberger or Sinopec, however, describe CSR not in terms of strategic necessity but more like charity projects, which is, of course, indicates a lower level of motivation and commitment.

Has there been any statistical confirmation that 'doing good' is a way to grow? In all analyzed reports there is a lot of statistics concerning CSR. It is usually called "performance" and it contains information about versatile expenditures on CSR activities. These tables are presented per segment in all annual CSR reports, and the most important thing about them is, I think, that they usually contain only graphs about spendings and no graphs/parts/segments, which would inform about whether there is return on this investment. Of course, one of the main functions of CSR is purely social, or charitable, so some companies do not even consider CSR as a way to make profit but rather as a burden put on them by their own moral standards and societal expectations. Hence, there is no motivation to demonstrate that CSR engagement has any financial implications. It indirectly indicates that for most of energy corporations under consideration CRS is still, unfortunately, in the outflow section of financial balance sheet.

As can be concluded, three above mentioned dimensions are not distributed equally through annual reports and are given unequal attention in the body of texts. Rhetorically, there is still a lot of references to shareholders and to opportunities of profit maximization. At the same time, such issues as planet and people can or cannot be considered strategical, depending on the reports and the level of motivation of particular companies. Rephrasing Fisk's statement about old and new CSR and shift in sustainable agenda, around half of all energy companies are still mentally in the "old" world, as opposed to another half which are already enlightening themselves with transforming tendencies of collaboration, synergy, and global connectivity.

4.1.3. Pragmatism with a story

One of the main issues when it comes to CSR disclosure and consequent engagement of the audience is, of course, whether the intentions of an organization to do so are genuine (authentic) or driven by other factors.

The content analysis of reports was conducted inductively with readiness to accept any emerging factors which would go outside the lens of motivational framework, described in the method section. Nevertheless, there has been observed that companies do behave in accordance with the theory but the lines between different motivational dimensions are not strict but blurred, and those dimensions are often used together.

First of all, the idea of pragmatism behind stakeholder engagement was dominant in all reports. While using a lot of CSR-friendly rhetoric and mentioning different charity projects, companies do see reasonable to hide that company's main purpose and its primary right of existence is being profitable. This was expressed rather explicitly in many quotes, some of which are presented below.

BG, for instance, states in the introductory "About this report" section that they see a strong connection between CSR activities and commercial performance, as seen by Carroll (1991):

Good practice in sustainability reporting includes identifying and reporting on 'material' sustainability issues. These are environmental, social or governance issues, arising in the reporting year in question, which **could have a significant impact on the business in the short or the longer term** (p.3).

French TOTAL, in its turn, connect business quality of their production with fulfilling their responsibilities in front of stakeholders:

It's not a question of image, but rather of quality and excellence. It's also about **fulfilling our responsibilities to employees, suppliers, neighboring communities and host countries** (p.10).

It can be observed that if rhetoric of corporations from more developed companies is engraved into thinking paradigm of being profitable and consequently having extra resources to be socially responsible, this is not completely the case when it comes to companies from developing markets, for instance, Brazilian, Russian and Chinese ones. In their narration they regularly turn this pragmatic approach the other way round and claim that business success might be a result of being socially responsible. In other words, the principal difference in the rhetoric of companies from developed and developing countries is that the former claim they have no corruption, whereas the latter implicitly accept they have it and they are fighting against it. It is especially well expressed in the anti-corruption and anti-nepotism parts of the reports:

Table 8. Multiple Quotes.

Quote	Company
"Our **Business Protection department** investigates any employee involvement in misconduct and combats corruption".	Petrobras
"Personal integrity has become a **decisive criterion in the selection, appointment, dismissal, overseas deployment and merit assessment of officers, and the progress of establishment of the anti-corruption integrity policy is a key indicator in the performance assessment of the various subsidiaries**."	CNOOC
"Percentage and total number of **business units analyzed for risks** related to corruption: SO2, SE11, SE12."	Rosneft

Royal Dutch Shell, in its turn, demonstrates a very strong awareness about stakeholders and connects their motivation with addressing these stakeholders' interests. The term is properly operationalized within the body of text and serves as a key element around which business rhetoric or argumentation is built. I haven't observed any stakeholder-related phrases which are purely pragmatic, which can be an indicator of 2 things: (i) the company sincerely sees themselves as a promoter of a responsible energy business, and (ii) the company tries to justify/get a "social license" from communities by saying that behind every decision there is a "sustainable" motive. The latter is hard to check, but this assumption might still be perfectly valid. The low rate of references to external pressure can be explained by a partly "promotional" nature of the report, which serves not only as a informative tool but also as a reputation-building PR-action.

Pragmatism, as the economic and economical factor, is, probably, the most natural motivation when it comes to anything going on in the private sector (Freeman, Wicks & Parmar, 2004). However, as observed in multiple reports, pragmatism was seldom expressed exclusively. To put it differently, all statements concerning stakeholder engagement were, indeed, pragmatic and profit-oriented in nature but also contained significant elements of morality. Authenticity as a natural desire of a company to self-enlighten and keep up with the pace of the world is therefore merged with purely commercial strategic decisions. I call this rather peculiar phenomenon "pragmatism with a story" because a somewhat extensive novelization of company's economic intentions is best associated with storytelling. For example, instead of stating "we try to prevent accidents and employees grievances because it harms us financially" (which would be a purely pragmatic statement), Shell says the following: "We develop and operate our facilities with the aim of preventing incidents that may harm our employees and contractors or nearby communities, or cause environmental impact. We continue to build a culture where each person understands their role in making Shell a safer place to work". The actual statement is also pragmatic ("understand

their role in making") but surrounded by a "cloud" of thematic references to morality as primary driver (expressed in the message that Shell doesn't want to harm environment and communities). Arguably, companies try to delicately hide their economic ambitions by very accurate wording of their intentions and referencing to ethics and global 'good' because stakeholders and society as a whole expect that behavior and because it is not "in trend" to chase only after profit.

4.1.4. External pressure and morality

Another significant finding is, without a doubt, external pressure from stakeholders themselves as an emerging factor, as seen by Idowu and Papasolomou (2007). A lot of companies have displayed in their disclosures multiple requests from stakeholder groups to be (1) informed thoroughly about current activities and (2) engaged through concrete interactions like workshops, round tables etc. PetroChina and BP, for instance, have built the whole narration of their reports (as well as some business cases) around stakeholders' demands. PetroChina has dedicated a certain segment of report to each enumerated stakeholder and stated what they are going to do exactly with each of them (e.g."participate in NGO activities" and "promote international communication." referring to NGOs). BP also presented some cases (the biggest one is, of course, update on Gulf of Mexico) with very explicit indications of stakeholder' influence ("Stakeholders will rightly demand to know whether it has used the restoration budget to fix the problems created by the incident.") This smooth incorporation of stakeholder theory into the text indicates a true commitment of these companies to engaging all interested societal groups out there. The words and phrases connected to the stakeholder theme are not perceived as fake or artificially incorporated for pure PR purposes.

It is important to mention that in none (0%) of case of voluntary disclosure I found direct and exclusive references to morality as a cultural and philosophical category. All statements were also partly pragmatic or indicated external influence. The message was always perceived as either "we care about environment, people etc. because people tell us to do so" or "we care about people, environment etc because it makes us more profitable". It was never just "we care about people, environment etc because we feel it is the right thing to do". Stated differently, oil and gas companies are not typical of applying to morale as a chief motivational driver. There might be different explanations of why ethics became an instrument of rhetoric in this case rather than a moral compass. I am inclined to highlight several reasons of this phenomenon. Firstly, the right of existence of most of energy companies is grounded deeply into the world's need for energy. Therefore, there is no strong stimulus to apply directly to other factors like ethics (which would, for example, play a huge role in other areas like politics, NGO, public affairs). Secondly, this type of industry probably imposes hard conditions concerning financial disclosure, relations with the

government therefore making this industry less transparent and less susceptible to moral judgment. Thirdly, sensitivity of such companies' primary activities like drilling or refining and inevitable impact on the environment makes such companies an easy target for criticism and pressure. Company might (and probably inevitably will) be accused of insincerity in case of direct systematic references to morality.

The above analyzed characteristics have been accepted in academia and business as an essential bottom line. Despite the fact that these dimensions are not expected to be applied exclusively for energy companies, evidence that companies under analysis pay attention to those three aspects has been found. But whether or not CSR should (and can) become profitable and therefore become fully incorporated not only in the general strategy buy also into balance sheet and be presented to shareholder as a profit maximizing tool still remains a question without precise answer. Another extremity, whether one and only right motivation to do CSR's is purely moral is debatable as well. What becomes apparent, however, is that companies under analysis are trying to balance attention to those triple-P dimensions, in order to create smooth and persuasive narration, which would fit every involved stakeholder. After having analyzed 20 reports of largest oil and gas companies, I conclude thus abstract triple-P triangle may have bases of different length, since attention to those three Ps is still given unequally. Some report (those in the "old" world) still pay more attention to profit maximization, where those of the "new" world can build their parlance more around a new collaborative business model.

4.1.5. Type of narration

All reports under analysis indicated two primary way of communicating their motivation: retrospective (descriptive) and perspective (prescriptive). In descriptive reports the focus was mainly on processes which are going on right now, when companies provide description of current projects which are built around stakeholder engagement and CSR. These descriptive narrations included case studies, projects reports, Q&A sections and interviews with selected community members. These speech elements aimed to increase awareness of the audience about CSR and about corporate commitment to constantly increase standards for human right protection, environmental defense, solution for social issues and HR best practices. These speech elements are very close to the language of marketers and PR managers since they did not reflect several positions or approaches to anything but only one. It makes such informative/descriptive reports very open to criticism. For example, while telling about "recovering more oil from developed fields" Royal Dutch Shell only mentions positive sides of the project like "advanced technology to manage our resources more efficiently" and that "our Smart Fields® technologies allow engineers to monitor

and control production remotely using a network of sensors, valves and other instruments". Chinese CNOOC, in almost the same PR-ish manner, advertises their subsidiary Lishen Battery in the Quality and Customer satisfaction section and highlights that they "their sales and marketing network now covers Europe, North America, Europe and other countries or regions. Customers include global giants such as Apple, Samsung, Motorola, LG, Dell, HP, Nokia, TTI, BDK and Vodafone". These both instances indicate that this informative approach clearly does not reflect the main purposes of a report as an engagement tool. It does not open up space for discussion. Surely, work in developed fields will benefit Royal Dutch Shell, and surely Lishen Battery will benefits from global partners, but how does this address the issues for which this report has been created? Attempts to answer questions of this sort has been found only in a couple of reports of BP, TOTAL and Statoil.

These companies demonstrated a second prescriptive, or perspective, approach to CSR reporting. In their reports the companies have clearly stated not only what their have done but also what they are going to do in relation to received results. Such peeks into the future give stakeholders more control about company's future actions and a document to refer to in case of non-fulfillment of promises. It also ensures that the company approaches its stakeholder relationship strategically and on a long-term basis. Only 3 companies (15%) have shown motivation to such a commitment.

4.1.6. Stakeholder engagement throughout cultural contexts. Intrinsic discretion versus obligation dichotomy.

Out of 20 reports which were analyzed, 60% were registered and fully operational in the West (Europe, the USA and Canada), where the rest 40% belonged to developing countries, mostly those from the BRICS group of perspective countries plus Colombia in one case.

In the textual analysis of aforementioned annual CSR reports it was impossible not to observe certain cultural motivational patterns which clearly differed from region to region. In fact, most of European and American companies addressed the theme of stakeholders in a distinctively different manner than their Asian or Latin American colleagues.

This difference is best expressed through discretion versus obligation dichotomy. Without going deep into legal and political systems of source countries of companies under consideration and concentrating solely on narrative content of their reports, it was observed that reports of Chinese, Russian and South American companies were very characteristic of implicit CSR, whereas Western companies more apply explicit CSR as an element of corporate strategies - terminology proposed by Matten and Moon (2008).

Western companies and their way of CSR reporting were characterized mostly by very liberal policies based on private initiative, with government playing an instrumental role of regulatory body. Almost all reports of Western companies demonstrated a strong commitment to stakeholder engagement and incorporated the whole philosophy of stakeholder theory into their narration.

Each annual report contained dozens of different projects, ranging from small one-tine events to global and most controversial projects like Restoration of Gulf of Mexico by BP or drilling in areas with indigenous population. In this regard, it was interesting to see that motivational attitude to such huge projects differed culturally across different areas of the world.

Those projects of Western energy companies, based on private initiative and more liberal values (as opposed to collectivist and obligation based ones), are exemplified in Table 9:

Table 9. Multiple Quotes.

Quote	Chapter	Company
"We have worked hard to earn the trust and respect of the people who live in the areas where we plan to operate. It's critical to **work effectively with communities, governments, regulators, industry partners and non-governmental organizations to establish high standards and address any concerns about our operations.** It's vital to **establish shared views** and standard practices both in the way that we approach environmental and social challenges, and in the way we use **science as a basis for decision-making**."	Q&A section with Marvin Odum, Upstream Americas Director	Royal Dutch Shell
"We will continue to **work closely with government and other stakeholders** to enhance regional employment and training, indigenous employment, and opportunities for small business to participate in the project," said Dunning."	Australia. Contributing to Economic Growth	Chevron
"BP has committed $500 million over 10 years to fund **independent scientific research** through the Gulf of Mexico Research Initiative. The goal of the initiative is to improve society's ability to understand, respond to and mitigate the potential impacts of oil spills to marine and coastal ecosystems."	Gulf of Mexico restoration	BP
"Statoil is actively engaged in anti-corruption and transparency issues on a local and global basis by **membership and participation in various business networks and non-governmental organizations**."	Ethics and Transparency (p.3)	Statoil

As can be seen in these examples, CSR motivation in Western companies is explicit, as called by Matten and Moon (2008), primarily based on intrinsic discretion, or private initiative, and

all other actions (including work with primary stakeholders like the government) are taken consequently after that private decision. This is an important observation when it comes to framing of corporate motivation, since the message 'we do it because we feel like doing this and we can', clearly indicates a very liberal pragmatic approach coupled with strong and independent moral compass. It does not, surely, diminish the role of the government, either local or that of source country. But the government is seen by Western energy companies more as a party to have a dialog with. It is not seen as a repressive source of initiatives or ideas.

Most of non-Western reports have demonstrated a different approach to private initiative and treat their stakeholders differently. Therefore, non-Western companies frame their motivation to engage stakeholders with CSR differently, with more focus on collective values, solidarity and legal obligations. Government in their case has acquired more functions and is seen not as a stakeholder per se, as described in Freeman's theory, but a regulatory body 'from above', as an 'umbrella' stakeholder which represents other 'smaller' stakeholders like employees or communities. Rhetoric of reports is surely influenced by this role of the government, as shown in table 10:

Table 10. Multiple Quotes.

Quote	Chapter	Company
"A joint venture among PetroChina, the government of Xinjiang and the Xinjiang Production & construction Corporation has also been established with a plan to operate Karamay's Hongshan Oilfield. We actively work with businesses that have different forms of ownership, setting an important example for reforming the investment and financing mechanisms in state-controlled enterprises. **The success of these projects marks a major evolution in the cooperation between state and social capital.**"	Diversified Source Import Channels (p. 24)	PetroChina
"The Company has been included in the list of **strategic Russian enterprises**. As of December 31, 2012, is largest shareholder (75.16% of the equity) was OJSC Rosneftegaz, **fully owned by the Russian Government**."	The Company in 2012: General Information (p. 18)	Rosneft
"In 2012, as a new school year was approaching, LUKOIL's filling stations in Nizhny Novgorod Obast **jointly with the regional Traffic Police division held a volunteer event** "Attention! Children!" OOO LUKOIL-Volganefteprodukt's young professionals together with the volunteers of the Svetlyachok movement handed out light-reflecting slap wrap bracelets that ensure high visibility of kids in the hours of darkness."	Volunteer Initiatives (p. 73)	Lukoil
"In Tanzania, we prioritize local suppliers as a way of **supporting the government's initiative** for utilization	Supplier Support and Development (p.101)	Petrobras

of local content in all services and materials purchased."		
"We strictly **enforce the policy of the Discipline Inspection Team of the Party Leadership Group** reporting to the secretary of the Discipline Inspection Commission, and the Audit and Supervision Department of the Company reporting to the head of the supervisory body."	Advancing the Establishment of the Anti-Corruption Integrity Policy (p. 19)	CNOOC

As can be seen, non-Western corporations demonstrate a distinctive 'L'état, c'est moi' ('the state is me') attitude, stating explicitly or indirectly that they represent (or are) the government and frame their motivation to engage with stakeholders accordingly. Their communication with different stakeholder is more obligation-based and is more regulatory. Private initiative is overshadowed by centralized collective actions of the government and its subsidiaries of different forms. Furthermore, even examples presented as acts of voluntarism, ironically, highlight the opposite – that these acts are more enforced by the law and regulatory bodies than enacted by private good will.

To conclude, this difference in the approaches towards building a relationship with different stakeholders is very clear and affects stakeholders in different ways. For instance, within non-Western organization private initiative was seen as secondary, which might manifest a strategic mistake, preventing the flow of ideas, diversity in approaches and synergy between different departments or organizations. Not diminishing the role of the government, a more explicit open initiative-based CSR communication can lead to better outcomes for stakeholder relations.

4.2. RQ2. What are specific CSR strategies used towards primary stakeholders, notably local communities?

Local communities are addressed in most of reports and are referred to as primary stakeholders either explicitly or implicitly. Yet, when it comes to understanding of local communities under this term, there has been observed significant discrepancy in (i) definition itself, (ii) agreement on whether this term is specific or 'umbrella', (iii) communication styles/approaches to working with local communities and, finally, (iv) manifestations of CSR from company to company.

4.2.1. Corporate conceptualization of local communities
First of all, the treatment of the term 'community' was quite vague in a way that it does not

offer one unified explanation of what community really is. Each company provided its own understanding of communities, which resulted in multiple definitions. They, however, could all be subdivided into two primary categories, which, to a certain extent, reflect the whole CSR philosophy of an organization: communities as all local people regardless of any particular qualities, or communities as an umbrella term for multiple stakeholders within this term.

The first rather egalitarian approach to communities as all people together is very close in usage to the concept of civil society and civil activism. Although working with activists probably comes as no surprise when it comes to energy companies, some organization do not differentiate, for instance, between NGOs or some international organizations like United Nations and those people whose interest these organizations represent. For instance, Lukoil uses a specific "United Nations Framework Convention on Climate Change" to both address UN and local climate change enthusiasts. This approach is more rare, probably because it is too implicit and its rhetoric may need specification, whereas the whole ideas of the CSR report is to provide data in a clear way with possible avoidance of any ambiguity.

Most of market players like BP, Shell and Petrobras, however, use an umbrella approach and consider two social groups to be call 'communities': relatively technologically and societally advanced stakeholder populations which might include civil activists or NGOs (e.g. Adelaide community in Australia, Vladivostok agglomeration in Russia, Rio de Janeiro plus Sao Paulo area in Brazil), and indigenous or tribal stakeholder populations (mostly in African countries and in rural areas of developing countries). This opposition between the former and the latter is well shown by TOTAL, which has a separate "Charter of Principles and Guidelines Regarding Indigenous and Tribal Peoples" in order to promote hiring of local non-French people and eradicate racial discrimination in the workspace. Unlike French TOTAL, BP also has such a specific policy towards indigenous population but elaborates more on that:

> Managing our impact on society. There could be economic benefits, including employment opportunities. In Australia, our **commitment to Aboriginal and Torres Strait Islander communities is set out in our Reconciliation Action Plan**, which aims to formalize some of the work we have been doing to create sustainable employment opportunities (p. 41).

US-based Chevron also developed a specific policy aimed specifically at local tribal communities in order to demonstrate their social responsibility:

> Promoting Sustainable Livelihoods. **Our livelihood programs** were initially created to assist people who depended on 69 acres of land that the government acquired to develop the Bibiyana gas field in 2006. "**Bibiyana was a predominantly agrarian economy with no industrial presence, low literacy rates and inadequate infrastructure**," said Naser

Ahmed, Chevron Bangladesh's External Affairs manager (p.13).

Statoil thoroughly described the main guiding principles of working with local populations not only in relation to human resource dimensions like hiring, positive discrimination and labor law compliance but also with respect towards local culture. They therefore brought the whole community awareness from purely technical and legal aspects to the spheres of culture and mutual respect:

> Guiding principles for community dialogue. The consultation process should be culturally **appropriate and commensurate with the risks to and potential impacts on indigenous peoples.** Specific **consideration of literacy levels** is required. Furthermore, the **special rights of indigenous peoples as recognised by host-country legislation** and international standards will need to be addressed (p. 14).

The fact that a company has different guidelines for different people is interesting in itself. The last example, nevertheless, simultaneously demonstrates another important aspect of community conceptualization – which is 'we' versus 'they' thinking paradigm. In a truly global energy market this divide line becomes quite obvious while comparing Chinese, Russian or Brazilian reports to those of developed countries, especially in case of China.

Under local communities organizations based in developed countries usually mean foreign local communities which will be influenced by their activities – both in the sense of foreign local indigenous population and foreign local civil society and NGOs. They usually refer to these communities as aliens, sort of global stakeholders which can be located anywhere across the planet and still deserve company's consideration. The choice of words in the reports of, for instance, ExxonMobil and Chevron therefore served to build bridges between corporate 'us' and global 'them' (table 11):

Table 11. Multiple Quotes.

Quote	Chapter	Company
ExxonMobil seeks to establish and maintain community relationships while actively promoting respect for human rights. We address socioeconomic issues by adhering to corporate policies and expectations (see page 47), complying with **host-country regulatory requirements**, applying **universally recognized principles**, engaging with external groups (see page 7) and building **local economic capacity** (see page 51).	Human Rights and Managing Community Impacts, p.60	ExxonMobil

Our **partnerships with the community**, various levels of government and local suppliers will help **shape the town's future** as we develop vast natural gas resources offshore.	Australia Contributing to Growth, p.24	Chevron

For companies in developing regions of the world, attention to local communities certainly goes on a totally new level. Local communities receive significantly both attention both in terms of report chapter and in terms of depth of narration. Indeed, dominantly in case of developing countries the term 'local communities' is used in the sense 'local to them' and not to host country of operation. Therefore, their parlance is built upon recognition of certain exclusive right of those local people and company's exclusive responsibilities towards them. Russian Lukoil and Chinese PetroChina even segmented their reports to systematically address community issues (table 12):

Table 12. Multiple Quotes.

Quote	Chapter	Company
Recipients of assistance in the Nenets Autonomous Okrug under the Cooperation Agreement by and between the Okrug's administration and LUKOIL include the clans of "Ilebts", "Neruta", "Tabseda", "Opseda", "Vark", "Vy Tu", "Yalumd, and the Nenets People's Associaiton "Yasavey". It's been over four years of implementation of the "Nyaryana Mya" ("Red Rawhide") **project sponsored by OOO LUKOIL-Komi.**	Peoples of the Far North (p.57)	Lukoil
To **preserve and promote the traditional lifestyles of the Khanty, Mansi, Nenets and Selkups** OOO LUKOIL-West Siberia has been entering into agreements for social and economic development of the areas populated by such ethnicities. The enterprise has been operating on 37 territories of Yugra, with 176 families (over **700 locals**). They are entitled to **welfare assistance per each family member**, receive a supply of gas, building materials, snowmobiles and other necessities or means.	Peoples of Siberia (p.57)	
In 2011, PetroChina provided **funding for the building of two schools** in the Ecological Resettlement areas in Ningixa Hui Autonomous Region.	Case Study Building Schools for Children of Migrants (p.56)	PetroChina

We have been actively participating in **poverty alleviation efforts in 14 poverty stricken counties and villages** in 8 provinces, namely Xinjiang, Henan, Tibet, Qinghai, Chongqing, Guizhou and Jiangxi and Fujian. In 2012, we scored a number of major achievements through our **targeted programs and pairing assistance programs** for poverty alleviation.	Poverty Alleviation (p.54)	

The above given examples also specify some intrinsic qualities of local communities. Company explicitly highlight the importance of human rights respect and sustainable sociopolitical development. Therefore, most of companies, regardless of their internal definition of communities, understand that communities are those in need of compliance with global human rights standard and those in need of stable socioeconomic development. TOTAL, for instance, mention that they have invested 316 million Euro on community development – the term most regularly used in the reports which covers both topics at the same time. Other synonymous references to work with local communities include 'sustainable development', 'specification of communities' and 'community building.'

4.2.2. CSR communication styles towards local communities

The methodology of this study is based on the framework which describes energy companies' CSR communication in 3 types: the stakeholder information strategy, the stakeholder response strategy and stakeholder involvement strategy. These types are realized also particularly towards local communities.

The research has shown that when it comes to local communities there is one dominant type of CSR communication strategy, which is Response Strategy, using classification of Morsing and Schultz (2006). This approach involves a combination of top management's authoritative decisions with diverse opinion polls, dialogs, interviews, collaborations and network partnership.

Interesting to observe that the type of communication style strictly depends on what kind of local communities a company target. For example, The Involvement and Response strategy is actively used by Western companies (ExxonMobil, Chevron, Royal Dutch Shell) towards culturally and technologically advanced communities. Companies use such phrases as "active collaboration", "active involvement", "systematic engagement" and "cross-culture dialog" to indicate that there is a

two-way communication between companies and communities. The reciprocal nature of this relationship is confirmed by such declared corporate actions as dialogs, workshops, inclusive programs, open talks, host culture consultations and cooperation plans. For tribal and indigenous populations the rhetoric is more paternalistic, indicating a mix of Response strategies with top-down Information strategies. Table 13 gives a rather contrasting comparison of two opposite approaches used in the energy sector:

Table 13. Comparison of Paternalistic And Reciprocal Approaches

Paternalistic approach as demonstrated by Chinese CNOOC towards a mining community:	Reciprocal approach as demonstrated by Statoil towards a community in the Alberta oil sands, Canada:
By **establishing** a set of feasible operating frameworks integrating various resources, we trive to foster a properly managed, safe, stable, healthy, happy, civilised, peaceful, vibrant and beautiful community, to **improve harmony from a higher level**.	We believe that community sustainability issues and solutions should be **identified by the communities themselves**, because they best understand their own cultural and social needs. We **connect with communities on an ongoing basis** through the Local Opportunity Centre, bulletins, our Oil Sands Report as well as our membership of the industry relations groups of First Nations and Metis organisations.

As can be seen, establishing of norms and procedures from above to solve community issues by CNOOC is clearly opposed by a much more independent self identification of those issues in case of Statoil. Regulation is contrasted against a private initiative, orders from "a higher level" - against a local incentive.

Chinese entities (CNOOC), Brazilian ones (Petrobras) and Russian ones (Lukoil) most use top-down Information strategy towards all kinds of local communities, regardless of their specific status.

The feature which dominates in the Involvement approach to CSR engagement is commitment to charity, economic development and global citizenship. This important element of CSR has been observed in all reports which fall into the Response strategy category, unlike, for instance, work with lobbyists which appeared only once. All companies which somehow mentioned work with local communities explain the significance of this CSR element in the following way: whereas for many types of business working in developed parts of the world is an absolute must

(e.g. retail, fast food, entertainment industry), the nature of energy business implies that in many cases huge companies work in underdeveloped areas with population living much lower official UN's poverty level. This, of course, makes CSR something more than just a dialog. If companies make absurdly high profits in areas with absurdly poor population, it does make work with local communities not only a part of some business strategy but a moral mission. Another, more pragmatic explanation, which is also implicitly referred to in HR sections of some reports (those of ExxonMobil and Petrobras, for instance), is that the richer local population is, the more chances they have to become those companies' workforce. To put it differently, it is usually cheaper to train locals to do the job than to send expatriates who would still prefer to have a Western salary plus multiple bonuses and supplements for "harsh conditions".

ExxonMobil is an especially good example in this case. There was observed that in some quotes studied, there was a strong reference to extra-economic factors like morale and business ethics. These instances mostly prevail in sections concerning human rights, working with indigenous peoples in Canada, Nigeria and Sakhalin (Russia) and partially environment. Overall, the company seems genuinely committed to working with local stakeholders without planning to receive any material benefits. And in such sections like corporate governance or relations with suppliers this pragmatic attitude is somehow expected, the company appeals to something outside economic performance in such sections as Workforce and Community Health and Diversity.

Another reason for reciprocal CSR engagement with local community stakeholders is the environment. For instance, one Australian community in Adelaide (which, clearly, had relatively few problems with level of life) had concerns about decommissioning and demolition of a ExxonMobil refinery and put enormous pressure on the company. As a result, the company committed to restore the site and make it suitable for future industrial use. Without 2-way communication and ability to listen actively, just with a top-down approach, this environmentally beneficial incentive would hardly happen.

A few companies (namely, 5, which accounts to 25% out of total) have a distinctive top-down approach which resulted in pure prescriptive one-way type of communication. The best example of this attitude to stakeholders is, probably, Gazprom, with Ecopetrol, Sinopec, Schlumberger and Rosneft also clearly exploiting this approach. Within the cluster of these companies there has been found very little evidence that the company even attempts to address any social groups outside shareholders. The whole narrative of the reports is built around shareholder profit maximization with very little attention being given to parties which are impacted either indirectly or not in the financial way. This is well exemplifies by excerpts of texts which actually identify stakeholders as a social group. These companies claim that communication with

stakeholders is based upon "policies", either developed internally (Schlumberger) or passed by the government (Russian company Gazprom clearly falls into the second category). These companies develop policies to inform, not to interact. Such phrases as "keeping updated", "keeping up to date", "creating awareness" and "informing" all indicate an authoritative nature of these companies with very little space left for compromise or actual talking. This approach is named the Information approach by Morsing and Schultz (2006).

A good example of companies with well-developed Involvement CSR stakeholder strategies are BP, TOTAL, Statoil, Oxy, PetroChina and Suncor (which, therefore, constitute the rest 30% of all reports). Their rhetoric is characterized by well-indicated Human Resource element, abundance of social programs and the philosophy of collaboration and synergy. Suncor, for example, claims that "collaboration is the heart of development", whereas PetroChina and TOTAL both mention a CSR "action plan" which implies co-construct CSR corporate effort, sense-making as opposed to only sense-giving and a constant negotiation with stakeholders about projects which influence them. This is the only category of reports which has identifiable regional flair. Almost all companies in this sections belong to the Western world with approximately half of them being European (Norway, France and the UK) and half – Northern American (the USA and Canada), with only one company (PetroChina) being in the list.

4.2.3. Manifestations of CSR for local communities

For academia and private sector it is interesting to observe how those companies, which use either Response or Involvement approaches, endorse communication with communities. In other words, how they manifest their CSR. In order to observe patterns and relations, I did not use any pre-set variables for coding but rather inductively identified the main actions performed by each of companies and described in respective annual reports.

There are 2 types of mechanisms which were observed: those actions which are related specifically for communities (targeted instruments) and those actions which are more "general" and are connect to all stakeholders or to some of them in the body of the text.

Such companies as PetroChina, CNOOC and TOTAL tend to classify their actions according to a stakeholder type. That is, for work with local communities round tables might be organized, whereas for governmental relations, or public affairs a conference is more preferred. Apart from concrete actions these companies also specify communication channel through which information flow goes in both directions. Table 14 shows the most popular stakeholder groups and a set of actions which is considered reasonable and necessary by above mentioned companies:

Table 14. Observed Communication Mechanism/Channels For Communities.

1. Share the Company's experiences;

2. Participate in NGO activities;

3. Promote international communication;

4. Attend to external concerns through various forms of communication;

5. Play an active role in participating and supporting international environment standardization;

6. Participating a wide range of forums and conferences;

7. Hold dialogues with local communities;

8. Organize community visits;

9. Conduct social and environmental impact assessments;

10. Promotion of education;

11. Increase information disclosure.

12. Participate in disaster relief and reconstruction, and provide financial support for education and poverty alleviation;

13. Support and drive local economic growth through large projects;

14. Supply clean energy, e.g. natural gas, to remote regions;

15. Hold volunteering activities among employees;

16. Procure locally, where the business is carried out;

17. Provide job opportunities and training for the local community.

18. Thematic meetings;

19. Information reports;

20. Dissemination of information through multiple channels (press releases, press conferences etc).

Other companies like ExxonMobil, Royal Dutch Shell or Petrobras do not specify CSR action plans for community members. However, they still invite participation and establish long term relationship with stakeholders through special projects which intend to create balance of interests between business, environment and society. This is manifested in the following aspects:

1. HR development – strategic development of staff to attract and retain talents (via training, professional development, the use of motivational payment schemes, provision of social benefits, the creation of conditions for rest, maintenance of internal communications in the organization etc.).

2. Health and safety - basically programs that provide compliance with labor law, high health standards and safety conditions.

3. Socially responsible restructuring – programs, which are designed to ensure that company is flexible enough to manage changes in a socially responsible manner, especially in the

interests of the stakeholders and other indirect beneficiaries.

4. Environmental management - companies' initiative to reduce harmful effects on environment.

5. Community development – voluntary projects which are intended to contribute to the development of the local society (different social programs, positive discrimination, emplyment preferences as well as support of socially unprotected population).

6. 'Good practice' implementation – projects and programs which aim to promote the adoption and dissemination of good business practices among suppliers, business partners and customers as well as transparency to owners, suppliers, business partners, customers and other stakeholders.

As can be observed, companies with high level of CSR involvement use a huge variety of mechanisms to connect with different stakeholders. Among all 15 annual sustainability reports which used either stakeholder response or stakeholder involvement strategies, 13 of them mentioned workshops and round tables, 10 – discussions at conferences, and 7 – seminars. Even those companies who did not specify actions in relation to certain stakeholders (e.g. Chevron and BP), still showed a highly strategic approach to CSR by mentioning multiples case studies which describe close collaboration and concurrent interaction between corporate sector and local communities.

5. Discussion and Conclusion

This study intended to answer two research questions which are the following:

RQ1: *How do energy companies frame their motivation to engage stakeholders?*

RQ2. *What are specific CSR strategies used towards primary stakeholders, notably local communities?*

In order to do that, 20 energy companies with top market capitalization were selected, and their annual sustainability reports were analyzed. The results of this research present new insight for theory of stakeholder engagement in the field of CSR, business practice as well as recommendation for structural composition of such reports.

5.1. Orwell today, or doublethink as a corporate phenomenon

Classical content analysis of written text always has one constant quality: the analysis is conducted over what has been written as well as what is clearly missing. My interpretive analysis, nevertheless, made this little step into the field of opinions and perceptions and uses a framework which implies that some reported actions of a company might not be authentic. Authenticity is by definition is what goes from you own initiative, something which is defined by company management's moral compass and perception of what is right and what is wrong. Therefore, anything which goes against this concept (like external pressure or pragmatism) can be considered inauthentic.

In the rhetoric of most of corporate reports a lot of statements concerning stakeholders and CSR had distinctive moral and pragmatic patterns at the same time. In other words, some declared intentions concerning engagement of stakeholders were both pragmatic and moral, or moral and influenced by external pressure. I think this conjunction of seemingly opposite approaches raises a lot of questions concerning authenticity mentioned above and opens up a great field for further research.

The best metaphoric comparison of this dualism that I can think of is, of course, Doublethink, described in the book 1984 by George Orwell. Perhaps, this statement is rather far-fetched but the definition of this unsettling concept speaks volumes: "the act of simultaneous acceptance of two mutually contradictory beliefs as correct, often in distinct social contexts". This duality (or even triality, as claimed by my methodological framework) of how companies explain their motives to engage stakeholders, as shown by overwhelming majority of reports under analysis, has become rather urgent. The classical capitalist scheme "We work to make profit", which literally worked for centuries, is, surely, still valid today but is currently opposed by societal

demands and, probably, awareness that such a purely capitalist approach might repel clients, partners and suppliers. Therefore, companies are sometimes forced to cover their genuine motives under cover of morality or stakeholder pressure. Another valuable point in relation to pressure being put on corporate sector from outside is a rather interesting connection between a region of company and their attitude to stakeholders. Analyzed companies registered in regions with well developed civil society (Norway, France, UK) tend to pay much more attention to stakeholders than those countries which primary contractors are from societies with less developed culture of freedom and free speech (e.g. Russia). Despite this finding is more sociological and lies outside my research, I believe it is still worth mentioning in relation to corporate authenticity issue.

This finding gives an important point for discussion: what comes first: civil society which then influences corporate sector, or socially and environmentally responsible business which empowers communities? This question, bordering the areas of philosophy and social science, remains unanswered. The answer, if there is any, probably depends on your own position within the framework of company versus society. From corporate sector an attempt to keep balance between those two extremities has been observed. On the one hand, companies themselves recognize responsibilities which go far beyond standard capitalization schemes. On the other hand, the role of external pressure is also present in some reports, either directly as a separate section or more indirectly within a project description.

5.2. Stakeholders do matter but differently

Corporate communication, particularly in the area of stakeholder engagement has been correctly described by multiple scholars as a multidimensional process. Many earlier researchers including Freeman himself described stakeholder engagement as a one-way highway with corporate messages going basically only in one direction with very little reciprocity and with stakeholders being 'targets'. Nowadays, as has been shown by the analysis of annual reports, this one-way communication is not only rare but also rather undesirable for a number of reasons, e.g. because of high speed of information distribution,easier access to data and strong social demand for corporate transparency.

This global change which brought interaction to a totally new level has become a gift and a curse of huge companies. On the one hand, companies were given a powerful tool of engagement which would enable them to send their own message and shape public opinion as they please. On the other hand, this change is, basically, a system of checks and balances because stakeholders were given exactly the same tool of influence and their claims on firms could not be ignored anymore. This theoretical assumption, which goes from one academic work to another, has been confirmed

and researched in this work. As was planned, the study opened up several new angles of company versus stakeholders relationship.

First of all, in full accordance with the theory, stakeholders proved to be a powerful party. Most of companies did not use this term just for decorum but rather integrated this approach into the very body of their rhetoric, building the whole sections of reports around stakeholders. However, the degree of stakeholder involvement is different and varies from company to company. As shown by my analysis, approach to stakeholder involvement varies from region to region, therefore encouraging a regional and not a global approach to application of Freeman's theory. As some Chinese or Russian companies demonstrated less openness to stakeholder involvement than their Western competitors. Ironically, even most of stakeholder-friendly companies turned out to be European (TOTAL, BP, Statoil), despite the theory itself originated in America.

Secondly, it has been found out that in many cases stakeholders are not only empowered to inform about what they would like to see happening in the company but actively contribute to those changes. In the rhetoric of many companies some projects are explained as direct results of external influence. Their role is therefore more than just having "a talk" but resembles strongly those of lobbyist groups. This is truly an unusual finding because stakeholders are treated by Freeman and his followers as groups who can have a claim on the firm. This wording means that stakeholders might potentially influence the company but it does not meant that they certainly will. From corporate position, nevertheless, stakeholders are described as a true power with huge potential. Stakeholders are actually treated seriously by both business community and academia.

5.3. Differentiation of stakeholders. From the newspeak of stakeholders to concrete people

Freeman as a founder of stakeholder theory also came up with an approximate list of potential stakeholders who might have a claim on the firm. This idea received a very wide usage among companies under analysis. All corporations were subdivided into those which employed specific lists of stakeholders and those who only referred to stakeholders "in general". Those with "targeted" stakeholders like Chinese Petrochina and CNOOC emphasized valued creation for each stakeholder in its own specific manner as well specified sets of actions intended for each stakeholder.

Some companies, like Chevron or BP, only referred to a couple of stakeholders (e.g. local communities) while not specifying others. It might be an indicator that companies are willing to pay more attention exactly to those stakeholders. It is confirmed by analysis of some business cases described in each of the reports. In fact, companies pay more attention to specified stakeholders.

There was only one case of Gazprom who did not use the term of stakeholder at all.

Neither synonyms nor other references to external groups were found, and the whole narration of the report was built upon pragmatic purposes of the corporation. Furthermore, it becomes evident that Gazprom still prioritizes shareholders (which is totally normal) but ignores interest of those whom the company might influence indirectly.

5.4. Limitations and future research

Interpretive inductive content analysis, being probably one of the most effective ways of analyzing huge volumes of verbal data, such as annual sustainability reports, has certainly proved to be useful. I believe that such cases of voluntary data disclosure as aforementioned reports are indeed very suitable for my type of analysis. CSR reports are usually based on rhetoric which tends to appeal to key words, descriptions and texts in general, and not to numbers. Therefore, otherwise attempts to analyze such texts through statistical measurements, concrete numerical comparisons or economic extrapolation are hardly applicable. This enriches my analysis with opportunity to interpret data in different ways, look at data from different perspectives and, perhaps, see a bigger picture, a context which goes far beyond statistics of quantitative analysis. However, together with that, interpretive verbal analysis of report rhetoric (and my study in particular) certainly implies risks, which need to be mentioned in this section. Without diminishing the whole value of interpretation, as a great gift of human mind, it is important to point out the following scientific limitations of my chosen methodology:

Firstly, the question can be raised as to which extent the findings of this analysis can be generalized. This issue is caused by what Tate, Ellram and Kirchoff call "selection bias in the CSR reports" (2010, p. 39).In fact, there is no universal way of selection of companies for analysis. The choice of them is strongly dependent on the purpose of research and research questions. My choice of organizations was based on the assumption (implicitly or explicitly confirmed by multiple CSR scholars) that the more capitalization a company has, the more severe its impact is over society, environment and local policies. This means, inevitably, that with the change of research priorities, units of analysis might also change completely, limiting possibilities for generalization. Regarding my study, the findings are only generalizable within the context of energy corporate sector. It does not attempt to find any general patterns typical of stakeholder engagement through CSR strategies within any other sector or through theory different from that of Freeman.

Secondly, another issue is linked to the sample size. The study is based on the selection of 20 top energy companies with the highest market capitalization as of the year 2012. It means that my research was dedicated exclusively to the energy sector and those huge multinational companies which operate in this sector. The number of 20 was established for two reasons: academic

requirements of the University and internal need for reliability and validity. On the one hand, the number of 20 provides enough data for rich and deep analysis; on the other hand, it allows to manage research in terms of time which is, of course, not unlimited and bound to curriculum. Nevertheless, there is a probability that those companies down the list night contain some data which would make my analysis deeper and provide it with extra details or specifications.

Thirdly, there is a concern which is associated with CSR reports still being, to a large extent, acts of voluntary disclosure. Hence, lack of standardization, similar layout or unified segmentation of reports. There are certain global rules applicable to CSR practice, and there are a lot of common patterns across all analyzed reports, but there is still no one universal framework of data disclosure. For example, this heterogeneity results in number of report pages ranging from a couple of dozens to a couple of hundreds within one industry. Or the fact that companies use different names for reports although they discuss similar things in them (see Appendix 1). Generally speaking, it leads to necessity to standardize things by a scholar themselves, perhaps bringing unnecessary bias to analysis.

Fourthly, analysis of voluntary disclosure is based on what companies say about themselves because such reports are intended also for investors and share traders. Realistically, it brings a certain level of bias from companies' end because they might use such data disclosures for GR, PR and IR. As a result, my analysis was surrounded around what companies confirmed they were doing, and not what they did not want to do or what they failed to do. Some phrases, references of project descriptions were interpreted as those indicating failure, but with explicit mentioning of such things analysis would be even more reliable.

The last but not the least limitation is that interpretive content analysis surely does not help us find the Holy Grail of absolute truth. As can observed from the name, analysis is based on interpretation and personal perception. It therefore does not attempt to establish absolute rules, universally applicable to each and every business case but this interpretive approach allows to look at things more globally, possibly observing something new and academically relevant.

This analysis is only an attempt to understand the level of relationship between companies and stakeholders in the field of CSR. As this relationship is fluid and ever changing, it is next to impossible to establish rules and patterns once and for all. In this regard, this study remains perspective as long as its objects exists, which means for quite a long time. Therefore, the nature of such research is that it can potentially be expanded outside the scope of analysis which I established for this particular paper. Here are some possibilities to enrich my analysis (and not only mine but this research direction in general):

a. Together with interpretive content analysis of annual reports other methods of data

retrieval can be applied. Interviews with specific stakeholders (community leaders, environmentalists, press secretaries of municipalities and others) as well as with corporate representatives can enrich research with more data and help to look at things through the eyes of the other side which consists of concrete players. Their input can open up totally new perspectives over CSR and its application in private sector.

Furthermore, along with manual open coding which I used for my study, special software can be applied which can detect certain patterns and relations in an automatic way and possibly empower future researcher with more structured and classified observations of different sort. Some programs are already available online, and their usage might be determined by concrete research aims.

b. This topic is also open to assessment quantitatively, with primary focus being given to statistical disclosure, some numerical data and quantitative interrelations of variables. I believe this way of analysis has a huge potential in the sphere of CSR because in many sustainability reports (and in general annual reports as well) there are quantitative sections which provide precise numbers related to corporate activities concerning charity, environmental protection, biodiversity, human rights etc. It will surely give a totally new outlook on the nature of relationship between companies and stakeholder groups. The whole point of attention will then switch from corporate rhetoric (which basically was analyzed in this paper) to sharp statistics, leading to less opportunities for interpretation but more opportunities in terms of numerical analysis.

c. Another point for future research is a slight different focus when it comes to selection of units of analysis. The investigation can potentially be not "horizontal" wherein different companies are analyzed at a certain point of time (the year 2012 in this case), but "vertical" when one company can be analyzed retrospectively through different years of its stakeholder activity. This approach will resemble more a case study proper and will definitely give more focus (but less scope) to the field. This retrospective analysis might also help trace the evolution of relationship with stakeholders, find out when such a relationship was established, in which form, under which circumstances, as a result of whose initiative etc. This is a totally new angle which might shed more light on how CSR worked at its initial stage and contribute to a historical analysis of stakeholder theory itself.

d. Another opportunity is a comparative content analysis. Annual (sustainability) reports are certainly not the only source of information concerning CSR and relationship with stakeholders. In the era of new media such digital platforms as official websites, Twitter, Facebook, Instagram and other social networks are gaining more and more popularity. They provide a quicker, more interactive, more trendy channel of two-way communication, and available data must not be

ignored by academia. This study might compare information disclosure across several platforms, find similarities or differences in types of information, how it is presented and at whom it is targeted. Scientific and academic implications of such a research are very promising.

e. This paper can also be used for comparative study which involves analysis of, for example, small companies and their relationship with stakeholders. The initial assumption might be that small companies are less hierarchical and are therefore more flexible in terms of communication tools and more willing to engage with stakeholders more closely, on a more personal level. They probably also have less finance for PR and professional audit from expensive assurance companies. Whether this is true or not, what kind of consequences the results might have and is there any substantial difference between stakeholders' relationship with huge multinationals and relatively smaller organizations can constitute future research questions.

f. Another exciting opportunity which this research brings about is a mono-cultural analysis of stakeholder engagement in different countries. Stakeholder theory has long been very americanized, and was often used in relation to activities of American enterprises. My research has indicated that application of stakeholder theory has gone far beyond the borders of one country becoming a truly global phenomenon. Cultural differences, values, attitudes, power distance and other criteria described by Hofstede come onto the stage. How do Chinese perceive stakeholder management? Is it dramatically different from the Russians? How companies in Brazil address stakeholder issues? Whom do Australian energy companies prioritize and why? These questions are all linked to a highly perspective area of corporate communication within a specific culture.

g. It would also be interesting to conduct a survey among members of local communities, and then compare their feedback about certain project with official position of a company. This might reveal a considerable perception gap between corporate sector and local culture. On the one hand, people might stay much less informed than a company thinks they are. On the other hand, communities might have a potential to contribute much more to development and success of certain CSR projects. The main question in this regard is, naturally, do companies and people perceive one and the same CSR action in the same way? For CSR this is an important point because its whole ideology is constructed around "building bridges, not walls".

As can be seen, the potential of the research which I have conducted is very promising. The field of communication is a perspective growing area in a highly competitive environment. There is a growing demand in the world for more targeted, more genuine and more systematic corporate communication. The matter of authenticity as opposed to "green-washing " (semantically almost similar to brain-washing) is being actively researched nowadays because there is a growing concern that companies do not actually believe in some CSR activities and perform them only for

marketing purposes. Another baffling questions is, of course how fat can stakeholders go in their attempts ti influence private sector? Is there a change of an information war between companies, who still need to maximize profits and minimize loses, and society which obviously has broader interests.

The results of such an extended research can be proven useful in the future for a variety of organizations ranging from companies themselves and ending with different stakeholders like NGOs, academia, municipalities and lobbyists. It can help us all understand the nature of corporate social responsibility better, comprehend the origins of those processes going on in this field and, at the end of the day, foresee the future of this field.

5.5. *Managerial implications*

One of most powerful motivational drives to conduct this study was its potential managerial significance. Indeed, research is much more valuable when its findings might be incorporated into the sphere of pragmatism, especially when it comes to corporate communication which is in itself a phenomenon which originated within office walls and only later became an object of academic exploration.

Several managerial implications emerge from this research:

a. Companies who target their stakeholders receive more feedback and therefore have more data to work with. This creates synergy between corporate sectors and stakeholder, and at the end of the day both sides benefit. So, companies receive a powerful instrument to eliminate possible future issues with local communities, government and other stakeholders by listening to their concern at a very early stage. So, instead of corrective measures business will only have to do preventive measures, which are usually cheaper.

b. A lot of companies explicitly confirm in their annual reports that they get involved in certain projects because of external pressure from stakeholders. They provide multiple examples of how this cooperation goes and what results it has. It proved that stakeholders are not considered as a decorum which might be used for pure PR purposes but as a real bargaining power. It has very important implications for society and for academia, because what we see is basically a change in thinking paradigm of huge companies. These changes are also seen on other, more interactive platforms like social media or corporate websites.

c. Companies should respect host culture. As analysis of Chinese annual reports has shown, local context is very important when it comes to two-way communication. Since Chinese culture is law-oriented and inclined towards authority and order, even the most involving and including companies have adjusted to this situation. Despite annual sustainability report is a global reports

and reflect company's activities all over the planet, certain precise projects might be described within the context of local culture.

       d.   Prescriptive annual reports, that is the reports which involve future plans show more commitment and responsibility. Demonstration of what has been down together with what is planning to be done has a stronger communicative effect and puts more responsibility on corporations.

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Appendix I. A full list of annual sustainability reports under analysis and their URLs:

BG. (2012). *BG Group Sustainability Report 2012*. Retrieved from
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BP. (2012). *Sustainability Review 2012*. Retrieved from
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ConocoPhilips (2012). *2012 Annual Report*. Retrieved from
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Schlumberger. (2012). *Blue Print In Action*. Retrieved from
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Sinopec. (2012). *2012 Annual Report and Accounts*. Retrieved from
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Suncor. (2012). *2012 Summary Report On Sustainability.* Retrieved from

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TOTAL. (2012). *CSR Report 2012*. Retrieved from

      http://total.com/en/investors/institutional-investors

Analyzed PDF Pages Total Per Company

Company:	Number of analyzed PDF pages:
ExxonMobil	67
PetroChina	71
Royal Dutch Shell	42
Chevron	45
BP	50
Ecopetrol	383
Petrobras	186
TOTAL	42
Gazprom	64
CNOOC	100
Sinopec	202
Rosneft	119
Schlumberger	21
Eni	264
Statoil	58
ConocoPhilips	214
Oxy	20
Lukoil	100
BG	63
Suncor	36

Table A1