

Energy Sovereignty and Corporate Social Responsibility

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Abstract: This paper will examine how corporate social responsibility (CSR), specifically related to the challenges of climate change, is integrated in oil and gas business models using a stakeholder theory approach. The paper will draw upon a case study of the Canadian oil and gas industry, looking at multinational corporations' institutional pressures with respect to stakeholders, and challenges to their legitimacy, in Canada in comparison to MNC oil and gas operations elsewhere. The Arctic environmental region is home to Canada's most significant reserves of hydrocarbons, oil and gas, but changes which are being exacerbated by shifts in the earth's climate will ultimately make the environmental planning process more challenging for companies looking to expand their interests in the Arctic and for the sovereignty debates over land claims and land use. This is not only true because of the changes in the environment itself, but because of the effects of these changes on First Nations communities. This paper will show that long-term changes in environmental frameworks are one of the reasons why cumulative and collaborative CSR efforts are warranted in order to ensure that there is a balance between the interests of different parties. This will be achieved through a project development framework linked to a CSR approach grounded in stakeholder stewardship, rather than self-interest, that recognizes multiple levels of sovereignty in the control and use of resources.

Key words: energy sovereignty; CSR; MNC; stakeholder stewardship; artic; first nations

JEL codes: J18, J38, J71, N52, N72, O13, P48, Q15, Q48, Q56, Q58

1. Introduction

The Arctic environmental region is home to Canada's most significant reserves of hydrocarbons, oil and gas. As Dana et al. (2008) write, in 1970 a major gas find was made at Parsons Lake, and "exploratory drilling for oil and gas in the Beaufort Sea and the Mackenzie River Delta expanded during the 1970s. This resulted in an unprecedented boom during the 1980s, stimulated by the rising oil prices and the National Energy Programme" (p. 155). This find has since been debated, because of the fact that a pipeline coming from the Mackenzie Delta through to the rest of the country and elsewhere would have a major impact on the environment. As Unrau (2009) notes, because of numerous regulatory delays, the Mackenzie project is on hold. This is because sovereignty over Canada's resources in this area is at stake, which has an effect on how the Arctic is perceived as a resource and as a body of water, and over how oil and gas are likely to be addressed (Davis, 2012; Harrington & Lecavalier, 2014). This puts both the government of Canada and the multinational companies (MNCs) to which it allows resource

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access at a disadvantage, but it also affects other interested parties, including the First Nations of Canada and of other countries, as well as the United Nations (Stokke, 2013).

The encroaching changes which are being exacerbated by shifts in the earth's climate will ultimately make the environmental planning process more challenging for companies looking to expand their interests in the Arctic and for the sovereignty debates over land claims and land use. This is not only true because of the changes in the environment itself, but because of the effects of these changes on First Nations communities (Davis, 2012; Harrington & Lecavalier, 2014; Vermeulen, 2014). As Ford and Smit (2004) write, the "climate-related risks that already pose challenges to Arctic communities, including greater unpredictability of environmental conditions, geophysical hazards, and changes to marine and terrestrial ecosystems, are expected to increase" (p. 389). These risks are already being noted by the First Nations themselves, and the source of much information about the process comes from First Nations land organizations and environmental assessment councils, all of which are active players in the international debate (Ebinger & Zambetakis, 2009). For example, the Gwich'in Land Use Planning Board (2016) notes that the Mackenzie Delta is a hot spot for the effects of global warming, and that their communities have noticed significant changes on the land that may be related to climate change in recent years.

This paper will examine how corporate social responsibility (CSR), specifically related to the challenges of climate change, is integrated in oil and gas business models. The paper will draw upon a case study of the Canadian oil and gas industry, looking at home country institutional pressures and challenges to their legitimacy. This paper will show that long-term changes in environmental frameworks are one of the reasons why cumulative and collaborative CSR efforts are warranted in order to ensure that there is a balance between the interests of different parties (Fitzpatrick et al., 2008; Uzoma Ihugba, 2014). Governments and businesses must adapt to climate change impacts through a thorough analysis of how their present efforts will shift resources and effects for future generations, not only within the Arctic itself but worldwide (Sarybekova & Parker, 2013). These include decontamination measurements at all mining locations, to treat the kinds of toxic gases that originate from extraction activities, as well as treatment of waste water and the distribution of gases that could have a negative effect on climate change (Fitzpatrick et al., 2008; Raufflet, Cruz, & Bres, 2014). The thesis of this paper is that in order to truly have a clean and efficient ecosystem which will be sustainable from both an economic and an environmental perspective, the country will need to renew its commitments to the issue of First Nations land rights, and also will have to make sure that the government, investors and companies working in environmentally sensitive regions cooperate on making lasting changes (Fitzpatrick et al., 2008). This can only be achieved through a CSR approach grounded in stakeholder stewardship, rather than self-interest, that recognizes multiple levels of sovereignty in the control and use of resources.

2. Current Business Context of the Oil and Gas Industry

2.1 Economic and Environmental Risks

Risks and uncertainties pertaining to substitutes in the oil and gas market may be considered in terms of increasing meaning of alternative energy sources, as well as newly discovered non-conventional gas that include shale gas deposits in other parts of the world (Mitchell et al., 2012; Deloitte, 2013). Alternative sources include those other than oil and gas such as nuclear, solar, coal, wind. These substitutes are perceived as offering notable benefits in terms of environmental impact as well as sustainability. However, at this point, it is believed that

shifting to renewable energy sources is costly. Demand for oil will likely be on the rise for a significant period of time, with need required in both the transportation industry and for production capacity, specifically in China, India and the Middle East. Over the last twenty years alone, crude oil consumption in China has been increasing at over 7% over year, while consumption in the United States, Europe and Japan was already falling well before the economic crisis began, and has continued to fall in recent years. This shift towards China allowed for equilibrium between supply and demand in a stagnant period of production (Hamilton, 2009).

Nevertheless, there is increasing pressure for production and renewable energy in light of climate change (Raufflet et al., 2014). Whereas power companies may shift their primary energy mix to a certain degree without incurring significant costs, a thoroughgoing transition to these substitutes would entail investment in new facilities that potentially translate into high switching costs. Ultimately, however, as reserves of oil and gas diminish over the following years, it may be expected that substantial increases in the development of alternative fuels will accelerate such that these products will become more readily available and oil and gas products become increasingly expensive (Doelle, Bankes & Porta, 2013). The findings from the research literature in oil and gas exploration demonstrate that there is a decreasing value equation when it comes to locating viable sites, at least in terms of the amount of risk accumulated by geological exploration teams and their firms. Many oil and gas producing countries suffer from social and economic volatility which make them particularly prone to conflict and political instability (Kokallaj, 2014; Sarybekova & Parker, 2013). As environmental sustainability becomes an ever-increasing consideration, existing methods of exploration and extraction within the oil and gas industry will no longer be a valid framework in which to facilitate trade, and solutions must be developed in order to prevent a global industry collapse over both the short and the long term (Aguilera & Ripple, 2012).

Experimental protocols are likely to become more frequently used, whether or not these approaches are both safe and economically fruitful, due to the fact that there are fewer and fewer areas in which to locate oil reserves. As the research plan suggested by Kontorovich, Epov, Burshtein et al. (2010) in Russia demonstrates, key tools will likely need to include wide-scale environmental and seismic mapping in order to narrow down the possibilities for new exploration before the testing and gaining access phases take place, if at all. And, as Teichmuller and Wolf (2011) demonstrate, additional correlations using research models from other fields such as biology in combination with geological modeling may prove successful in locating new areas for oil and gas reserves. There is a need to develop tools that take advantage of computer modeling techniques that integrate multiple factors as well as scenario predictions in order to determine whether or not to proceed to gaining access and drilling. The integration of models from different locations, but with similar geological features, will help geologists to be able to mitigate potential challenges over the long run, and demonstrate value to both governments and to oil and gas companies.

In addition, impending changes for the global oil and gas industry have become increasingly forecasted (Mitchell et al., 2012; Deloitte, 2013). For more than a century, production growth in the oil and gas sector had been driven predominantly by the Western market, as well as competition between private companies for access to reserves (Gao, Hartley & Sickles, 2009). Since 2005, oil prices “have moved to a permanently high level” (Mitchell et al., 2012, p. xii). An important development is that other industries have been tapping upon some of the demand for transport by designing and creating more fuel-efficient “engines, vehicles, ships and aircraft, and by supplying alternative fuels” (Mitchell et al., 2012, p. xii). Aside from these, new advancements in technologies are delivering diverse yet uncertain opportunities for the production of non-conventional oil and gas in many parts of the world (Zambrano, Sublette, Duncan & Thoma, 2007).

To this end, it is evident that the financial context of oil and gas is changing. One of the challenges is that most estimates of oil and gas potential are likely to be overstated (Jakobsson et al., 2011). What this means is that it is important to understand that as oil and gas reserves become more scarce, positive exploration opportunities have tended to become overestimated in a general sense. In other words, while the technologies for finding and gaining access to oil and gas reserves have become more sensitive and usable, the means by which to extract and refine the oil has become more difficult over the long term. Not only are there more barriers in place at the regulatory level, but the viability of reserves has become more tentative. This means that sovereignty over reserves is likely to become more of an issue over time.

2.2 Canada's Environmental Risks in Oil and Gas

In Canada, there are challenges that have emerged in the oil and gas industry in recent years that are connected to environmental issues on a large scale. Over the course of the Conservative government mandate under Stephen Harper, the focus of industrial development has been the production of oil in Alberta, to the detriment of the development of other forms of industry (Peyton & Franks, 2015). Under market principles, Canada was aimed at becoming a superpower when it came to energy sales, but this was only made possible by the political partnership between the Conservatives and the oil lobby, and the aim of both was to decrease the regulation of the industry. The rationale for this approach was not only to control labor policies, which included temporary foreign worker factors, but also to decrease the environmental controls on the oil sands in Alberta. The result of this was to cut the costs of doing business so that the multinational firms that had come into Canada to search for and process oil could make more of a profit. In fact, the environmental impact assessment process was actually shifted so far outside of regulatory frames of the past that the following occurred:

One example of Environment Canada's reduced capacity is the removal of funding for the Experimental Lakes Area, the world's only whole ecosystem study area. Management of the ELA was recently transferred to the International Institute for Sustainable Development, a Winnipeg-based NGO that has recently transitioned to a for-profit model under the new stewardship of former federal Commissioner of the Environment and Sustainable Development Scott Vaughan (Peyton & Franks, 2015, p. 10).

In other words, what this example demonstrates is that lobbying efforts and the willingness of the Conservative government to bend to the wishes of the business community allowed for the entire system of governance for the environment to be overthrown. The result is that there were few restrictions put into place with respect to the development of land for oil extraction, and the potential for the world's biggest businesses to continue to make higher levels of profit was made possible. The policies that MNC oil and gas business leaders are likely to endorse in Canada are those that can either decrease their costs or increase their profits. Businesses in the oil and gas industry are likely to reject any efforts by governments that can put controls on how they can work towards profit (Berger-Wallisier & Shrivastava, 2015). This can include environmental controls, labour market laws such as minimum wages and the rules of union engagement, both public and internal safety regulations, and the imposition of taxation (Sarybekova & Parker, 2013). A profit orientation means that the business will do anything to benefit their shareholders over the interests of any other stakeholders, including the general public. This has been the case especially since the 1990s, when MNC business lobbying efforts began to convince governments to shift away from a public service focus towards deregulation in a bid to increase the efficiency of provisioning within the public sector (Rinaldi & Nikitin, 2014), which has not had the intended effects because of the fact that, in doing so, the Canadian government have actually begun to cost more to provision than they have in the past and for-profit businesses, rather than public servants, develop and cost out infrastructure and other

projects (Parlee, 2015).

3. Corporate Social Responsibility and Stakeholder Theory

3.1 Corporate Social Responsibility Definitions

It can be said that CSR is operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business, with an awareness, acceptance and management of the implications and effects of all corporate decision making (Maon, Kotler, Lindgreen & Vanhamme, 2012). The pursuit of sustainable economic activity is also a key element of CSR, with a need to consider the good of the wider communities, local and global, in terms of the economic, legal, ethical and philanthropic impact of conducting business (Erdiaw-Kwasie, Alam & Shahiduzzaman, 2015). It includes the obligation to be accountable to all stakeholders in all operations and activities with the aim of achieving sustainable development not only in the economic dimension but also in the social and environmental dimensions (Raufflet et al., 2014). CSR is therefore a desirable trait in all companies that implies good corporate governance and good corporate citizenship.

The challenges that have led to the need for CSR include the erosion of corporate trust linked to environmental issues (Stokke, 2013). The exploitation of need (both corporate need for profit and the consumer need for products) is at stake, means that companies are given an incentive to work towards fulfilling a profit incentive rather than an incentive to do the right thing. Because they are protected by corporate law and act in the interest of the corporation, individuals working for large companies do not always take the community into consideration unless it serves the purpose of marketing to increase their sales or protecting the corporate entity from harm. Although there are laws in place to protect consumers, the community and the environment, corporations often sidestep these rules or find ways to change them. Governments and legislative bodies have to be vigilant to offset corporate efforts to get away with actions that are neither legal nor ethical (Erdiaw-Kwasie et al., 2015).

Corporate citizenship reemerged and gained increasing popularity in the 1990s after lying dormant for decades after the rise of unions in the 1930s and 1940s in North America (Maon et al., 2012). It is based on research in CSR and draws connections to stakeholder theory. Stakeholders are a person or group who has a stake in or is affected by a company, its operations and/or its management including investors, employees, customers, the local and global community, as well as nature and society as a whole (Erdiaw-Kwasie et al., 2015). Corporate citizenship in the form of CSR differs from business ethics in that it is generally not ideological in its roots: corporate citizenship does not imply whether it is morally good or bad to act in a certain way; rather it implies that it is good business to treat your stakeholders and the environment well. Many managers will not find corporate citizenship relevant if they do not see how corporate citizenship is connected to creating profit.

3.2 Forms of CSR

There are four primary forms of CSR that need to be taken into consideration.

Traditional CSR is a form of libertarian “laissez-faire” free market capitalism based on Adam Smith and the “invisible hand”, that shows that collective private self-interest helps society (Maon et al., 2012). For example, Friedman (1970) suggests that a corporation’s only duty is to maximize profits under premise that governments legislate minimums so that people behave ethically. It is based on the existence and primacy of competition, individualism, the law, and property rights that is encoded in the law, but it is also short sighted in its postmodern perspectivism; the government is not impartial to business interests, so there is no way of guaranteeing that this

approach will serve society's interests (Maon et al., 2012).

Self-Interested CSR, another form of this process, is based on the premise is that good motives are not enough (Maon et al., 2012). Self-interest provides rationale and motive to act socially, cultivating philanthropy and a measurable contribution to social causes. It is linked to an enhanced business reputation and a marketing payoff, which is also a major criticism, as is the fact that good and bad companies can both create and use Self-Interested CSR whether or not it serves the best interests of society. For example, Frynas (2005) explains that this type of CSR is prevalent in the oil and gas industry, in that,

Oil companies now help to build schools and hospitals, launch micro-credit schemes for local people and assist youth employment programmes in developing countries. They participate in partnerships with established development agencies such as the US Agency for International Development (USAID) and the United Nations Development Programme (UNDP), while using NGOs to implement development projects on the ground. However, the effectiveness of CSR initiatives in the oil, gas and mining sectors has been increasingly questioned, and there is mounting evidence of a gap between the stated intentions of business leaders and their actual behaviour and impact in the real world (p. 581).

Social Contract Theory is the view that persons' moral and/or political obligations are dependent upon a contract or agreement between them to form a just society (Frynas, 2005). Under this contract/agreement, participants agree to constrain their liberties by refraining from engaging in certain activities in the interest of providing an environment conducive to the efficient functioning of a civil society. As noted by Frynas (2005), there is an impetus for governments to work with businesses so that they might be able to take advantage of opportunities to set up shop in specific regions where there is a need for additional economic growth. This approach is usually only likely to be used in socially conscious states where economic development is aligned with social goals.

Stakeholder/Stewardship CSR claims that ethics and integrity must contribute to the ideas and values throughout not only a corporation's culture but also within their definition of success (Erdiaw-Kwasie et al., 2015). Ethics, in this way, is not about making sacrifices, but rather about creating the means for building a strong community with the resources it needs to be economically viable and sustainable over the long run.

4. Stakeholder Theory and Principles of Corporate Citizenship

It can be said that the most salient application of CSR for the oil and gas industry at the present time is Stakeholder/Stewardship CSR. Today most MNC firms communicate their approach to CSR in a way that lays an emphasis on a commitment to promoting non-economic social values, whether or not they or the community can actually benefit economically from their social or ethical endeavors. This is a losing proposition given the fact that a profit motive is the foundation for most CSR approaches. In the earliest stakeholder theory models, as noted by Freeman (1988), in order to determine if a corporation is in fact behaving in a socially responsible manner the very first thing that should be measured are the character and interests of the organization's stakeholders in order to best establish a baseline of behaviour for future measures of CSR. The underlying rationale is that past behaviour is a strong indicator of future behaviour relative to stakeholder demands. There are varying primary stakeholder approaches within a utilitarian framework to the problem. An obstructionist approach avoids corporate social responsibility; managers engage in unethical and illegal behavior that they try to hide from organizational stakeholders and society. In a more defensive approach, managers rely only on legally-established rules to take the minimal position toward corporate social responsibility. Finally, in an accommodative approach, managers can

make choices that try to balance the interests of shareholders with those of other stakeholders. All of these approaches can be seen as normative in some respect.

Nonetheless, none of these approaches could be argued as working primarily in the best interests of the broader social world, only in the best interests of the social world within or linked to each firm. The market failures model of corporate management, as defined by Heath (2006), suggests that stakeholder CSR needs to focus on the regulatory environment in which firms operate, and that there should be an increased legal entrenchment of the social responsibilities of business in order for firms to meet the needs of society as a whole, which may be most applicable to the oil and gas industry wherein regulatory processes may be seen as representative of societal and governmental stakeholders. While there is a clear recognition of the need for and establishment of CSR, nonetheless the sheer scope of the application of CSR is astounding and therefore a new understanding of the stakeholder theory for this industry is needed.

A working conception of CSR should encompass the idea that CSR is the fundamental duty that corporations have to act responsibly and ethically within the community in which they operate, and that corporations have a responsibility to not inflict harm to the environment, to ensure all individuals and communities directly or indirectly affected by its transactions are treated ethically. This is especially important due to the fact that there is an increasing reliance on business for the public good due to the political shift towards privatization of public support systems. The oil and gas industry, in particular, does not operate in isolation, totally disconnected from other areas of life, and this is becoming more and more true over time as science recognizes the complicated effects of fossil fuel exploration and use. In other words, the actions of MNCs, their managers, employees and the decisions they make are part of the human experience and condition. We cannot ensure that people are acting for the right reasons for themselves, least of all in the best interests of society. To assert that the only CSR focus of a company needs to be profit, therefore, is ignorant of the impact that businesses have on the lives of billions of people around the world through many levels of both private and public governance.

5. Traditional Oil and Gas MNC CSR Activity

The oil and gas industry, which is run exclusively by MNCs and associated governmental bodies, may be defined as explicitly controversial; therefore their CSR strategies suffer from legitimacy claims because these strategies are so strongly tied to hiding their corporate intentions (Du & Vieira, 2012). This is linked to the fact that oil and gas companies are provided, by governments, with license to operate for extended periods of time spanning decades (Raufflet et al., 2014). This has occurred historically without significant checks and balances in place.

For a long time, a legal license to operate, defined as the official permit required to operate, was long considered as a sufficient condition [for a stakeholder CSR mandate]. Although this legal license remains a necessary condition today, the notion has been extended to include social requirements. The “social” license to operate, which implies constant efforts to adjust corporate activities and relations with local communities, has become central... (Raufflet et al., 2014, p. 257).

The reason that this was the case was due to the significant investment required of MNCs to engage in locating and extracting oil and gas.

An example of such an arrangement was that created between the Nigerian government and Royal Dutch Shell (Shell) in the 1960s and which continues to the present day. As the world’s largest petroleum concern, Shell had been present in West Africa since the 1930s, and in the Niger Delta specifically since 1958, two years prior to

Nigeria's independence from British rule (Obi, 2014). The country was, during the time of Shell's establishment as an MNC entity in Nigeria, fraught with political, civil and military unrest. As Frynas (1998) writes, between 1960 and the end of the twentieth century, Nigeria was subject to "seven different military governments, following seven military coups, and three unstable civilian governments. Ethnic and religious diversity was at the root of local conflicts as well as governmental change from the 1950s" (p. 461). Shell took advantage of this unrest by forging strong relationships within the Nigerian government that provided huge financial benefits to those in power. The Nigerian government's take of oil revenues, at the time, was the highest negotiated between any oil company and government body worldwide (Agbibo & Maiangwa, 2013; Obi, 2014). As a result, Shell was given leeway to take advantage of any opportunity possible, whether or not it conflicted with the interests of civil society. The stakeholders that were served during this process were supposed to be the Nigerian population at large, through tax revenues and levies on Shell. But under revenue-sharing arrangement between the Nigerian federal government and the states prior to 1992, only 1.5 per cent of the government's revenues from oil was returned to the Delta communities for economic development, and much of this went to line the pockets of officials (Obi, 2014). From a development perspective, conditions were sorely inadequate: drinking water was contaminated; water-related diseases like cholera were common; housing was makeshift; over-population was extensive (Agbibo & Maiangwa, 2013; Obi, 2014).

Shell was made responsible for this challenge, above and beyond the Nigerian government, because of the inherent lack of legitimacy of its actions and resulting public relations challenges throughout the MNC's customer network. The majority of the local and global criticism was spurred on by the unexpected activism of Ken Saro-Wiwa, a popular television writer of Ogoni descent who turned his pen towards the plight of his people and the effects of Shell's work on the environment of the Niger Delta (Simon, Akung, & Bassey, 2014). At the same time, however, both the government and Shell were extensively criticized for their top-down approach to development (Agbibo & Maiangwa, 2013; Obi, 2014): neither the Ogoni people nor any other ethnic group affected by Shell's activities were engaged in determining when and where development funds should be situated or spent.

In 1990, the Ogoni people created a draft bill of rights and founded MOSOP, the Movement for the Survival of Ogoni People, under Saro-Wiwa's leadership (MOSOP, 2016). In a speech given shortly thereafter, Saro-Wiwa stated MOSOP's aims:

Oil exploration has turned Ogoni into a wasteland: lands, streams and creeks are totally and continually polluted; the atmosphere has been poisoned, charged as it is with hydrocarbon vapours, methane, carbon monoxide, carbon dioxide and soot... Acid rain, oil spillages and oil blowouts have devastated Ogoni territory... The results of such unchecked environmental pollution and degradation include the complete destruction of the ecosystem (Ken Saro-Wiwa, quoted in Simon, Akung, & Bassey, 2014, p. 383).

Saro-Wiwa's actions and speeches led to increased civil disobedience across Nigeria, along with a surge in international pressure against Shell and the Nigerian government to respond. Shell's response to subsequent protests and occasional violence was to withdraw its workers and cease active operations, thereby discontinuing the flow of revenues into Nigerian federal coffers. In 1992, under pressure from multiple ethnic groups, the Nigerian state began to redistribute funds for development to oil-producing regions (Agbibo & Maiangwa, 2013; Obi, 2014). Shell also contributed matching funds for hospitals, education and agricultural stations. As a result of these actions, however, Ken Saro-Wiwa was arrested on what were widely considered to be fabricated charges. Saro-Wiwa and eight of his colleagues from MOSOP were executed in November 1995 (Agbibo & Maiangwa,

2013; Obi, 2014).

MOSOP's declaration of an Ogoni Bill of Rights characterized the first steps towards the community's participation in development and the dismantling of existing standards for economic participation. Since Saro-Wiwa's death, however, the process has begun to change, albeit slowly. Perhaps surprisingly, the biggest changes have come in MOSOP's relationship with the corporate community. In the late 1990s, Shell began to meet with civil society representatives in the Niger Delta (Ikelegbe, 2001), which began the conversation they had avoided for so many years. The company instituted a Triple Bottom Line accounting methodology, which requires Shell to measure not only their profits, but also the social, economic and environmental repercussions of their work (Agbiboa & Maiangwa, 2013). This code, which has been endorsed by the United Nations (2016), was developed by researcher John Elkington for Shell to re-situate their responsibility on the needs of stakeholders (anyone who is influenced, either directly or indirectly, by the actions of the firm) rather than those of shareholders. Shell has also devised a framework for their own Triple Bottom Line systemology, which requires the company to conceive and use a reciprocal social structure which takes the needs of all stakeholders into equal consideration. The company must also invest in sustainable development and business practices which subjects their oil exploration to a higher level of criticism. Finally, Shell's Triple Bottom Line practices must re-visit the idea of "profit" as not simple financial gain, but as emblematic of the economic benefit enjoyed by the society in which the company operates.

It was Shell's opinion that the Nigerian government was responsible for the disbursement of revenues from the country's oil regions; if Nigeria chose to appropriate profits from oil extraction away from the Ogoni or any other investment, then they were within their rights to do so. Likewise, if the country itself had legitimized Shell's actions by not taking a stand on environmental restrictions, then the company felt that it was hardly their own fault if there were negative impacts on the surrounding area or the ozone. After all, the majority shareholder in their venture was the Nigerian government itself. In fact, many scholars believe that Shell's actions may have directly led to political instability in the country (Frynas, 1998); by trying to remain separate from the situation, Shell endangered their own corporate agreement and the sustainability of their firm as well as the Ogoni people (Agbiboa, 2013; Obi, 2014). At the same time, the country of Nigeria has tried to equally distance itself from responsibility. As Ikelegbe writes, "the nature of state response is not surprising, given the centrality of oil to Nigeria's politics and survival, and the rentier basis of its political economy. The critical demands of the civil groups, given the very high stakes of oil, constrict the state to be sluggish on the dialogue, negotiation and concessions, and expansive in terms of the repressive responses" (Ikelegbe, 2001, p. 461). Because the state is not only not cooperating with civil society but actively suppressing its efforts, this means that there is an inherently high risk involved in undertaking civil society responses (Agbiboa, 2013).

Shell, as an MNC working with an indigenous community, provides an example of how and why oil and gas companies suffer from legitimacy claims. The company strictly followed the rules provided by Nigeria's government, but this is not enough. A market failures model that is based only on the government as a stakeholder is not one that will be sustainable if sovereignty rights are in question. Legitimacy cannot be delivered through communications and public relations management, nor can it be associated solely with financial gain for regulatorily defined stakeholders (Brower & Mahajan, 2013; Du & Vieira, 2012). Understanding the diversity of stakeholder demands is part of the value creation process for this industry, and the responsibility of all MNCs (Brower & Mahajan, 2013; Harrison & Wicks, 2013; Kirat, 2015).

This paper will now present a case study of how oil and gas MNCs operate in Canada's northern regions as a

means to explore new ways of applying stakeholder theory in practice in this industry.

6. Land Rights in Canada's North

For Canada, challenges in the north related to the advent of First Nations interests are part of the equation. For the United States, as well as for Canada, sources of oil connected with Northern exploration are also of import because the Arctic has become a strategic point of contention for the world system of trade, as well as for the consideration of security of North America (Keil, 2014; Stokke, 2013). These economic considerations, which will provide communities and governments with needed revenue streams, will shift in a significant way as the polar ice cap in the Arctic begins to melt (Vermeulen, 2014). As Ebinger and Zambetakis (2009) note, while this change in the frozen regions of the north will be to the disadvantage of the First Nations' traditional way of life, namely their subsistence on hunting and fishing, new opportunities will arise. As they write, "an Arctic region that is more accessible to lucrative activities such as the exploitation of hydrocarbons, fish and minerals will necessarily attract increased governmental attention, and this could benefit the citizens of the region" (Ebinger & Zambetakis, 2009, p. 1219). This means that sovereignty over resources in the Arctic could have a significant impact on the social structure of this region, and may be the means to changes on a cultural and linguistic level as well.

The change in perception of the value of the First Nations and their connection to resources is largely tied to interest in what is recognized as the First Nations' traditional environmental knowledge (or traditional knowledge) (Davis, 2012; Harrington & Lecavalier, 2014). Although connected to the ideologies resident in repatriation of land, traditional environmental knowledge is also a significant component of modern understandings of concepts related to sustainability (Ensign, Giles & Oncescu, 2014). As Usher (2000) writes,

The requirement that the environmental knowledge of aboriginal people be given admissibility and weight in quasi-judicial proceedings and by co-management and other stakeholder bodies, is the outcome of several developments over the last two decades. These include a growing recognition that aboriginal people have knowledge that can usefully contribute to these processes; advocacy from many quarters, including the Royal Commission on Aboriginal Peoples, that aboriginal knowledge be so utilized; the negotiation of comprehensive claims across the North; and evolution of formal environmental assessment and review processes. (p. 184)

For this reason, as Carnaghan and Goody (2016) point out, there is a necessity in engaging the First Nations people in determining how sovereignty decisions are made. If they are not involved in the decision-making process, then there is the potential for difficulty in the future. This is especially true since the Canadian government allowed new governance powers to the new Territory of Nunavut more than a decade ago, as noted by Ebinger and Zambetakis (2009). This means that on both a political level and a social one, the government and people of the Territory must be at the forefront of the debate over Arctic sovereignty. As Obomasawin (1983) writes, "it is becoming increasingly understood that man's psycho-spiritual condition form the essential underpinning and motivating force for the integrated development and sustenance of his physical, mental and social health" (p. 188). This spiritual and physical balance changed significantly at the advent of colonialism within Canada. This means that although the First Nations are given lip service in Canada, the social structure still defines the way that they are treated as a whole. The post-colonialist discourse does not necessarily lead to real change in the way that resources are managed, especially when it comes to oil and gas. First Nations traditions have been devalued through the advent of colonialism in Canada, but have ultimately survived (Davis, 2012;

Harrington & Lecavalier, 2014). There is a need for First Nations communities to revive these practices in order to reclaim their traditional identities and redress the balance between their people and those who have taken power, and this includes economic sustainability goals (Cameron, 2012).

Two levels of analysis, namely the world system and society, best explain Canada's renewed interests in Arctic sovereignty and the role of other states as well as the First Nations in this discussion (Cameron, 2012; Ebinger & Zambetakis, 2009; Harrington & Lecavalier, 2014). This is because of the fact that these levels of analysis allow insight into the reasons behind the choices made by the country's government and the reaction of other governments on a global basis. Unlike any other issue on the international stage, Canada's role within the Arctic is paramount and is in some ways at odds with the interests of other nations (Carnaghan & Goody, 2016). The country has the unique opportunity of being able to assert its interests and its values against those of nations with arguably stronger resources. Canada, in some ways, is bearing the brunt of choices made on a policy level by other nations, given the overwhelming likelihood of links between greenhouse gas emissions and the melting of the polar ice caps. Being able to act to protect not only its interests but the fragile environment of the Arctic is something for which Canada should fight. Decision-makers must become aware of the necessity of evaluating all levels of environmental impact when deliberating over new business prospects (Ford & Smit, 2004). The following section looks at the ways in which different international and national governance efforts are having an effect on the current oil and gas sector.

7. Current Environmental Governance Controls in Canada

7.1 International Governance

An international collaboration called the Inuit Circumpolar Council, which represents the Inuit of Denmark, Canada, the US and Russia, has recently created a Circumpolar Inuit Declaration on Arctic Sovereignty (Ebinger & Zambetakis, 2009; Keil, 2014). This declaration not only asserts the rights of the Inuit peoples of these nations to retain economic control over the Arctic region, but also gives voice to the social concerns that the Inuit have over the progression of international discussions on sovereignty of their native lands. Social, cultural and linguistic development must be taken into equal consideration with any economic changes in the region (Ebinger & Zambetakis, 2009). Minority rights, such as the rights of the Arctic First Nations, depend on sovereignty agreements as well as recognition of rights and frameworks for environmental governance (Campbell & Cameron, 2016; Dodds, 2013).

In the absence of a total solution to this issue, different organizational groups, governments, and industries can develop policies from the ground up to address environmental sustainability in the long term in partnership with overarching international policies (Campbell & Cameron, 2016; Dodds, 2013; Keil, 2014). This engenders the support of self-governance and determination on an international level. Looking at industry examples, Hilson and Murck (2000) suggest that policy practice may reflect emerging norms of customary international law and may include guiding principles, procedural obligations such as participation and consultation as well as the conduct of states towards indigenous people within environmental treaties. For example, the political goals of the actions set out under the Rio process have been reflected in the Convention on Biological Diversity (Campbell & Cameron, 2016; Dodds, 2013; Hilson & Murck, 2000; Keil, 2014). This particular treaty provides room for indigenous positions on sustainable use. For environmental treaties specifically, this requires provisions of norm creating character which can be seen as rules of customary law. National reports prepared by the United Nations in

partnership with participating states also have to include principles which are capable of being considered as rule of customary law.

7.2 Canadian Governance

In Canadian law, there is movement towards First Nations self-governance when it comes to managing aspects of Arctic land and water use, and therefore the impact of human beings on the Arctic environment. The Mackenzie Valley Resource Management Act of 1998 (MVRMA) is the overarching agreement that governs the ways in which Arctic land and water use is assessed in the region that stretches through parts of the Yukon, Northwest and Nunavut Territories and the northern areas of the provinces these territories border such as the Arctic Ocean. When significant water sources are affected, the Northwest Territories Waters Act (1992) is also consulted. These Acts are, for the most part, put into practice by the Mackenzie Valley Land and Water Board and the Mackenzie Valley Environmental Impact Review Board (MVEIRB), because these are the largest geographical resources for oil and gas in the Arctic region, but there are some exceptions.

For example, the Nunavut Government in Arctic Canada has developed a Qaujimajatuqangi policy, as a form of knowledge for understanding and using Inuit traditional knowledge and values to guide the government in framing decisions, policies and laws that reflect the key philosophies attitudes and practices of Nunavut majority (Nunavut, 2012). It goes further than contextualizing traditional knowledge. For example, under this policy, the principle of Pijitsirniq means that a person with the power to make major decisions must exercise that power to serve the people to whom he or she is responsible (Nunavut, 2012). The principle of Avatatimik Kamattiarniq calls for nature to be treated holistically and with respect, as wildlife and habitat are interconnected and all actions have consequences for good or ill (Nunavut, 2012). The principle of Papattiniq is about guardianship and stewardship: wildlife belongs to nature and is not a commodity (Nunavut, 2012). Nonetheless, even under this policy framework, there are recognized challenges in the current discourse and its historical antecedents, and between the cultural context and future directions. While these new laws and policies allow for Inuit to have an expanded role in environmental and wildlife management, it is not clear what the future direction will be in terms of engaging in international laws framing this issue.

As the Government of Canada (1992) notes, the Canadian Environmental Assessment Act is utilized as a key reference point in consideration of works considered in the Mackenzie Valley, but this Act is secondary. The Act and its governing body, the Minister of the Environment, only become engaged in the Environmental Assessment process if and when their intercession is required by an interested party (Doelle, Bankes & Porta, 2013). This could happen in consideration of the application of mediation or a review panel, or if “the Minister considers the project has the potential to cause significant adverse environmental effects across boundaries between non-federal and federal lands, or across provincial or international boundaries, then the Minister has the authority to require an assessment of the transboundary effects in some circumstances” (Canadian Environmental Assessment Act, 1992, p. 14). There has to be an external trigger, so to speak, for the federal government to take a role in what is usually set in motion by the MVEIRB.

The federal government is usually the leading mediator in cross-border jurisdiction, specifically across provincial boundaries. Nonetheless, many cases are also decided by the courts. As an example, in 2000 the Supreme Court of British Columbia decided that the environmental assessment process failed to take into consideration the element of sustainability, but in doing so was subsequently overturned on appeal four years later by the Supreme Court of Canada, on the issue of adequate consultation of First Nations authorities (Taku River Tlingit First Nation v. British Columbia, 2004). This means that stronger strictures have been put into place in

British Columbia, where increased flexibility in designing individual assessments is warranted by law (BC Environmental Assessment Office, 2016).

It is important to note, in reviewing jurisdiction, and therefore sovereignty, in environmental assessment, that many First Nations communities as well as non-governmental organizations involved in sustainability lobbying are critical of the Canadian Environmental Assessment Act as written (Doelle et al., 2013; Koivurova, Lesser, Bickford, Kankaanpää & Nenashva, 2016; Peters, 1999). This is why the MVRMA and its governing bodies and tribal councils often take precedence over other authorities' intercession. The focus of the MVEIRB is, by utilizing a co-management system that balances diverse values to protect the Mackenzie Valley for present and future generations, to ensure that all social, economic, environmental and other effects are adequately measured and taken into consideration. As Haefele and Cliffe-Phillips (2004) note, it is the unique situation of the Arctic First Nations, that requires an approach that differs from many other parts of the world, when making decisions about the land. There is, therefore, both a short term and a long term component to the assessment process that may supersede jurisdictional qualifications, should the Boards and Councils enforce them.

Specifically, it is worth noting that although direct socio-economic impacts are not considered under the Canadian Environmental Assessment Act, they are under the MVRMA definition. As Haefele and Cliffe-Phillips (2004) write, the MVEIRB "is required to consider all impacts on heritage resources or the social and cultural environment of the residents of the Mackenzie Valley, including direct impacts that are not associated with any change to the physical environment" (p. 7). This means that the environmental assessment process in Canada's North, governed by First Nations processes, may in fact be more time-consuming and deep in its investigation factors than processes in other parts of the nation. As Fitzpatrick et al. (2008) note, the Mackenzie Valley process differs from that in other regions of Canada due to its framework of deliberative democracy, and the fact that there is an intrinsic and proactive community involvement by different First Nations. Fitzpatrick et al. (2008) posit that the degree to which public input, specifically that of the First Nations communities, can influence the process can be recognized as a unique aspect of this resource management regime.

In Canada, environmental assessments are a key means by which First Nations contribute to the legal management of Arctic resources (Doelle et al., 2013; Koivurova et al., 2016), but, as Haefele and Cliffe-Phillips (2004) demonstrate, the co-management process used in the North may ultimately be unique in its application in practice. As they write, "the MVRMA's co-management process differs from that of the Canadian Environmental Assessment Act (CEAA) for example in that the determination of significance are made by the Board, usually by consensus, but at minimum in a democratic fashion" (Haefele & Cliffe-Phillips, 2004, p. 3). This means that the interests of all stakeholders are deemed equal, and that there is a necessity for companies interested in going through the process to understand how balance in stakeholders interests should be achieved (Doelle et al., 2013; Koivurova et al., 2016).

Commitments made with the Gwich'in and Sahtu Dene and Métis First Nations through new Comprehensive Land Claims Agreements have led to the establishment of new legislation. As the Mackenzie Valley Environmental Impact Review Board (MVEIRB, 2016) states, in 1998, "the *Mackenzie Valley Resource Management Act* established a number of independent boards that were designed to run the various stages in the environmental impact assessment and regulatory processes" (p. 6). There is a need to undergo a full assessment when it is deemed to be necessary by one of the levels of screening which must take place during any land or water use planning for a new project, and this process is governed by the First Nations (Doelle et al., 2013; Noble, Ketilson, Aitken & Poelzer, 2013; Koivurova et al., 2016). The way that this process works is outlined below.

8. Roles of Aboriginal and Co-Management Boards

There are a number of different steps that an organization, company or government body must undertake in order to put forward a project for an environmental assessment. The first step is often to get consent for land or water use from a First Nations Tribal Council, in the case of projects that will be housed on or impact the land of First Nations territories, or the Canadian or local government in the case of crown land or waters (Doelle et al., 2013; Haefele & Cliffe-Phillips, 2004; Noble et al., 2013; Koivurova et al., 2016). In the Mackenzie Valley, there are Sahtu, Gwich'in and Wek'èezhii areas (settled land claim areas), where regional land and water boards have been established. The Mackenzie Valley Land and Water Board (MVLWB) monitors and ensures consistent application of the *Mackenzie Valley Resource Management Act* among all regional land and water boards in the Mackenzie Valley (MVLWB, 2010). For preliminary review prior to the involvement of the MVEIRB, the Sahtu Land Use Planning Board (2016) and the Gwich'in Land Use Planning Board (2016) should be consulted in their areas, as well as the Regulatory Authority such as Department of Fisheries and Oceans or the Department of Resources, Wildlife and Economic Development.

Once consent has been granted by the land owner and the land or water use planning board in the designated region, consultations must be made with all potentially affected parties (Doelle et al., 2013; Haefele & Cliffe-Phillips, 2004; Noble et al., 2013; Koivurova et al., 2016). As the Sahtu Land Use Planning Board (2016) states, these consultations will include considerations of traditional knowledge, as deemed necessary by the Planning Boards involved in each application. Land use permits are then dependent on whether or not the application is designated as one in need of an environmental assessment. Land use permits assigned by the Planning Boards are designated for five years only, and can only be extended by two years after that, for a total of seven years (Sahtu Land Use Planning Board, 2016). As well, terms and conditions can be applied to any permit for land or water use. Once a project is forwarded for environmental assessment, the Mackenzie Valley Environmental Impact Review Board becomes responsible for conducting environmental assessments on proposed developments and for striking panels to conduct environmental impact reviews on them if necessary, throughout the Mackenzie Valley (MVEIRB, 2016). This is a co-management board, comprised of an equal number of aboriginal land claimant nominees and government nominees, which makes recommendations to the federal and responsible ministers on whether a proposed development proceed to regulatory approval or not, and if so, under what conditions.

The criteria for environmental assessment is essentially twofold, although it does extend to other aspects of due diligence if necessary. Assessments delineate where a more thorough study might be necessary to decide if the development is likely to have significant adverse impacts on the environment, or likely to cause public concern. Whether a project can proceed to regulatory permitting and licensing will depend upon whether or not any mitigating measures are recommended. If this is the case, the project may be relegated to a third step in the process. The third step is only necessary when the Mackenzie Valley Environmental Impact Review Board requires further investigation.

As the MVEIRB (2016) states, a review will be conducted by an independent panel, which may consist of both Review Board members and non-Review Board members, all appointed by the Review Board. This review process of environmental impact provides a more focused study of the issues raised during the environmental assessment process (Adams, Carpenter, Housty et al., 2014).

It should be noted that all projects that go through this process must ultimately be approved by the Minister of the Environment (MVEIRB, 2016). Although MVEIRB has jurisdiction, their role is to make a recommendation to the Minister. In extreme cases, the Minister will supersede the role of MVEIRB, but generally project will receive a pass as long as the Review Board deems it worthy of consideration. Ehrlich and Sian (2004) state that corporations interested in working within the Arctic must take it upon themselves to be transparent about their interests and open to changes in their plans in consultation with the First Nations, due to their strict environmental regulations. As Ehrlich and Sian (2004) note, the commissioning of an independent cumulative effects study of the area can act to benefit future environmental assessments and smooth processes, which indicates that, ultimately, power is being transferred, albeit slowly, to the First Nations communities (Doelle et al., 2013; Noble et al., 2013; Koivurova et al., 2016).

Another major consideration is cultural and traditional history which might be affected by development. Successful assessments in the Mackenzie Valley are likely those that are tied to low cultural impact. As Ehrlich and Sian (2004) write, in a community near Yellowknife, a pre-assessment for one project demonstrated that “consideration on a regional scale to examine cumulative effects showed significant, rapid cultural changes over a period of approximately 60 years due to diminished use of traditional territory critical to the preservation of cultural identity” (p. 8). By critically looking at the community and social impact of their project ahead of time, the company involved in this process was able to successfully locate development in a physical region which had the least impact on the cultural and traditional framework of the First Nations in this area (Doelle et al., 2013; Haeefe & Cliffe-Phillips, 2004; Noble et al., 2013; Koivurova et al., 2016). Similarly, Christensen and Grant (2006) note that ultimately, companies must now recognize and utilize the interests of the First Nations people because of the fact that they will serve as a growing consumer base as well as substantive business partners. This indicates a high level of change in the balance of power after the negotiation of these treaties in the 1990s (MVEIRB, 2016). This means that the meanings behind the Mackenzie Valley Resource Management Act, and not simply the letter of the law, must be taken into consideration at the very beginning of the project planning process, which indicates a shift in the way that First Nations’ legal and customary rights are perceived.

9. Corporate CSR and Cooperative Efforts in Canada’s Oil and Gas Sector

In looking at the alignment between MNC CSR, business strategies, and a true stakeholder orientation and stewardship, the framework for engagement that has been put into place by the First Nations in Canada has seemed, on some levels, to force the issue with these firms (Chapin III, Sommerkorn, Robards & Hillmer-Pegram, 2015). Rather than Traditional or Self-Interested CSR, the First Nations can be said to have created a social contract that means that companies must consider stewardship as a way forward in order to meet current expectations for approval, at least in the cases where MNCs want to develop oil and gas resources in areas that are either on or near First Nations land. There are ways in which companies can work towards streamlining their project applications and avoiding the means by which their project will be bumped up to higher levels of assessment.

As the MVEIRB (2016) notes, only five per cent of projects that go through preliminary screening must have an environmental assessment, and only one per cent of those applicants are likely to undertake the highest level of assessment. Companies are therefore very unlikely to be pushed to a review unless the project is overtly complex or if stakeholders are not committed to the project. If stakeholders require public consultation, then projects are likely to be stalled. In order to bypass some of these challenges, Ehrlich and Sian (2004) recommend that

corporations interested in working within the North take it upon themselves to be transparent about their interests and open to changes in their plans. The commissioning of an independent cumulative effects study of the area can act to benefit future environmental assessments (Doelle et al., 2013; Noble et al., 2013; Koivurova et al., 2016).. Although industry representatives are often wary of the additional costs and time involved in the process, Ehrlich and Sian (2004) demonstrate that in doing so, companies can show good faith in the assessment process and begin to open up dialogue with Boards and communities who may be affected by development. This independent cumulative effects study process has been shown to inform the ways in which the Boards go about environmental assessment deliberation.

Another major consideration is cultural and traditional history which might be affected by development (Haefele & Cliffe-Phillips, 2004; Noble et al., 2013; Koivurova et al., 2016). Successful assessments in the Mackenzie Valley are likely those that are tied to low cultural impact. As Ehrlich and Sian (2004) write, in a community near Yellowknife, a pre-assessment for one project demonstrated that “Consideration on a regional scale to examine cumulative effects showed significant, rapid cultural changes over a period of approximately 60 years due to diminished use of traditional territory critical to the preservation of cultural identity” (p. 8). By critically looking at the community and social impact of their project ahead of time, the company was able to successfully locate development in a physical region which had the least impact on the cultural and traditional framework of the First Nations in this area. This allowed the company to speed up their application process.

The alternative, namely waiting until the Boards have had the opportunity to review an application instead of pre-assessing, is likely to be less successful, especially if the project in question is large or will take place over the maximum period of five to seven years. Christensen and Grant (2006) note that ultimately, companies will benefit from recognizing and utilizing the interests of the First Nations people because of the fact that they will serve as a growing consumer base as well as substantive business partners. Creating the means to build connections with the community before considering how and when to create a new business proposal that utilizes First Nations land or resources is therefore one that employs only short-term thinking. It is necessary for companies to explore the potential of their ideas within the structure of the governing framework, namely the Mackenzie Valley Resource Management Act. This means that the meanings behind the Act, and not simply the letter of the law, must be taken into consideration at the very beginning of the project planning process.

There are currently a number of significant business leaders already in contention for support from the Boards as well as those who have succeeded in the past. One of the earliest conglomerates to participate in the Mackenzie Valley after the development and implementation of the MVRMA was the Mackenzie Gas Project, which is still the largest business concern in the region. As noted by Dana et al. (2008), the emergence of First Nations communities interested in business development linked to new financial resources provided by land claim settlements, as well as the decision of leaders in the First Nations community to participate in the market economy, allowed for the creation of the Aboriginal Pipeline Group. The proposed Mackenzie Valley pipeline, known as the Mackenzie Gas Project, was a joint venture created by ConocoPhillips, ExxonMobil, Imperial Oil, Shell and the Aboriginal Pipeline Group (Meis Mason, Dana, & Anderson, 2012). This Mackenzie Gas Project partnership, nonetheless, has not been without its challenges. Even though this project directly engages the First Nations communities on both a social and an economic level, it is still subject to the same environmental assessment process and government stamp of approval (Nkongolo-Bakenda, Anderson, Kayseas & Camp II, 2016). The MVEIRB (2016) notes that the environmental impact review for this project is complete, but that it is still waiting for ministerial approval.

There are a number of other leading projects in the region, mostly linked to mineral exploration and hydroelectric power. De Beers Canada Inc. applied to create the Gahcho Kue Diamond Mine, an open-pit mine to be located approximately 180 kilometers northeast of Yellowknife, in 2005. They have yet to have secured the rights to this project because of the fact that the company did not seek feedback from the community prior to their application (MVEIRB, 2016). De Beers must complete their own independent feasibility study with the community before the Review Board will move ahead with an Environmental Impact Review. If the company had been able to develop the means to work with the First Nations in the region prior to their application, this delay may not have occurred. In the wake of the current international economic crisis, De Beers is now facing considerable additional costs due to this delay (MVEIRB, 2016). There is a good chance that the company will not be able to go forward with the project as a result of the delay.

In apposition to De Beers' experience is that of Fortune Minerals Ltd, which is in the process of proposing a cobalt-gold-bismuth mining and milling project approximately 50 kilometers north-north-east of What Ti. As noted by the MVEIRB (2016), the proposed project is within the Tlicho territory as part of the Wek'èezhii co-management lands, and is comprised of a "mine site with open pit and underground operations, ore processing mill facilities, tailings and mine rock management areas, a camp site, waste management facilities, an effluent treatment facility and roads within the mine site" (MVEIRB, 2016, p. 6). Unlike the De Beers project, Fortune Minerals is working in conjunction with a number of different community groups and First Nations councils simultaneously. They consider their work plan to be a draft, and are asking for feedback on every step in the process. The company abandoned an earlier plan created without First Nations input in 2005, and has since been successful in its efforts, expecting a decision in less than a year from the re-filing of the application. Fortune Minerals is working specifically with the Tlicho Nation in order to ensure that their interests are taken into consideration (MVEIRB, 2016).

10. Conclusions: CSR Requirements for MNCs in the Oil and Gas Industry

There is a vast difference in the application of stakeholder theory by MNCs in Canada's Arctic versus earlier iterations of this version of CSR. While stakeholder CSR needs to focus on the regulatory environment in which firms operate, and that there should be an increased legal entrenchment of the social responsibilities of business in order for firms to meet the needs of society as a whole, which may be most applicable to the oil and gas industry wherein regulatory processes may be seen as representative of societal and governmental stakeholders, what is also clear is that governments are not the only sovereign entities that need to be taken into consideration. Oil and gas projects that are motivated by the need for meeting government regulatory standards alone, as provided by the example of Nigeria, can be said to be those that are undertaken to provide social benefit, but with the goal of minimizing costs and with the hope of legitimizing their efforts rather than examining the role of stewardship (Agbibo & Maiangwa, 2013; Brown & Forster, 2013; Simon, Akung, & Bassey, 2014). Instead, a genuine concern for societal welfare is warranted not only because it serves the firms on a global basis to avoid legitimacy and sovereignty management problems, but because it is the right and ethical approach to resource governance, and because it is more sustainable for all stakeholders involved (Du & Vieira, 2012; Obi, 2014; United Nations, 2016).

In order for an oil and gas MNC to become successful in its efforts to develop new opportunities, not only in Canada's North but in other oil and gas regions affected by sovereignty issues, therefore, a company must look at

approaching project development in a different way from in the past, namely one that is focused on a CSR approach grounded in stewardship (Chapin III et al., 2015). The typical large-scale business endeavor in Canada has always looked at the economic impact first, and then explored how to mitigate any attendant challenges on a social or environmental level (Adams et al., 2014). What one can learn from the advent of legislation such as the Mackenzie Valley Resource Management Act is that the ways in which one has approached development in the last is no longer going to be feasible. The expectation from federal, regional and aboriginal governments is that corporations interested in connecting with the vast resources in under sustainable environments need to ensure that they are committed, first and foremost, to sustaining the communities within which they intend to work. To that end, each MNC needs to challenge themselves to approach a business opportunity in the North with a passion for sustainability, not only of the fragile environment, but of the social and economic interests of its people (Chapin III et al., 2015). An intelligent business plan should be seen as a partnership with representatives of the sovereign interests of the communities therein, rather than a single-minded pursuit of the financial interests of MNC investors. This may be a difficult proposition at first, but with sustainability principles in mind, the company will be able to look at how to deliver and maintain its interests over the long term, which can be a financial opportunity in itself.

There is a need for a stewardship stakeholder orientation in CSR for this process. As Dana et al. (2008) write, as an example, MNC industry leaders working in Canada must come to realize that the First Nations people are an integral part of development, and that they need to receive a fair share of resource revenue. Planning, therefore, requires that an MNC begin the conversation not with their own company representatives or with the government alone, but with sovereign entities themselves. As the example of Canada has demonstrated, successful corporate ventures under the Mackenzie Valley Resource Management Act are those that take all actions and consequences into consideration, both short and long term, prior to any application. MVEIRB (2016) requires that all environmental and social impacts of interest, including hazardous materials, air quality and climate, terrain, water quality and quantity, aquatic habitat, cultural resources, land and resource use, economy, cumulative impacts, abandonment and restoration and follow up programs are taken into account. To this end, whether working in Canada or in another nation where resource governance is at issue, an MNC needs to review each of these factors in turn before the application process begins.

To this end, four core principles that define the essence of corporate citizenship through stakeholder CSR are as follows (Erdiaw-Kwasie et al., 2015; Frynas, 2005; Maon et al., 2012). First, to minimize harm. A company must work to minimize the negative consequences of business activities and decisions on stakeholders, including employees, customers, communities, ecosystems, shareholders, and suppliers. Examples include operating ethically, supporting efforts to stop corruption, championing human rights, preventing environmental harm, enforcing good conduct from suppliers, treating employees responsibly, ensuring the safety of employees, ensuring that marketing statements are accurate, and delivering safe, high-quality products.

Second, there is a principle to maximize benefit. Companies can contribute to societal and economic well-being by investing resources in activities that benefit shareholders as well as broader stakeholders. Examples include participating voluntarily to help solve social problems (such as education, health, youth development, economic development for low-income communities, and workforce development), ensuring stable employment, paying fair wages, and producing a product with social value.

Third, companies must be accountable and responsive to key stakeholders (Erdiaw-Kwasie et al., 2015). Companies ought to build relationships of trust that involve becoming more transparent and open about the

progress and setbacks businesses experience in an effort to operate ethically. Create mechanisms to include the voice of stakeholders in governance, produce social reports assured by third parties, operate according to a code of conduct, and listen to and communicate with stakeholders. Finally, CSR must still support strong financial results. The responsibility of a company to return a profit to shareholders and to create and retain jobs must always be considered as part of its obligation to society.

Substantial capacity building in developing regions will not be able to succeed without the devolution of power from the federal government to territorial and local governments or civil society groups (Christensen & Grant, 2006). Capacity building, which is the development of communities to become more stable, affluent and influential, can lead to new generations of consumers for business over the long run (Chapin III et al., 2015; Doelle et al., 2013; Noble et al., 2013; Koivurova et al., 2016). In addition, to territorial and local governments or civil society groups can assist businesses in developing their own capacities for sustainable growth through a deliberative process that increases awareness about the long-term impact of choices that have an effect on our economic, social and environmental interests. It is clear that an intensified and supported environmental assessment processes, while complex, can serve to assist MNCs in their aims to explore new business opportunities regions where sovereignty is at issue. Taking stock of all of the ways in which MNCs are interacting with stakeholders will help to make these companies stronger. The opportunities are significant, but they need to be approached in a thoughtful manner which respects not only the legislation of its resources but the people in its communities. A forward-thinking approach to this new endeavor will help each MNC to solidify its strategic initiatives within a framework of stakeholder-oriented sustainability.

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