



Arctic Petroleum: Local CSR Perceptions in the Nenets Region of Russia

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Introduction

Although many players in the oil and gas industry regard social and environmental sustainability as key elements of corporate social responsibility (CSR), there is as yet no common understanding of what CSR means among businesses, NGOs, scholars, or community groups (Aguinis and Glavas, 2012; Brammer *et al.*, 2012; Dahlsrud, 2008; Ellis and Bastin, 2011; Frynas, 2009; Jamali, 2008; Montiel, 2008). While the petroleum sector has been praised as a champion of CSR action (Frynas, 2005: 581), some have accused the industry of using CSR as an exercise in greenwashing (McQueen, 2015; Vries *et al.*, 2015).

The scholarly literature contains a variety of CSR theories and conceptualisations (Godfrey and Hatch, 2007; Muniapan and Dass, 2008). Others explore stakeholder perspectives (Barron and McDermott, 2015; Doh and Guay, 2006; Du and Vieira Jr., 2012; Kirat, 2015). Several authors explain that perceptions and insights of non-business stakeholders are still underrepresented (Ditlev-Simonsen and Midttun, 2011: 25; Skouloudis *et al.*, 2015: 95).

In seeking to redress this gap, this article presents the results of 34 in-depth interviews on attitudes towards CSR policies among companies, local and regional authorities, and local people (indigenous and non-indigenous) working or living in the Nenets Autonomous Okrug (NAO) in the Russian Arctic. This approach, we believe, is the first cross-sectoral analysis of CSR perceptions in NAO and a first for Arctic petroleum studies whose focus has tended to be on perceptions of people in a single sector. The importance of NAO in Arctic petroleum is related to the long-term domination of oil in the regional economy, which over past decades has contributed significantly to the Russian economy (NAO, 2014; Degteva, 2006; Stammer and Peskov, 2008; Tuisku, 2002).

This article provides a platform for local voices, irrespective of the sector in which they work, to describe their perceptions of CSR in their own words and to express their thoughts on what oil and gas companies should and should not be doing with respect to CSR. By identifying local perceptions, we reveal challenges and opportunities faced by petroleum companies in implementing CSR in NAO.

The next section provides a brief literature review followed by a description of the case study and methodology. Results are then presented in terms of how interviewees understand the CSR concept, how they describe CSR practices in their local community, and their thoughts on the responsibilities of petroleum companies operating in the region. The discussion section looks at challenges and opportunities for petroleum companies in the region while the conclusion summarises this paper's contribution, its social and practical implications, and suggestions for further research.

2. CSR in a Russian Context

Friedman (1970) famously argued in his *New York Times* article "The Social Responsibility of business is to increase its profits" in favour of limiting the scope of CSR, as businesses contribute to society simply by providing jobs, which in itself has economic ripple effects. Since then, the science and practice of CSR have evolved and diversified (Aguinis and Glavas, 2012; Argandoña and von Weltzien Hoivik, 2009; Brammer *et al.*, 2012; Dahlsrud, 2008; Ellis and Bastin, 2011; Montiel, 2008). Conceptualisations of CSR today place a stronger emphasis on responsibilities of businesses to communities and environments affected by their actions (Bénabou and Tirole, 2010; Ditlev-Simonsen and Midttun, 2011; Frynas,

2009; Godfrey and Hatch, 2007; Muniapan and Dass, 2008). Various studies of petroleum-related CSR programmes around the world have had different objectives and different outcomes (e.g. Dana *et al.*, 2008, 2009; Frynas 2005; Gulbrandsen and Moe, 2005, 2007; Kirat, 2015; Rowe, 2016; Schmidt, 2011; Wilson, 2016; Wilson and Stammler, 2006).

Frynas (2005) and Gulbrandsen and Moe (2007) distinguish between micro and macro-level CSR, the latter finding (p. 813) that micro-level CSR activities by their nature

involve 'benign' and uncontroversial issues and projects, potentially benefiting both company reputation and community development. By contrast, macro-level CSR refers to the responsibility of transnational companies (TNCs) for the broader economic, political, social and human development in host countries.

In Russia, the term "Corporate Social Responsibility" was adopted after the break-up of the Soviet Union, even though many practices constituting a CSR framework today are akin to traditional social responsibilities of industries during the Soviet period (Tchourilov *et al.*, 1996; Wengle, 2015). In the Soviet model, the dominant industry in a community (particularly in Northern Siberian oil company towns) was also responsible for social infrastructure; i.e., everything from electricity supply, education, and health care to public baths (Stammler and Wilson, 2006: 17). Today, most large Russian companies have a CSR or sustainability policy and many still play a larger local role in communities than the state (Rusal, 2008: 5-6).

Companies usually need the approval of a community to obtain a "social licence to operate" (Moffat and Zhang, 2014; Wilson, 2016; Zinkin, 2004), which is possible within a micro-level CSR framework. The economic support that companies offer communities for social and cultural purposes may therefore be understood as a form of informal, voluntary taxation as well as a necessary investment in protecting property rights (Gaddy and Ickes, 2005: 561). Obligations can also be included as terms in the licences for petroleum and other resource exploration or production, formulated as agreements between companies and regional or local authorities. These agreements can stipulate a range of social activities to be undertaken by a company operating in the region.

3. Nenets Autonomous Okrug (NAO)

In the Russian Arctic, onshore oil and gas production has a decades-long history of mutual interaction between petroleum companies, regional authorities, and local populations, including indigenous communities (Alekperov, 2011; Tchourilov *et al.*, 1996). While state companies previously dominated, privatisation and the entry of Western petroleum companies into the region have changed the relational dynamics among stakeholders (Stammler and Wilson, 2006).

NAO is a region in the Russian Arctic with approximately 43,000 inhabitants spread across an area of 176,810 km², mostly lying north of the Arctic Circle. The administrative centre, Naryan-Mar, has a population of roughly 21,000. The region occupies the northern part of the hydrocarbon-rich Timan-Pechora basin.

Oil production in NAO started in 1984; today, the region contributes about 3 per cent of Russia's overall production (NAO, 2012). Oil accounts for more than 90 per cent of NAO's total industrial output (GKS, 2014b), providing the region with the highest gross regional

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3 product per capita in Russia (GKS, 2014a). In contrast to most Russian petroleum-producing
4 regions, production volumes grew primarily after 1990, making petroleum a comparatively
5 recent industry. Eighty per cent of expected extractable resources have yet to be produced
6 (NAO, 2012), so petroleum production will be important for the region for many years to
7 come. NAO has regional-level legislation defining relations between companies and
8 communities and there is considerable experience in drawing up benefit-sharing agreements
9 with local communities (Degteva, 2006; Stammler and Peskov, 2008; Tuisku, 2002).

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12 Oil and gas production in NAO is dominated by Russian companies, including Lukoil,
13 Naryanmarneftegaz (70 per cent owned by Lukoil), Rosneft, and Bashneft. When this study
14 was completed, the French-owned company Total E&P Russia was operating in parts of the
15 Kharyaga oil field until it sold its 40 per cent stake to state-owned Zarubezhneft. Other
16 participants during the time this study was carried out were the Norwegian company Statoil
17 (30 per cent), Zarubezhneft (20 per cent), and Nenets Oil Company (10 per cent). The oil and
18 gas industry accounts for perhaps as much as 96 per cent of regional tax revenue (Federal Tax
19 Service, 2014).

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22 As of 2010, NAO's indigenous population counted approximately 11,100 of whom 7,500
23 were Nenets and 3,600 Komi. Many pursue reindeer husbandry livelihoods. Over 100 herding
24 units manage 186,000 reindeer (GKS, 2010), with herding occurring across the okrug.
25 Herding co-exists with the oil and gas industry whose production sites and pipelines occupy
26 relatively large swathes of land (Zakariassen, 2012). Under Federal Law N-82 (1999),
27 indigenous peoples have the right to be consulted and to take part in the environmental
28 assessment of industrial development plans affecting their traditional areas of habitation.
29 Under this same law, indigenous peoples are also entitled to compensation for any losses
30 incurred as a result of industrial activities in their traditional land areas. Indigenous peoples
31 are represented by the reindeer herder association Yasavey which has a well-established
32 dialogue with regional authorities.

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35 Under the Regional Law on Subsoil Resource Usage, awarded licences shall accommodate
36 the interests of resource exploitation and the rights of indigenous peoples to maintain their
37 traditional livelihood (Khmeleva, 2008). After this law was adopted, licensing policy became
38 a federal prerogative and it is therefore unclear how much legal weight the regional provisions
39 still carry. Furthermore, several traditional lifestyle preserves have been created regionally to
40 protect reindeer herding (Naryan Vinder, 2014). Although federal law limits land preservation
41 opportunities in such territories, establishing them indicates that efforts are being made. The
42 development of a GIS map by the indigenous organization Yasavey and the Norwegian Polar
43 Institute in 2010 has been described as an important step in identifying migration routes and
44 easing negotiations on land use (Zakariassen, 2012: 5). But laws, rights, and organisations do
45 not mean that all conflicts are solved. Several authors (Pika and Bogoyavlensky, 1995;
46 Stammler and Peskov, 2008; Wilson, 2003) have recorded the problems facing indigenous
47 peoples around Russia in dealing with petroleum companies alongside wider challenges of
48 Russian governance with respect to resource exploration and extraction.

51 52 **4. Method**

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54 The data presented in this article were obtained through 34 in-depth, semi-structured
55 interviews (Table 1) conducted and qualitatively analysed to extrapolate the perceptions,
56 views, and expectations of CSR of four main groups: (i) local populations, both indigenous
57 and non-indigenous; (ii) representatives of regional and local authorities; (iii) petroleum
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3 company representatives; and (iv) academics and environmental NGOs. Interviews were
4 structured around a common interview guide covering conceptual understandings of CSR;
5 local activities and programmes set in motion by oil and gas companies; and the interviewees'
6 normative perspectives of the social and environmental responsibilities of petroleum
7 companies operating in the region.
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9 10 Table 1: Interviewees in NAO

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12 Most of the interviews were carried out during two field trips to NAO's capital Naryan-Mar,
13 in June 2013 and April 2014, including a one-day trip to the village of Nelmin-Nos and two
14 day-trips to interview people living on the tundra. Six interviews were carried out in Moscow,
15 where the head offices of most petroleum companies are located. All interviewees remain
16 anonymous.
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19 The principal researcher (an intermediate Russian speaker) was helped by a research assistant
20 (a fluent Russian speaker) as an interpreter and note-taker during all of the interviews in
21 NAO. After each interview, both transcribed the interviews together based on the two sets of
22 notes and memory. The interviews in Moscow, with one exception, were carried out in
23 English and were transcribed by the principal researcher alone. The interview data were
24 categorised and coded in a spreadsheet, enabling systematic analysis and comparison of
25 community groups on each of the questions.
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28 In the Russian interviews, the Russian term *korporativnaya sotsialnaya otvetstvennost* (KCO)
29 was used for CSR, a commonly used literal translation of 'corporate social responsibility'. If
30 interviewees were unaware of the term, then they were asked to talk about what oil and gas
31 companies in the region, as far as they knew, did for the local community socially and
32 environmentally and what, in their opinion, the companies ought to be doing for society and
33 the environment.
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35 36 5. Results

37 38 5.1. Varying meanings and understandings of CSR

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40 The concept of 'Corporate Social Responsibility' (*korporativnaya sotsialnaya*
41 *otvetstvennost'*) or variations thereof were familiar to all Naryan-Mar interviewees. In
42 explaining its meaning, they emphasised either the goodwill of company decision-makers,
43 companies' readiness to meet the expectations of regional authorities, or the use of CSR as a
44 public relations tool aimed at creating a positive company image. When moving to specifics,
45 interviewees diverged in their interpretations (Table 2).
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47 48 Table 2: Examples of interviewees' understanding of the term and concept of 'CSR'

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50 Both the term and concept of CSR are known, accepted, and understood by the interviewees,
51 who are in broad agreement regarding its overarching meaning. Perceptions of the conceptual
52 details vary widely, although our interviewees were aware that not everyone shared their
53 particular conceptual view. In particular, a clear difference of opinion emerged regarding
54 whether or not CSR meant doing anything extra. Some believed CSR was about everything a
55 company does to benefit the community (e.g. Interviewee 27). Others suggested that CSR
56 comes in addition to a company's typical or regular activities (e.g. Interviewee 2).
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3 One implied common thread is that money is one if not the necessary main aspect of CSR.
4 Table 2 mentions words such as “help”, “support”, and “projects”, accepting that financial
5 resources are needed for those activities but it is not just about handing over cash, instead also
6 being about involvement in implementing projects. In fact, members of the public readily
7 embrace the meaning of CSR whereby the company does as much as it can. A company
8 representative (Interviewee 24) sees this as a difficulty, explaining that the company wants to
9 restrict activities and narrow the scope of its CSR. Interviewee 24 also explained that in his
10 company, “CSR” and “environment” are seen as two completely different tasks, of which the
11 latter belongs under Health, Safety and Environment, thereby dividing CSR into specific
12 activities.
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15 These findings echo those of previous studies which also failed to find uniform understanding
16 of the meaning of CSR for businesses, NGOs, scholars, or community groups (Aguinis and
17 Glavas, 2012; Amaeshi *et al.*, 2006; Brammer *et al.*, 2012; Dahlsrud, 2008; De Roeck and
18 Delobbe, 2012; Ellis and Bastin, 2011; Frynas, 2009; Jamali, 2008). Instead, different people,
19 groups, or communities develop their own interpretations, understandings, and hence
20 expectations of CSR, possibly leading to disappointment and criticism We see examples of
21 this in Sections 5.2 and 5.3, and in a Murmansk study conducted by Rowe (2016).
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24 *5.2. The micro-level focus of perceptions of specific CSR activities*

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26 All interviewees were asked about (i) their awareness of CSR actions and programmes in
27 NAO; (ii) how companies in their opinion were fulfilling CSR in NAO; and (iii) whether they
28 were aware of specific CSR measures and activities in NAO.
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31 Apart from interviewees in Nelmin-Nos, a village not directly affected by petroleum
32 activities, interviewees in NAO were all able to describe specific projects or activities under
33 their expectations of CSR. In Nelmin-Nos, some interviewees could not see why a researcher
34 wanted to interview them about the oil and gas industry’s CSR, since there were no petroleum
35 operations in their area (Interviewees 29, 30, and 32). CSR had no relevance for them because
36 no companies operated in their area, so they had no expectations.
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39 In NAO, many interviewees mentioned how the company spent money on different activities
40 or programmes for the social or cultural benefit of their communities or as compensation for
41 using the land (Interviewees 2, 4, 5, 6, 8, 10, 15, 17, 19, 20, 24, and 26). The French company
42 Total’s local involvement was particularly well-known. Total, for example, offered free
43 French language classes and donated French books to local libraries, while also financing a
44 local school together with the Norwegian company Statoil (mentioned by Interviewees 1, 2, 9,
45 10, 13, and 33). Overall, the interviewees mentioned three types of CSR-related arrangements.
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48 First, the funding of regional authorities. Interviewees explained that one of the largest
49 contributions to society by the petroleum companies came in the form of a negotiated sum of
50 money transferred from companies to the regional administration (in addition to tax revenue).
51 The regional administration then allocated these funds for social and cultural projects. NAO’s
52 Department of Natural Resources signs agreements with the companies detailing the latter’s
53 participation in the region’s socio-economic development.
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56 Second, direct funding of specific projects. Examples in NAO are schools, orphanages, health
57 facilities and programmes, educational programmes, and cultural events. In some cases, the
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3 regional authorities had asked for project financing based on an assessment of local needs. In
4 other instances, projects were initiated by the companies themselves.
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6 Third, direct agreements are made between the petroleum companies and the local population.
7 In areas where the companies operate, they are obliged to negotiate deals with affected
8 reindeer herder units. These units receive economic compensation and other benefits for the
9 land they have lost to the oil and gas industry. Although the agreements are confidential,
10 according to interviewees these “other benefits” can be one-off payments of an agreed sum of
11 money; helicopter transport for people and goods, such as bringing reindeer meat to market;
12 and delivering food, fuel, and equipment. People also ask the companies to support festivals,
13 to fund competition prizes, and to purchase equipment.
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16 Reindeer herder units are only supported, however, if their pastures are directly affected by oil
17 and gas activities. An adjacent unit might receive nothing. Differences in living standards are
18 emerging where neighbours who once shared similar prospects and livelihoods are now
19 separated by differences in wealth. This situation was described as a source of conflict, not
20 only because of the sense of unfairness and jealousy, but also because some people found it
21 hard to preserve traditional livelihoods while others were opting for a more modern lifestyle.
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24 The three forms of economic input described above are all instances of micro-level CSR in
25 practice. Not a single interviewee in NAO mentioned any examples of macro-level measures
26 such as supporting human rights or promoting good governance. This finding contrasts with
27 other studies of micro- and macro-level CSR among petroleum companies. Wilson (2010),
28 who studied CSR in Azerbaijan, found an awareness of both levels of CSR activity being
29 implemented in tandem, with mixed success. The three types of activities in NAO are also
30 found in Azerbaijan along with macro-level actions addressing human rights and wider
31 environmental topics. Meanwhile, the findings of a case study of petroleum-related CSR in
32 Nigeria paralleled our own findings: Frynas (2005) explains how a focus on micro-level CSR,
33 to the neglect of macro-level CSR projects, led to the same perceptions among villagers of
34 jealousy and unfairness. Yet the micro-level actions also tended to satisfy those who gain
35 from them, as detailed in section 5.3.
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38 *5.3. CSR supporting perceived social needs and expectations*

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40 The interviewees more or less agreed that petroleum activity benefits NAO to a large extent.
41 Only Interviewee 16 was categorically against the industry, saying “It would be better if the
42 companies weren’t here, because we don’t get anything from them of importance to us.”
43 Nevertheless, the community, in the eyes of many interviewees, benefits less than the industry
44 could and should deliver, considering how much the companies earn. People in NAO are
45 relatively prosperous compared with people in other Russian regions, but as Interviewees 2
46 and 13 said, they could have been living “like in the Emirates” if the money were distributed
47 better.
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50 When we asked interviewees what they thought the petroleum companies should do for the
51 community under the CSR banner, responses varied (Table 3). Some ideas recurred, such as a
52 need to improve basic public services including social services, sanitary systems, housing, and
53 clean drinking water, especially in areas far from NAO’s capital, Naryan-Mar, while generally
54 boosting the standard of living (Interviewees 5, 2, 3, 13, 31, 32, and 33). A planned Aquapark
55 in Naryan-Mar was mentioned as an example of extravagance, especially since people’s basic
56 needs were still not met satisfactorily. There were also calls for local competence building
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measures and job opportunities. Few locals work in the oil industry because, as the companies stress, they need specially skilled workers that are hard to find locally. Several interviewees were nonetheless interested in company projects aimed at training and hiring local staff (Interviewees 2, 3, 4, 14, and 33). Companies were appreciated for sponsoring festivals and cultural events (Interviewees 1, 29, and 32).

Table 3: Examples of what interviewees perceive as needs and expectations of CSR

Several interviewees said that if CSR staff were really interested in identifying needs and making a positive difference to the communities, then they should talk to people where they live, not expect people to travel to the capital Naryan-Mar for meetings and negotiations, which is difficult for many who live in remote areas. Reindeer herders spend much of the year on the tundra and cannot easily leave their herds, while transport infrastructure is limited.

Many interviewees (Interviewees 1, 2, 3, 5, 6, 4, 9, 11, 22, and 33) wanted to see improvements to procedures and communication between people and petroleum companies, suggesting that all parties should be involved in negotiations, especially reindeer herders. With workable procedures in place, herders could notify companies about oil spills which might otherwise go undetected (Interviewee 8).

Some caution was expressed regarding petroleum-related CSR in NAO. Two of the indigenous interviewees thought the petroleum companies' social contributions could be limited to avoid lessening the focus on traditional livelihoods (Interviewee 7) and to avoid creating a beggar mentality (Interviewee 10).

The needs, expectations, and concerns of interviewees regarding CSR projects were mostly related to social aspects, with environmental issues hardly being mentioned unless prompted by the interviewer. Only three interviewees in NAO mentioned "ecology" or "environment" when asked about the petroleum companies' CSR performance (Interviewees 10, 16, and 28). Four other interviewees mentioned climate change as a challenge for animals or reindeer herders (Interviewees 3, 13, 30, and 33), but did not make a link to petroleum-related emissions or to CSR.

Amaeshi *et al.* (2006) found a similar lack of interest in the environment when they studied oil-related CSR in Nigeria. Stakeholders were much more interested in social and business matters. In contrast, Wilson (2016) found that people in the Komi Republic and Sakhalin in Russia were much more concerned about the environmental implications of petroleum development, although they were sometimes willing to accept harm to the environment in return for what they perceived to be the social benefits brought by petroleum extraction. Similarly mixed views are observed in North America. Dana *et al.* (2008, 2009) found that communities in northern Canada welcomed the social rewards from CSR from petroleum development but were apprehensive about potential environmental impacts, matching findings from Alaska (Schmidt, 2011).

6. Discussion

6.1. With whom should petroleum companies work?

International petroleum companies operating in NAO have to deal with the regional authorities to get a formal licence to operate, which links CSR to these authorities. Companies

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3 may additionally choose to engage directly with the local population, formulated as a “social
4 licence to operate” (Moffat and Zhang, 2014; Wilson, 2016; Zinkin, 2004) often raising the
5 question of how far company representatives should go to engage with the population face-to-
6 face. As seen in section 5, this topic yielded strong but mixed opinions from the interviewees.
7 The regional authorities, some argued, were best suited to handling how the petroleum
8 companies fulfilled CSR. Others insisted that petroleum companies should consult with the
9 population directly, typically because they had little trust in the authorities.
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11 Interviewees highlighted benefits and disadvantages of each approach, in line with the CSR
12 literature. The main benefit of consulting with the population is that the companies get to
13 decide for themselves which projects to support (Gulbrandsen and Moe, 2005; Wilson, 2016;
14 Wilson and Stammer, 2006). They also have the option of monitoring and evaluating project
15 output and performance. The disadvantage of direct support is that more resources are needed
16 to maintain a strong local presence and to gain a thorough knowledge of the context.
17 Companies are not necessarily willing to engage at this level, so consultations can be
18 superficial and incomplete as a result (Frynas, 2005; Stammer and Wilson, 2006). An outside
19 company that assumes it already knows how best to support the locals is likely to be
20 perceived as provocative and arrogant, being unable or unwilling to fully understand
21 community dynamics (Cooke and Kothari, 2001; Pretty, 1995; Walmsley, 2006).
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25 Conversely, while it might be more efficient for companies to focus on the regional
26 authorities, the companies then cannot control exactly how the money is spent. In theory, they
27 could use their clout to demand more transparency from the authorities, for themselves and
28 for the public, plus they could aim for macro-level CSR projects. In practice, opinions are
29 divided on whether macro-level CSR projects are ethically or operationally viable, since
30 companies often lack macro-level capacity and expertise. As Stammer and Wilson (2006: 16)
31 note, “Despite their talk of promoting sustainable development, international oil companies
32 and their lenders frequently state that they do not have the right to influence how governments
33 manage project revenues.”
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36 In NAO, petroleum companies have sought some semblance of balance in their CSR
37 activities. They support both the regional authorities and the local population directly. But
38 these projects are all micro-level with little apparent impetus to tackle the macro-level. This
39 situation might exist because the companies wish to contribute as little as possible in order to
40 operate successfully in the area. Since they know that Russian indigenous peoples are used to
41 working with petroleum companies (Stammer and Wilson, 2006), the companies involve
42 everyone in consultations but steer clear of promoting fundamental change in society. This
43 situation is analogous with what Frynas (2005) dubbed the “false development promise”
44 whereby companies fail to deliver development as promised, as seen in Murmansk (Rowe,
45 2016). Rather than working closely with affected groups on their own terms, companies often
46 prefer to work with those in the best position to advance the companies’ business interests.
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49 6.2. *Recognising and dealing with community heterogeneity*

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51 A central feature of our findings is the wide variation in the responses, not only between
52 community groups and sectors, but also within them. In determining CSR policies, petroleum
53 companies need to be conscious that helping some groups, or certain sections of a group, may
54 result in conflict with others, as was noted in connection with the reindeer herding units.
55 Whether to help all or just some is therefore a dilemma, as is defining ‘equity’ compared to
56 ‘equality’ in providing assistance and determining how to broach these thorny topics.
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4 Yet it is not definite that all reindeer herders seek or want CSR support from petroleum
5 companies, nor that everyone in a unit would sign a petroleum-related agreement (see also
6 Wilson and Stammer, 2006). Leaders may make decisions without involving every one of the
7 herders affected, and herders spend much of their time on the tundra anyway and cannot
8 always take part in communal decision-making. Using NAO as an example, Tulaeva (2014)
9 describes a variety of laws, regulations, conflicts, and conflict resolution mechanisms for
10 reindeer herders and petroleum companies. And like other researchers (e.g. Montiel, 2008;
11 Muniapan and Dass, 2008; Skouloudis *et al.*, 2015; Wilson and Stammer, 2006), including
12 the present author, Tulaeva was also unable to find evidence of a “one-size-fits-all” approach,
13 the theoretical model explored and refuted by Argandoña and von Weltzien Hoivik (2009) in
14 Europe.
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17 Such challenges are common to participatory processes in development projects, to which
18 resource-related CSR belongs. Communities are not homogeneous, leaders can represent a
19 clique or faction rather than the whole group, and decisions must be made and implemented in
20 the face of disagreement with power relations playing a significant role (Cooke and Kothari,
21 2001; Pretty, 1995; Walmsley, 2006). Degteva (2006), Stammer and Peskov (2008), and
22 Tuisku (2002) suggest ways of overcoming identified difficulties related to consultation,
23 involvement, and agreements with indigenous communities in NAO, with Buxton and Wilson
24 (2013) laying out a general framework for CSR-related community consultations—all
25 ensuring that community heterogeneity is recognised, accepted, and factored into the
26 consultations. Despite the time that has elapsed since those studies were published, our results
27 suggest that their work matches the situation in NAO.
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30 31 6.3. *Differing time scales of priorities and interests*

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33 The interviewees’ focus on day-to-day issues in connection with CSR, namely micro-level
34 projects, demonstrates where petroleum companies could make a difference. To what degree
35 should petroleum companies take responsibility for a community’s short-term and long-term
36 future (e.g. Bénabou and Tirole, 2010)? Given the enormous amounts of resources which
37 petroleum companies need to invest in production infrastructure, decisions have to be made
38 well in advance, sometimes years, with plans drafted for decades ahead. In theory, petroleum
39 companies’ CSR policies could involve plans to develop the NAO economy and society in
40 step with growth in production capacity. None of the interviewees, including petroleum
41 company representatives, mentioned this macro-level possibility. Only the indigenous
42 interviewees mentioned the long-term petroleum-related concern of climate change, although
43 without linking it to possible climate-related CSR projects.
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46 A generation has now passed since the fall of the Soviet Union, where community viability
47 was considered to be part of corporate roles and responsibilities. This is no longer the case for
48 international companies (Stammer and Wilson, 2006). But companies still need community
49 approval to obtain a “social licence to operate” (Moffat and Zhang, 2014; Wilson, 2016;
50 Zinkin, 2004) which can often be achieved simply by meeting short-term needs. Some
51 interviewees, for example, want companies to supply goods such as snowmobiles as part of
52 their CSR policy, an attitude that could be criticised for short-termism. But as a means of
53 communication and transport, snowmobiles create job opportunities and significantly improve
54 quality of life. The downside is that they require petrol, oil, insurance, maintenance, and
55 ultimately replacement, especially after having relied on them for a while. Should the
56 company providing snowmobiles also pay for some or all of the owners’ subsequent costs?
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4 Even if companies feel they should take a longer view in their responsibilities to the
5 community, including for instance a climate change policy (e.g. Beale and Fernando, 2009),
6 should they do so if the community has not asked them to (keeping in mind that no
7 community is homogeneous as noted in section 6.2)? Jobs in the oil and gas industry and
8 small business development, although mentioned by some interviewees, do not seem to be at
9 the centre of what locals in NAO appear to want. This might reflect apathy, inertia, or
10 ignorance of the possibilities—or perhaps desires like these seem unrealistic. Interviewee 18
11 explained, “It’s easy to sell [the prospect of] oil and gas [production] to the local communities
12 because they get advantages such as taxes and social support. It is less evident that the
13 companies involve local businesses or employ local people. It’ll take many years to teach
14 people to work in the industry. It’s safer and easier [to hire in] people from other places. This
15 is what is not discussed with the local population.”
16
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18 Similarly, our results show the low priority of environmental considerations in CSR projects
19 and interests in NAO. While company engagement with the environment in many contexts is
20 viewed by locals as “greenwashing” (Vries *et al.*, 2015), environmental issues are not
21 considered in detail by the interviewees here. Climate change was the main environmental
22 topic, and it was unclear how the companies were expected to respond. This finding differs
23 from other studies in NAO (Degteva, 2006; Tulaeva, 2014; Tuisku, 2002) which found
24 heightened concern among indigenous peoples in particular regarding the industry’s impact
25 on their land and environment. The explanation of the difference may be that people do not
26 associate environmental sustainability with CSR or may simply have other, more pressing
27 concerns (Forbes and Stammler, 2009), so shorter-term social and economic needs take
28 precedence over longer-term environmental concerns.
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31 **7. Conclusions**

32 *7.1 Summary of this paper’s contribution*

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36 This paper presents practices and perceptions of CSR in NAO, an Arctic region in Russia
37 heavily influenced by the petroleum industry. The work builds on past studies of petroleum
38 company activities in the region (Degteva, 2006; Stammler and Peskov, 2008; Tuisku, 2002).
39 This study, we believe, is the first cross-sectoral analysis of CSR perceptions in NAO and is
40 comparatively unique when it comes to Arctic petroleum studies, which have tended to focus
41 on perceptions of affected groups in a particular sector. Our cross-sectoral results indicate that
42 international petroleum companies, even though they often wish to promote sustainability
43 with their CSR projects, tend instead to focus on micro-level projects.
44
45

46 The data and analysis reveal differences in respondents’ views and interests, not only between
47 specific groups—such as the local population, petroleum companies and regional
48 authorities—but also within these groups. It is therefore particularly important to be conscious
49 of the limitations of grouping people, for example in “indigenous” and “non-indigenous”
50 categories, as if each were homogeneous. Rather, it is crucial to understand local contexts,
51 local power differentials, local expectations of different groups, and local expectations of
52 those groups’ members. Our findings also show that providing support to some groups but not
53 to others is likely to cause conflicts by creating differences between people who previously
54 were or perceived themselves to be on equal terms. If local contexts and differences within
55 and between groups are to be understood, then people need to be consulted and engaged with
56 on their own territory in their own ways.
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4 If petroleum companies want to support local people on local terms—which may or may not
5 be in line with CSR policy—then they will need to invest both time and money for conducting
6 proper consultations. Such actions will involve ensuring that all members of a community or
7 group are consulted, separately or in groups, while accounting for power differentials (Cooke
8 and Kothari, 2001; Hickey and Mohan, 2004; Pretty 1995). If the consultation involves only
9 leaders of established groups and people who can travel to the capital, then petroleum
10 company staff might not get a full picture of different and diverse needs. The same applies if
11 the focus is mainly on micro-level CSR projects. If time is spent getting to know the local
12 context, engaging with the regional authorities, talking to people where they live, and
13 combining an understanding of what people want with the companies' own initiatives, then
14 petroleum-related CSR projects have a chance of succeeding at micro and possibly also macro
15 levels.
16

17 18 *7.2 Implications for research and practice* 19

20
21 Despite the frequent focus in the corporate sector on short-term profit (Beale and Fernando,
22 2009) and the ever-changing difficulties of operating in Russia (Locatelli, 2006), petroleum
23 companies have to plan infrastructure investments decades ahead. While companies can have
24 a longer-term perspective, many people in the communities may be struggling to meet their
25 basic and day-to-day needs, although this situation does not rule out planning to ensure that
26 their children have a better future. The importance of local context also means that caution is
27 advised when considering the transferability or generalizability of lessons, within NAO and
28 elsewhere in and outside the Russian Arctic. Balancing these time and space considerations is
29 perhaps the hardest CSR challenge faced by petroleum companies around the world.
30

31
32 A balance can be achieved if the companies wish to do so. Participatory development
33 techniques and critiques of them are well-known in the literature (Cooke and Kothari, 2001;
34 Hickey and Mohan, 2004; Pretty, 1995), so if companies want to apply known lessons, then
35 they could hire development practitioners, anthropologists, and/or locals to ensure that
36 consultations are conducted and decisions are taken with suitable methods (e.g. Buxton and
37 Wilson, 2013). The meaning of “suitable”, as with the meaning of “CSR”, will change with
38 each context, so companies must be prepared to make an adequate resource commitment and
39 to be flexible.
40

41
42 Companies might not be interested in this approach or might not be willing to make the
43 commitment. But they must then be prepared for the consequences, as indicated by this work.
44 CSR efforts can exacerbate inequality and conflicts within a community; they can wittingly or
45 unwittingly support corruption and power abuse; and they can harm the communities and the
46 environment. That is, CSR interventions can be negative rather than beneficial or neutral.
47 These consequences might not be of interest to the company, but at least they are foreseeable.
48

49
50 One important implication for research in this area is not only that context matters, which
51 limits the transferability and generalizability of the particular case examined here, but also
52 that fundamental motivations are not always transparent from interviews. If the goal of
53 research is to report on people's understandings and perceptions, then our study was
54 successful. If the goal is to understand true motivations and to create positive change for the
55 community, then much more is needed than interviews. Whether it falls within a researcher's
56 mandate or responsibility to seek to change minds and actions of communities or companies
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3 remains an open question. How to react if the researcher is unsuccessful in this pursuit is
4 another open question.
5

6 7 *7.3 Further research areas*

8
9 Petroleum operations, inextricably bound up with CSR, have led to violent conflicts, as in
10 Nigeria (Frynas, 2005), but also opportunities where communities can try to balance social
11 and environmental concerns, as in northern Canada (Dana *et al.*, 2008, 2009). Russia (and
12 before, the Soviet Union) has been involved in this sector and in debates on CSR for years,
13 from Sakhalin (Wilson, 2016) to Murmansk (Rowe, 2016). A cross-sectoral analysis of
14 opinions of respondents in NAO contributes to the literature by supporting and contrasting
15 lessons from elsewhere in Russia and around the world, but also by emphasising the
16 importance of understanding local contexts because so much differs from, and is the same as,
17 other case studies.
18

19
20 To better understand how and why differences and similarities emerge, the current research
21 could be enriched with focus groups. Residents would then have the opportunity to exchange
22 views among themselves and to discuss preferences with respect to NAO's future and
23 possible futures. Such focus groups should take place in the capital, in villages, on petroleum
24 development sites, and on the tundra with reindeer herders. With a cohort of interviews and
25 focus groups from NAO, comparative analysis with other locations would be possible, as
26 Wilson (2016) did when comparing the Komi Republic and Sakhalin. We can also think
27 beyond Russia, heeding the studies from around the world cited in this paper. One important
28 aspect would be to emulate the work done here by thinking cross-sectorally, to involve
29 multiple groups within a community or a population so that different viewpoints could be
30 compared.
31

32
33 Despite the wealth of stakeholder studies on CSR-related projects and policies in the oil and
34 gas industry, a cross-sectoral analysis is rarely conducted and it is rare for data to be pooled in
35 order to develop an empirically based theoretical framework for explaining and predicting
36 similarities and differences in petroleum-related CSR projects among locations, groups, and
37 circumstances. CSR has long been theorised (e.g. Friedman, 1970), especially in the
38 petroleum industry (Tchourilov *et al.*, 1996), but better connections are needed to empirical
39 studies to test theory against practice. Two important and testable conclusions in the study of
40 petroleum-related CSR is that "one size does not fit all" (Argandoña and von Weltzien
41 Hoivik, 2009) and that context matters immensely. A research agenda should seek to move
42 beyond these conclusions by developing a theoretical framework with explanatory and
43 predictive powers across multiple contexts.
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Table 1: Interviewees in NAO

| # | Categories | Indigenous? | Gender | Location |
|----|---|----------------|--------------------|--------------|
| 1 | Regional administration | Indigenous | Female | Naryan-Mar |
| 2 | “Regular” person (middle class) | Non-indigenous | Male | Naryan-Mar |
| 3 | “Regular” person (working class) | Indigenous | Female | Tundra |
| 4 | City administration | Indigenous | Female | Naryan-Mar |
| 5 | Regional administration | Indigenous | Male | Naryan-Mar |
| 6 | Indigenous NGO | Non-indigenous | Male | Naryan-Mar |
| 7 | “Regular” person (traditional lifestyle) | Indigenous | Male | Tundra |
| 8 | Indigenous NGO and Russian petroleum company | Indigenous | Male | Naryan-Mar |
| 9 | Director, public sector | Non-indigenous | Male | Naryan-Mar |
| 10 | Director, public sector | Indigenous | Female | Naryan-Mar |
| 11 | “Regular” person (working class) | Non-indigenous | Female | Naryan-Mar |
| 12 | City administration | Non-indigenous | Female | Naryan-Mar |
| 13 | “Regular” person (traditional lifestyle) | Indigenous | Female | Tundra |
| 14 | “Regular” person (working class) | Non-indigenous | Male | Naryan-Mar |
| 15 | Russian petroleum company | Non-indigenous | Male | Naryan-Mar |
| 16 | “Regular” people (traditional lifestyle) | Indigenous | Female + Male | Naryan-Mar |
| 17 | Regional administration + indigenous NGO | Indigenous | Male | Naryan-Mar |
| 18 | Environmental NGO | Non-indigenous | Male | Moscow |
| 19 | Foreign petroleum company | Non-indigenous | Female | Moscow |
| 20 | Foreign petroleum company | Non-indigenous | Female | Moscow |
| 21 | Russian petroleum company | Non-indigenous | Male | Naryan-Mar |
| 22 | Academic (sociologist) | Non-indigenous | Female | Moscow |
| 23 | Academic (economist) | Non-indigenous | Female | Moscow |
| 24 | Foreign petroleum company | Non-indigenous | Male | Moscow |
| 25 | Foreign petroleum company | Non-indigenous | Male | By telephone |
| 26 | Russian petroleum industry and local politician | Non-indigenous | Male | Naryan-Mar |
| 27 | Russian petroleum company | Non-indigenous | Male | Naryan-Mar |
| 28 | Environmental NGO | Non-indigenous | Male | Naryan-Mar |
| 29 | “Regular” people (cultural sector) | Indigenous | Female + Female | Nelmin-Nos |
| 30 | “Regular” person (working class) | Non-indigenous | Female | Nelmin-Nos |
| 31 | “Regular” person (working class) | Non-indigenous | Female | Nelmin-Nos |
| 32 | Local authorities | Non-indigenous | Male | Nelmin-Nos |
| 33 | “Regular” person (small-business) | Non-indigenous | Male | Naryan-Mar |
| 34 | Russian petroleum company | Non-indigenous | Male | Moscow |

Table 2: Examples of interviewees' understanding of the term and concept of 'CSR'

| Interviewee | Quotation |
|-------------|--|
| 2 | "Yes, we use the term 'CSR'. To me, the term means what companies do over and above whatever is obligatory; in other words, spending extra money on the community. Companies do this in order to ensure a good reputation and because that is what the regional authorities expect of them." |
| 5 | "In my opinion, CSR is when the companies do positive things out of goodwill, voluntarily, and not because they are forced to do them. Then, it is social responsibility. In Russian we put it like this: <i>po dobrote dushevnoy</i> (because of the kindness in our soul)." |
| 9 | "CSR is not about spending money, but about doing something to help people develop. CSR should be a driver for other kinds of things." |
| 10 | "Corporate social responsibility? Well, we call it <i>sponsorskaya pomosch</i> (sponsor help). The reindeer herders in the tundra don't use words like CSR. They rather talk about 'help'. As a term, it's primarily related to reindeer herders and support from oil companies." |
| 15 | "CSR is everything that's aimed at [improving the] well-being of people of all kinds." |
| 24 | "Our company has a strict definition of what CSR is and what it is not. CSR supports our reputation as a 'socially sound' [company] and it's more about spirit than material issues...The local population, however, has a different way of seeing it. They think everything the companies do is CSR. Regional authorities also expect a lot. They want all kinds of things as part of CSR, which doesn't always chime with the limitations companies have." |
| 27 | "We don't exactly use the term CSR, more 'social projects', <i>sotsialnie proekti</i> . When you have a business, you need to support the development of society – businesses must undertake projects, [financing] social infrastructure – such as kindergartens and schools, while also supporting cultural festivals etc." |

Table 3: Examples of what interviewees perceive as needs and expectations of CSR

| Interviewee | Quotation |
|-------------|---|
| 4 | “People here need basic things, not luxuries. This is what CSR should provide...People suffer from alcoholism because children don’t leave home to study when they finish school, while in town there are no suitable jobs. There is a lack of specialists in oil and gas, but to train for that, you need to go to St. Petersburg, Moscow, or Arkhangelsk and the indigenous people can’t afford that. In my opinion, it would be better if companies arranged educational programmes themselves.” |
| 5 | “Companies should do more for people from Naryan-Mar who aren’t visible, living far away from the city. They need support but nobody sees how badly they live.” |
| 7 | “In my opinion, the companies’ CSR [policy] should be to follow the legislation. It is not the business of oil and gas companies to give money. Their job is to follow laws.” |
| 8 | “The most important content of CSR should be to pay taxes and to negotiate agreements with all parties.” |
| 10 | “Ecology is the most important thing. In addition, oil and gas companies should [take steps to] minimize the damage to reindeer territories from their operations. Socially, I don’t think it is the job of the oil companies to do things. People themselves should take responsibility for their lives.” |
| 14 | “People should get jobs. Companies’ responsibilities should be about employment mostly.” |
| 16 | “There should be direct social agreement between reindeer herders and the companies about ‘help’. Establish better relations with the people. It would benefit the companies too, as the indigenous people know everything about the area where they’re operating.” |
| 17 | “Establish good relations with the indigenous population. There should be negotiations and monetary compensation for using the land and wise siting of infrastructure. For example, it may be only a single pipe occupying a small place, but it divides an important reindeer migration area. Then, just a small pipe can create a lot of harm.” |
| 29 | “What we need most of all is access to education for the young generation, so they can have a future. One should also support festivals, cultural events, and reindeer herders. People should not get money – handing out cash only makes things worse.” |