CSR sensemaking – a process defined by leadership

A case study of an oil company on how the CSR character of the organization evolves and how leadership matters

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Abstract

The research of this paper focuses on identifying a relatively new organizational process, namely CSR sensemaking in a company. Although the practice of corporate social responsibility in large companies has had an increasing significance, the focus on studying and evaluating CSR initiatives has primarily been on the CSR itself in the form of voluntary sustainability reporting. Paradoxes have been previously pointed out stating that companies with immaculate sustainability reports experience major setbacks or end up in a socially irresponsible deed. Such paradoxes usually show in content-based analyses, i.e. when CSR initiatives are evaluated based on reporting and actual philanthropic engagements.

The current study, however, takes the less beaten path of understanding the sensemaking in an organization regarding CSR. Through a discourse analysis, we can find out how the company perceives itself with regards to its stakeholders and its own purpose in business and as a result, define its CSR character. Three periods with three different executive managements give the framework as to how and why the CSR character of the company changes and what are the implications stemming from these changes. Further, the research proposes interdependence between the CSR sensemaking and the leadership of the organization.

Key words: *CSR sensemaking, responsible leadership, stakeholder relations, organizational identity*

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This thesis marks the end of a two-year study in Master of Science in International Business and Politics. It has been several exciting months filled with challenges of learning new concepts, understanding more profoundly the theories, and identifying new opportunities for developing the research. I am happy with the learning process and I would wish to thank my supervisor, Itziar Castelló, for the support and the guidance in this learning experience. I hope that this study provides some interesting findings, which could be implemented further.

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Ani Georgieva

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1. Introduction

1.1 Introduction to the topic:

"What we do comes from what and how we think", wrote the American scholar Jeffrey Pfeffer (2005).In order to understand why some companies undertake certain actions, it is essential to study the shared understanding of meaning within their organization. Achieving such insight can be done by applying a *sensemaking perspective*. In an environment when companies from the same industry face similar if not identical challenges, they might take completely divergent approaches and follow a different insight as to what is appropriate to do. Faced with severe challenges or crisis management, divergent approaches may appear in the same company. Those approaches can be better understood by looking at the way the company thinks and perceives itself with regards to important issues and its stakeholders. This can, as a result, provide a better understanding of the decisions an organization takes, which concern major corporate activities.

1.2 Background and research question:

The concept of organizational sensemaking was entirely new to me and I discovered the theory when I started working on the thesis. In the process of clarifying the topic with my supervisor, after having picked British Petroleum (BP) as a case study organization, I realized there were many paths to pursue and many opportunities to investigate. It took some time to think through what I was truly interested in finding out about this company in relation to the setbacks it had experienced. In the beginning, I was asking the question why a company that had immaculate records on sustainability and that was one of the first oil companies to declare commitment to combating climate change experienced such setbacks that undermined what BP claimed it stood for. My interest in this matter was inclined towards the meaning that the company was giving to the issue of CSR. That is how I considered the theory of sensemaking valuable to my research.

The area of interest for the thesis stems from my academic and potentially professional interest in corporate social responsibility and it is an attempt to explore a research area that has not been as widely studied and applied previously. That is another rationale as to how the perspective of sensemaking has

been selected as a tool to better understand corporate decisions and to explain significant events that mark not only the direction of a company but also of an industry.

Organizational sensemaking has largely been studied by Weick as a tool to provide more clarity in the quest for meaning in the organizational life (Weick et al, 2005). Sensemaking occurs when a flow of organizational circumstances is turned into words and salient categories and it is the primary site where the meanings that inform and constrain identity and action materialize (ibid).

Basu and Palazzo (2008), on the other hand, have looked into CSR as part of the organizational sensemaking and have come up with a process model of defining the CSR character of an organization through a tripartite model. The three dimensions of the model, in brief, represent the essential processes of organizational sensemaking: cognitive, linguistic, and conative processes. This model is further explained in the literature review chapter.

Corporate social responsibility (CSR) and sustainability have become terms and practices, without which, companies cannot operate. These two concepts are part of branding, business models, annual reports, corporate communication, HR policies, etc. But even when these concepts are an inevitable part of an organization's rhetoric, there still can be some events that seem to be in conflict with codes of conducts and sustainability reports. The main assumption here is that trying to understand the CSR processes in an organization cannot be done simply by looking at the activities and sustainability reports produced. A more coherent and more elaborate analysis can be done through studying how an organization makes sense of what is important to its business and how it communicates it. The sensemaking theory, thus, gives the opportunity to examine organizational rhetoric and yet identify key points of difference, which can be the cause of different business outcomes or transformations that the company experiences.

There is literature abundance in the field of CSR and on how and why companies should implement CSR strategies, especially big companies operating throughout the world and having a significant impact on nature and the communities where they operate. The oil industry, for instance, has been often criticized for the negative impact on the environment. Due the risky nature of extracting and refining oil and the often damaging effects on the environment from oil consumption, such companies are often the target of external scrutiny and stakeholder pressure. Also, the major oil companies have experienced crises in the form of accidents, which have resulted in environmental damage, workers' injuries and casualties, etc (e.g. BP, Shell, and Exxon-Mobil). The paradox in such cases is that the companies in question may have had an

immaculate CSR or sustainability report and yet, they experience an event, which according to their reporting and clear records should not have happened.

The thesis will focus on the case of British Petroleum (BP) and will follow how the CSR character of the company has changed during the last decade and a half. More specifically, it will inevitably include the two major events in their operations related directly to CSR: the Beyond Petroleum initiative (2000) and the Deepwater horizon oil spill (2010). Both events are landmarks for the company as the first one introduced a new strategy and paved the path for the company in the wake of emerging challenges, whereas the second one caused huge environmental damage and a crisis within the company, which also required reassessing the operations and the risks associated with them. The period selected for the research covers three CEO's terms and the company's sensemaking during these times. BP itself is an interesting company to do a case study on, as it has had turbulent times and experienced corporate turnarounds with change of leadership.

Along the ideas outlined above, I have formulated the research question which the thesis attempts to answer:

> **"How does the CSR sensemaking process evolve in an organization and what is the leadership's role?"**

By conducting a sensemaking study of CSR processes in BP through discourse analysis, the research aims to define the CSR character of the company in different periods, compare and discuss the results, identify the implications and provide recommendations.

1.3 Justification for the research

This research aims at shedding light to the CSR behavior of an organization and the way it thinks about its stakeholders and as a result engages in certain actions. I argue that by defining the CSR character of the company, it is possible to identify how and why it changes in specific periods and the implications for the company as a result. The main objective, thus, is to examine how changes in the CSR type occur and how they are affected by leadership. The research is a novel application of the concept of organizational sensemaking and it proposes a development of the theoretical framework of behavioral dispositions characterizing the organization.

On paper, BP has been a perfect company in terms of producing reports on sustainability and CSR and in complying with rules of the UN Global Compact and the like. However, if we only look at what the company submits as reports or its CSR activities, we are missing out on what and how the company actually thinks and how it makes sense of the CSR issues. Practice has proven that companies that look perfect on paper are not insured against experiencing a major CSR setback; BP falls in this category as well. Although the research is not aiming at finding out why the organization has experienced the (CSR) crisis, it will look into what and how CSR sensemaking process is has taken place.

1.4 Scope and delimitations

It is common practice for large corporations to adhere to sustainability indexes, to produce reports and show good corporate citizenship. What is not always clear is what is behind the words and actions of those companies. An effective tool to find out what is beyond the reports and specific activities of an organization and to understand the real meaning of CSR initiatives is the sensemaking model introduced by Basu and Palazzo (2008). The model can shed light into the connection between the sensemaking of CSR and certain outcomes or events that took place. Since the nature of sensemaking is retrospective (Weick, 1995), the subjects of study are past reports and statements that the organization has communicated or exchanged with its stakeholders as well as the wider public.

The thesis aims at assessing and comparing CSR sensemaking in the company during the previous CEOs, John Browne, Tony Hayward and the current one Bob Dudley. It also strives to reveal the CSR character of the company and how it frames the relations of BP with its stakeholders as a result of certain dispositions.

The choice of company is BP because in one decade, the company experienced high performance on sustainability and a major environmental catastrophe (the aftermath of the oil rig explosion in the Mexican Gulf, April 2010). Also, the industry that the company is part of has been under substantial criticism regarding its effect on the environment and contribution to the climate change. Most of the major oil companies have responded to this pressure, however, the case of BP is interesting due to the dramatic events, which happened despite its commitment to sustainability. The thesis will pursue to analyze the sensemaking of CSR in the company by looking at the CEO's statements and public speeches to be able to define the CSR character of the company.

The goal is to contribute to a better understanding of the research area of sensemaking process and some of the challenges in linking CSR processes to stakeholder management and responsible leadership. By analyzing the three CSR dimensions of the company, cognitive, linguistic and conative, according to the Palazzo and Basu model, we can define what the company thinks or how it perceives itself, how it justifies its actions, and what the leadership has in framing all these processes.

The two events that will inevitably be part of the case study are the Beyond Petroleum initiative and the recent oil spill in the Mexican Gulf. With the former, the company was the first oil company to position itself as socially-conscious and committed to sustainability, whereas with the latter, it experienced one of the worst environmental crises and the loss of 11 employees' lives.

Since the research is focused on a single company, it might prove difficult to make general assumptions and to apply the findings to other companies albeit in the same industry. Nevertheless, it also aims to extend the application of the organizational sensemaking theory and thus contribute to the existing research. I also hope that the thesis will bring a more profound understanding of what CSR challenges an oil company faces and how and why it reacts to solve them.

1.5 Structure of the Thesis

Chapter 1 presents the main idea behind the thesis and introduces the reader to the research filed. A broader examination of the topic and the research interest is provided and then related to the research question. The chapter also presents the justification for the research and clarifies the reason for applying organizational sensemaking perspective in the analysis of CSR in an organization. In addition, the chapter gives a direction as to what the research will discover and how it will contribute to the existing theory along with some limitations it may have.

Chapter 2 includes the theoretical framework with the literature that has inspired the research and that relates to the selected topic. This section aims to elaborate further on frequently used terms such as CSR and sustainability, clarify the significance of CSR to organizational strategy and the link to ethical leadership. The processes model of the CSR sensemaking is explained as well. Another objective is to explain the relevance of stakeholders both in the CSR literature and in the sensemaking analysis.

Chapter 3 presents the research process and the methodology. The purpose of this section is to critically discuss the methodical approach and to explain its significance in the research along with how the analysis

is conducted and how the data are collected.

Chapter 4 is structured around the analysis and the main empirical findings in the research. For a start, the three periods that are subject of the study are presented and analyzed as a case; Lord Browne, Tony Hayward, and Bob Dudley's executive management. With the use of discourse analysis, the CSR character of the company during each period is identified and compared to the others.

Chapter 5 summarizes the empirical findings that have been previously outlined through the analysis. Further, this section's aim is to present the main challenges for the organization in a business perspective and to explain how they come about and how they relate to the leadership and the stakeholder relations.

Chapter 6 gives the finishing touches to the research by providing a conclusion to the main findings, which also attempt to answer the research question. In addition, in light of the result, recommendations are provided as to how the CSR character and leadership matter in order to improve the stakeholder relations. And finally, limitations to the research are considered along with suggestions for further research in this field.

CHAPTER 2

LITERATURE REVIEW

2. Literature review

The theory reviewed in this chapter is the starting point of the analysis, which will also form the answer to the research question stated in the thesis. The backbone theory of the thesis is the theory of sensemaking as discussed in the work of Basu and Palazzo (2007). The authors relate CSR sensemaking to stakeholder relations so that based on how a company constructs its reality defines how it communicates with the stakeholders. This concept is present thoroughly in the works of Karl E. Weick where sensemaking is about how people construct their reality. Since according to Weick, sensemaking is grounded in identity construction, he is famous for posing the question: "How can I know who I am until I see what I say?".

The sensemaking theory relates to other theories, which are significant to the research question and its solution and which provide a more substantial understanding of the concepts. That is why they have also been included to form a more comprehensive theoretical perspective.

The chapter has been organized into four main topics. The first one looks into the concept of corporate social responsibility (CSR), which is essential to developing and answering the research question. CSR is an important component of sensemaking theory, stakeholder theory, and ethical leadership, all of which will be discussed in the chapter. The second topic is CSR sensemaking and it contributes to the analysis primarily with the application of the process model of CSR, which helps define the CSR character of the organization. It also adds to the CSR discussion; in the works of Basu and Palazzo CSR is viewed as derived from the organizational sensemaking.

Thirdly, stakeholder theory is related to sensemaking in a way that the latter is actually built on the connection between an organization and its stakeholders. It is therefore essential to clarify the importance and the role of stakeholders in the industry and how the organization communicates with them. Freeman, for instance has written on the importance of stakeholders to business in terms of value creation through effective stakeholder management. But before proceeding to that, a definition of what is a stakeholder, is provided.

Last but not least, is the topic of ethical leadership, which relates to the other theories as well. Responsible leadership, for instance, is an important part in building and retaining public trust and creating sustainable business success (Maak & Pless, 2006), which can happen through collaboration and cooperation with different stakeholder groups.

2.1 CSR – definition

The meaning and purpose of corporate social responsibility has evolved with time, however, the basis has remained unchanged. Keith Davies (1973) for instance states that social responsibility is a firm's acceptance of a social obligation beyond the requirements of the law. According to the author, social values should be integrated into the decision-making model of a company; otherwise, the company will face customer and public disfavor.

CSR is important to companies especially to large multinationals who operate around the world and whose business has an impact on local communities, the environment, etc. Creating jobs and contributing to the economic development of certain regions is a positive effect of their presence but those companies carry greater responsibilities and have to meet greater expectations by society and stakeholders. Another major driver for CSR activities has been the major corporate scandals, which have displayed wrongdoings and unethical behavior and practices, such as Enron. Value chain management issues as in the case of Nike also contributed a lot to the CSR discourse and practice.

The negative impact that has been detected by scholars, however, is that organizations engaged in producing bulky sustainability reports and codes of conducts in order to boost their record of responsibility and to show evidence of their work to include sustainability and CSR into their business. Focusing too much energy, resources, and time to the CSR activities and on fulfilling certain standards has also been pointed out by Basu and Palazzo (2008) in cases where there is too much reliance on CSR activities reports without understanding the precipitating causes. This as a result, is an important niche in the research suggesting that analyzing CSR by studying the CSR activities and reading the CSR reports is not sufficient; understanding the thinking in the organization can serve a better role. The last statement is also a point of reference for the thesis.

2.1.1 Competitive advantage

In research conducted by Porter and Kramer (2009), CSR has been identified as a source of competitive advantage. Since it has become an imperative in doing business and being legitimate, organizations have considered to make it part of their business. For some companies, CSR is in the DNA of the company,

meaning that it is integrated into the core business processes. For others, applying CSR has come as a necessity and special units have been created to work with it. Porter and Kramer (2009) recognize that often CSR is viewed as an additional cost or constraint to businesses. Also, when responding to CSR imperatives coming either from society or government, many companies take pure cosmetic changes, instead of strategic or operational. Those are usually done by public relations departments and consist of glossy and voluminous reports about social and environmental activities of the company. Porter and Kramer see this to be a confusion of PR with social and business results. To escape from this trap, the authors suggest that companies should focus on the interdependence of business and society rather than on any tension between them. Through integrating business and society, organizations can choose which social issues to address; these can be areas where social issues are closely tied to a company's business. In this, the authors see an opportunity for the organization to leverage the firm's resources – and benefit society.

The main concept in CSR as a competitive advantage is that each company can focus on particular set of societal issues, which the company can best resolve through its expertise and from which it can obtain competitive benefit. In the so-created process of shared value, self-sustaining solutions will be found and companies can have a greater impact on social good than other institutions or philanthropic organizations (Porter and Kramer, 2009).

2.1.2 The business case for Corporate Social Responsibility

David Vogel (2005) has written a substantial and critical review of the concept that CSR is necessarily linked to profitability. While certainly not a critic of the importance of CSR in business, the author takes on a skeptical perspective with regards to how relevant it really is to always promote CSR as financially beneficial. Vogel comes up with an interesting interpretation of the motivation of the CSR proponents who promote the idea about profitability as a result of CSR. He asserts that the reason [CSR advocates] have placed so much importance on "proving" that CSR pays is to demonstrate that behaving responsibly is in the self-interest of the all firms and that CSR always makes business sense. In light of this, Vogel suggests that it is not necessary to follow that if some firms are more profitable because they are more responsible, then their less responsible competitors would be more profitable if they were more responsible. As a result, the author suggests that instead of being defined as a necessary condition for business success, CSR is better understood as one dimension (among others) of corporate strategy (Vogel, 2005).

Another valuable observation, among others raised in his work, is on "the dubious claims for socially responsible investing." The issues outlined by Vogel stem from the fact that sources of information vary widely from fund to fund and the most frequent is provided by the firms themselves. And there is no legal penalty for providing false information in the voluntary sustainability reporting as opposed to the financial reporting. This leads to conclude that the investment decisions and the consistency of the criteria employed in the socially responsible investment funds raise questions (Vogel, 2005).

The main conclusion that Vogel suggests is that while it is attractive to believe that CSR pays, this idea should be accepted with caution. Not dismissing the business case for virtue, Vogel implies that CSR does make business sense for some firms in specific circumstances.

When looking into why companies would behave in socially responsible ways, John L. Campbell (2007) argues that economic conditions affect the probability that the corporations will do so. Weak financial performance or a stagnating economy can reduce such possibility.

While not denying that CSR can be defined as actions taken by a firm that are intended to further social welfare beyond the direct economic, technical, and legal interests of the firm, Campbell proposes another definition. Form an institutionalism point of view, the author acknowledges that as long as there is no institutional constraint, companies may have incentives to behave socially irresponsibly. In order to behave in a socially responsible way, according to Campbell, the companies must do two things. The first is not to harm knowingly their stakeholders (investors, employees, customers, suppliers, local communities). The second is in case they do so, to solve the situation when they discover it, either forced by some normative pressure, legal threat, regulatory ruling or voluntarily (Campbell, 2007).He puts an argument based on economic conditions, which can define whether a company will act in a socially responsible way or not. The proposition that Campbell suggests is that corporations will be less likely to act in socially responsible ways when they are experiencing weak financial performance and when they are operating in an unhealthy economic environment (Campbell, 2007).

2.1.3 Sustainability

In 2008, the Economist published a report "Doing good: Business and the sustainability challenge" on the impact of sustainability on business. Although the practices may vary around the world, the report accepts as a starting point that sustainable practices enhance the financial, environmental, societal, human, and

other resources on which the company involved depends for its long-term health. Sustainability is thus resulting from having such policies and practices. It is also defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Despite its noble meaning, it has been outlined as a challenge for the companies to actually realize what sustainability means for their business and how they can align social and environmental objectives with financial ones (The Economist, 2008).

The preferred term in the thesis is corporate social responsibility, but not as opposed to sustainability. Even though the company subject of the research here uses predominantly the term *sustainability*, CSR is in use here as it can be defined as a broader term in relation to a company's activities. Also a few times, the term *responsible corporate citizen* is mentioned in the company's documents as an aspiration of the organization. The Economist points out that the terms such as sustainability and CSR are often used interchangeably, but the idea behind the terminology is different. It is said that the idea of sustainability started out predominantly as an environmental concern, which has included economic and social aspects. This explanation can shed light as to why BP uses sustainability in its corporate communication. CSR, on the other hand has philanthropic origins especially in the United States (The Economist, 2008). The authors agree however, that both spread out to include the other.

2.2 CSR and Sensemaking – understanding the "Basu and Palazzo CSR process model"

The theory of CSR sensemaking is of primary importance to the thesis. It forms the basis for analysis and provides the framework used later in the study. Basu and Palazzo have distinguished sensmaking as a way to go beyond the common analysis of CSR by simply evaluating CSR. Their approach consists in departing from a largely content-driven analysis of CSR activities to that of organizational sensemaking in order to explain CSR behavior in terms of processes managers are likely to adopt in coming up with their own view of what constitutes appropriate relationships with their stakeholders and of the world in which they exist (Basu& Palazzo, 2008). The process model of CSR that the authors suggest points to what organizations actually think about CSR and as a result how they communicate and engage with their stakeholders. This stream of research provides a critique to a content-driven approach to CSR, which looks only at the CSR activities and to the lack of questioning by whom the values are shared or how a shared meaning of values originates in an organization.

The thesis takes a starting point in looking at CSR as derived from the organizational sensemaking
In the sensemaking dimensions model, the CSR character of the organization can be identified by the model and its three dimensions: cognitive, linguistic and conative. It is an interesting area of research because it relates the CSR sensemaking processes to the company's decision-making and identifying the firm's CSR type is important to figure out some of the company's business decisions. The sensemaking process definition can, therefore, strengthen the CSR analysis.

Sensemaking is a process by which individuals develop cognitive maps of their environment (Basu & Palazzo, 2008). It provides a deeper understanding of CSR and reading and assessing sustainability report is not the subject here. By applying a sensemaking perspective, we go further than just analyzing the CSR activities of an organization either at the individual managerial level or at the organizational level. For the latter, I use a collective shared model of sensemaking valid for the organization as a whole.

Since the head of an organization is responsible for communicating the strategy of a company to the stakeholders, the markets, and the public, the basis for the analysis will be statements made by chief executives. Decisions regarding CSR activities are made by managers and stem from their mental models regarding their sense of who they are in their world (Basu& Palazzo, 2008). According to the authors, "the process view argues for a deeper examination of organizational character along the tripartite process dimensions: cognitive, linguistic and conative."

Figure 2.2 Adapted graph of Basu and Palazzo's process model of sensemaking
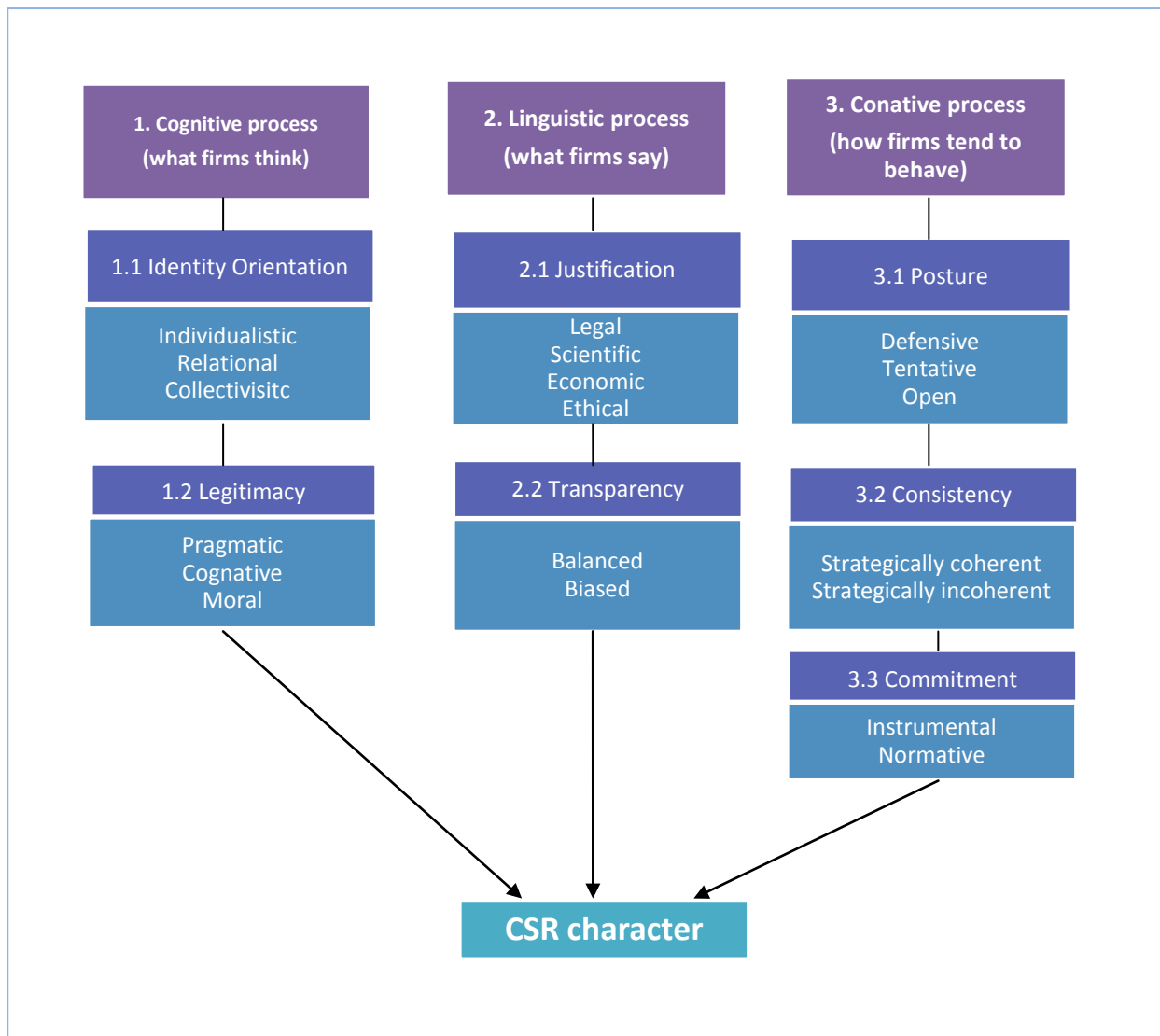
The authors also propose a definition of corporate social responsibility that is derived from organizational sensemaking:

> *"CSR is defined as the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfillment and achievement of these roles and relationships."* (Basu and Palazzo, 2008)

The above definition makes it clear that while the sensemaking processes take place in the organization and are thus internal, there is a sort of interaction, meaning that the organization engages in a certain way with its stakeholders. This engagement depends on the CSR character of the company. The thesis, hence, will explore the above mentioned property of CSR vis-à-vis the stakeholders.

The process view suggested by the authors includes a deeper examination of the organizational character along the three dimensions of the model: *cognitive, linguistic, and conative*. Exploring the CSR character of a company is possible through looking at the dimensions that define the sensemaking process:

- Cognitive – what firms think

The cognitive dimension involves identity orientation and legitimacy aspect. The identity orientation can be defined as individualist, relational or collectivist. According to Palazzo and Basu, organizations characterized by an individualistic orientation might describe themselves as being "the best in the business" or "leaps ahead of the competition". Those with relational identity see themselves as partners in relationships with their stakeholders, while the ones with collectivistic orientation see themselves as members of larger groups that go beyond the most relevant stakeholders, possessing generalized ties to one another.

The identity orientation is an important aspect in assessing the relationship an organization has with its stakeholders. According to Brickson (2007), the stakeholders who count is largely a function of the identity orientation of the organization doing the counting. Brickson takes the identity orientation as a stable concept, however, here in the thesis I propose that the organizational identity can change as a function of the context and leadership.

The *legitimacy* can be pragmatic, cognitive or moral. The search for legitimacy is a result of the perceived need to comply with some "socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995). With a *pragmatic legitimacy*, the firms are able to convince their stakeholders of the usefulness of their decisions and activities. This suggests that the firms are in control of their environment and can manage the legitimacy as a resource. Contrary to the pragmatic legitimacy, in the cognitive, the assumption is that the environment controls the firm and so the firm aligns its actions with perceived external expectations. Moral legitimacy involves co-creating acceptable norms of behavior with relevant stakeholders in times of uncertainty brought about by fundamental social changes.

- Linguistic – what firms say

The linguistic process involves *justification* and *transparency*. What firms say has to do with how they justify their actions, which can be viewed as how they interpret their responsibilities and their relations with stakeholders. A corporation may choose to respond to critics of its actions by using legal justifications, which can include its code of conduct, settlements, etc. With a scientific justification, a firm can again defend itself against criticism by providing expertise knowledge that measures the impact of its activities and that can, to the benefit of the company, prove a minimal environmental and/or social damage from its operations. The economic justification serves to highlight certain tangible contributions to stakeholders, such as job creation, sponsorship, investment in local communities, etc. There is a fourth type of justification, the ethical one, which is not directed to meet criticism or stakeholders' expectations but comes from more general and cosmopolitan interests and goals such as protecting human rights, working towards improving living conditions, fighting HIV, etc.

Apart from justification, the company can also choose how and what from its CSR activities to communicate to the public. Its CSR communication, therefore, can be balanced or biased according to the literature. Biased communication occurs when the company tries to advance positive outcomes of its actions and in attempt to clear its name or to preserve its license to operate. The result of this can be overwhelming the stakeholders with massive reports and data in favor of its operations. Such approach has led to some criticism of CSR reporting that it may not necessarily present objectively what the company is doing. The balanced approach on the contrary discloses not only the positive sides of the company's operations, but also presents some challenges or obstacles that it may be facing or some unfavorable circumstances.

- Conative – how firms tend to behave

The conative CSR dimension is used to describe how firms are inclined to behave and attempt certain actions. The categories outlined in this process are *posture, consistency* and *commitment*. Posture has been identified as a key behavioral disposition. Through the firm's interaction with others, its character is revealed and can be studied. Posture is mainly responsive and is studied in the context of criticism. Previous research has discovered three types of responsive posture: capitulation, resistance, and preemption (Spar and La Mure, 2003).The focus here, however, is posture as a conative characteristic. Basu and Palazzo (2003) have come up with three dominant types of posture in terms of an organization's interaction with external critics: defensive, tentative, and open. A firm with a defensive posture is one that does not accept feedback and presumes that it is right. Tentative posture suggests that an organization might lack expertise in certain areas and is uncertain about its actions, which eventually can lead to more

criticism. An open posture is a trait of organizations that are open to alternative perspectives and is willing to share their own perceptions and to discuss possible changes in their operations.

The consistency is about deliberately and strategically embedding CSR in an organization or simply making such decisions along the way when responding to demands by internal or external stakeholders. In the former, the organization is strategically consistent, whereas in the latter, strategically inconsistent. With regards to the CSR activities, there can be internal consistency, when these activities are specifically designed to achieve certain goals, or internal inconsistency, when the activities are sporadic, without a particular aim to complete.

And finally, the commitment can be either instrumental or normative. Instrumental commitment suggests that it is derived from external incentives. Normative, on the other hand, stems from inside the organization and is based on moral understandings.

The mental process of importance in the case of CSR is directed at the creation of a common, context-bound view based upon the values and starting points of CSR in a particular organization. People gradually develop a collective frame of reference by sharing meaning with each other. The sharing of meaning takes place through acting (Cramer et al, 2006).

Making sense of the organization and the identity – Karl E. Weick's perspective

From the perspective of sensemaking, who we think we are (identity) as organizational actors shapes what we enact and how we interpret, which affects what outsiders think we are (image) and how they treat us, which stabilizes or destabilizes our identity. Who we are lies importantly in the hands of others, which means our categories for sensemaking lie in their hands. If their images of us change, our identities may be destabilized and our receptiveness to new meanings increases. Sensemaking, filtered through issues of identity, is shaped by the recipe "how can I know who we are becoming until I see what they say and do with our actions?" (Weick et al, 2005).

The authors suggest that when people face an unsettling difference, they try to make sense of it by coming up with questions such as "who are we, what are we doing, what matters, and why does it matter?"(ibid.).

Having said that, in the events of the Texas refinery incident and the Deepwater horizon oil spill, BP had to face the ambiguity and to ask itself as an organization "who we are, what we are doing, etc." the answers to those questions were reached with the change of leadership and the other changes that occurred as a result.

Weick et al (2005) argue that the seeming durability of identity is actually contained in the stability of the labels used by organization members to express who or what they believe the organization to be, but that the meaning associated with these labels changes so that identity actually is mutable. The instability of identity arises mainly from its ongoing interrelationships with organizational image, which are clearly characterized by a notable degree of fluidity. The authors claim further that the instability of identity is actually adaptive in facilitating organizational change in response to environmental demands (ibid.).

Organizational identity, according to Weick et al, is typically taken by scholars to be an organization's members' collective understanding of the features presumed to be central and relatively permanent, and that distinguish the organization from other organizations.

2.3 CSR and stakeholder theory

There is literature abundance on stakeholder theory form very narrow to very broad definitions. For practical reasons and for the sake of consistency, the thesis will look into several existing theories that complement each other and yet open up new paths for research. Friedman (2006), for instance, has created a comparative diagram looking at the history of stakeholder theory and how it has developed over time. It represents a chronology with authors and the main definition of a stakeholder that they work with. The author acknowledges, though, the pivotal contribution to the stakeholder literature by Freeman in 1984. Freeman develops the concept of stakeholder management as the best practice for acknowledging and working with stakeholders of an organization.

According to Freeman, stakeholder management is important to business because business and stakeholders are connected in a relationship where the value that is created by businesses can be fostered by a good management of the stakeholders.

> *Business can be understood as a set of relationships among groups that have a stake in the activities that make up the business. Business is about customers, suppliers, employees, financiers (stockholders, banks, and so on), communities, and managers interact and create value. To*

understand a business is to know how these relationships work. The executive's job is to manage and shape these relationships, hence the term "managing for stakeholders." (Freeman, 2008)

2.3.1 Defining the stakeholders

A widely accepted definition of a stakeholder is that a stakeholder can be defined as any group or individual who can affect or is affected by the achievement of a corporation's purpose (Freeman, 1984).Freeman distinguishes a group of primary stakeholders, which are the groups in the inner circle who define most businesses. Defining the primary stakeholder depends in large part on the company's overall purpose. The company's approach to stakeholders can be seen in how the strategy is formed; a clear message is usually communicated in the corporate formulation of "what we stand for" or "our values" of a company.

Adopting the stakeholder mindset and considering the stakeholders' importance is crucial for the success of a company according to Freeman because "a business that constantly trades off the interests of one group for another is doomed for trouble and failure (Freeman, 2008: 10)."

One of the interesting points that Freeman establishes in his work is that managing for stakeholders requires that ethics and leadership go together (Freeman, 2008:18). According to the author, ethics must be built into the foundations of how value gets created due to the complex business environment that companies operate in and the increasing demands of the public (ibid). The chain of value has thus become a chain of responsibility. Just like Nike was held accountable for the labor practices of their suppliers so is BP held accountable for the technical/operational faults of its contactors in the Macondo well during the oil spill in the Mexican Gulf, for instance.

Due to the complexity of the platform and the involvement of more than one organization into the creation and manipulation of the oil-drilling well, it was challenging for experts to identify precisely whose fault the blow-out was. BP has taken most of the negativity that resulted in the aftermath of the accident and has recently agreed to settle a case with paying off billions of US dollars to those affected[1].

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[1] Claims Information, Gulf of Mexico, BP,
http://www.bp.com/sectiongenericarticle.do?categoryId=9036580&contentId=7067577

Freeman also writes about the emergence of environmentalism and other social values, which have been facilitated by the outreach of media, broadcast and social media, making salient issues such as oil spills, air pollution, deforestation, water pollution, etc. And that is where a business with a purpose comes in. A business with a purpose exists when an executive can find a purpose that speaks to the hearts and minds of key stakeholders and it is more likely that there will be sustained success (Freeman, 2008:54).

The theories suggest different ways to define the stakeholders and to shape a consistent approach. Freeman, for instance, identifies a *multistakeholder* approach. It looks more broadly at the stakeholders involved in the entire value creation process. This approach recognizes that an organization must take into account, at a minimum, customers, suppliers, employees, communities, and financiers (Freeman, 2008: 95)

The stakeholder strategy – Ann Svendsen
Ann Svendsen writes about an approach to corporate stakeholder relations, which is how to do well and do good at the same time. In this approach, corporations and their stakeholders are seen as interdependent and their relationships evolve and are mutually defined (Svendsen, 1998).

There is a connection to values: "strategies also reflect corporate values. A company's core values, whether clearly articulated or not, influence the selection of strategic goals and decisions about how the company will negotiate and carry out its explicit and implicit contracts with stakeholders." (Svendsen, 1998:45) The strategy also identifies which stakeholders are important to the company and why.

Developing a social mission according to Svendsen is crucial: "a social mission statement is an important piece of the foundation for relationship building because it links the company's bottom line business goals with its broader social goals and responsibilities and defines the balance the company expects to maintain between financial and nonfinancial outcomes." It also reflects the organization's core values (Svendsen, 1998: 76)

Svendsen looks at the corporate relations with the stakeholders from a collaborative point of view. These relations are not about the firm managing them, but rather both sides working together and accepting the responsibilities and expectations from each other. Corporate values can also support collaboration; an organization's corporate culture and the values it embodies can support or discourage productive collaboration. Further, Svendsen asserts that corporate values will define how these relationships are developed and, to a large extent whether or not they are successful. (Svendsen, 1998:78)

The author is convinced that firms with a compelling sense of direction, a strong set of values and beliefs, and a web of collaborative stakeholder relationships will thrive in an increasingly turbulent, competitive, global economy. Management attention will be on stakeholder relationships, writes Svendsen, because they are the next source of competitive advantage.

Friedman, on the other hand, has looked at previous works on stakeholder theory and provides an "update" to Freeman by summarizing the development of the stakeholder concept (Friedman, 2006). When figuring out who are the stakeholders, Friedman writes that the most common way to classify stakeholders is to consider groups of people with a distinguishable relationship with corporations. The five most common groups to be considered are: shareholders, customers, suppliers and distributors, employees, and local communities.

Friedman also considers stakeholder management, but emphasizes that it is the relationship that is managed and not the specific group of stakeholders. The business case motives are outlined as to effectively manage risk in order to limit damage and reduce financial penalties for "acting unethically", either directly through lawsuits or clean-up costs or indirectly through the break-up of relationships (Friedman, 2006:150). Being outstandingly socially responsible also pays off, according to Friedman, as evidenced by the success of Starbucks, The Body Shop and Ben and Jerry's. This can also be linked to the "race to the bottom" effect of companies striving to catch up in being recognized as socially responsible.

On stakeholder relations management: what BP's competitor Shell is doing[2] was to join the USCAP before the Obama's election, to gain access to policymakers and the President himself. "It helped people look at us differently and helped open doors," Mr. Odum, Shell's top exploration executive for the Western hemisphere, said. "I do not think there is any doubt about that."[3]

Friedman also acknowledges that there can be instances when stakeholder mismanagement occurs. In brief, stakeholder mismanagement is related to reputation damage and the difficulty to repair it. In times of crisis for instance the initial action should be an official response. It is a very serious and crucial step as the first response formulation tells the stakeholders how the organization perceives the crisis. The difficulty of

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[2]USCAP, United States Climate Action Partnership, http://www.us-cap.org/
[3]NYT, 2012, New and Frozen Frontier Awaits Offshore Oil Drilling, http://www.nytimes.com/2012/05/24/science/earth/shell-arctic-ocean-drilling-stands-to-open-new-oil-frontier.html?pagewanted=4&_r=1

this task to formulate the first response comes from the scarce information in the beginning and the time required for analyzing the situation (Friedman, 2006:186).

Aguilera et al (2007) have done an interesting research on the significance of CSR at the individual level by explaining why employees might push corporations to engage in CSR activities. They claim that fairness at the workplace, when it is perceived, motivates employees to work harder and feel happier, whereas in unjust conditions, performance is lower (Aguilera et al, 2007). By developing a framework, the authors suggest that certain motives can push employees to influence CSR. The relational motives, for instance provide that employees have "a psychological need" to relate to valued social groups and require that their need for belongingness is met. According to this research, employees desire that organizations act in a socially responsible manner because CSR initiatives require employees and management to work together and it also gives employees the sense that the company is treating all people fairly (Aguilera et al, 2007).

2.4 Ethical leadership

The theory on ethical and responsible leadership is inevitably linked to stakeholder theory. For instance, Freeman asserts that in a time of history when business has lost the public trust, managing for stakeholders is a tool to regain it back with a vision of business that places value creation for stakeholders at the center. This suggests really going beyond the narrow vision of creating financial value for shareholders. In a complex business environment, leadership is much more than and profitable and sustainable businesses are such when they know how to manage for stakeholders as well (Freeman, 2004).

Freeman suggests a self-knowing approach to understanding the concept of ethical leader. Being an ethical leader is to have a commitment to examining one's own behavior, values, and the dedication to accept the responsibility for the effects of one's actions on others as well as yourself. (Freeman, 2004: 154). The author identifies a values-driven stakeholder management where the organization is able to answer some key questions regarding the durability of stakeholder relations, the principles that the company is committed to and the values that both the organization and its stakeholders share.

Robert Phillip also identifies the synergy between managing stakeholders and ethics; stakeholder theory is a theory of organizational management and ethics (Phillips, 2003:15).[4] Phillips also recognizes some limitations of the stakeholder theory such as failing to provide a specific objective function for the corporation. This is to say that stakeholder theory does not go into detail into the day-to-day activities of the company as it is taking place at a certain level of abstraction. Having aims in the organization is essential, writes Phillips, as the mere specifying of aims promises to keep ethical considerations alive in the organization (Phillips, 2003:57). It might be problematic when trying to identify the stakeholders as according to Phillips, stakeholder theory has no means of determining who are and who are not stakeholders in the moral sense, thus, the issue of stakeholder identity (Phillips, 2003:82). The author asserts that the principle of stakeholder fairness helps in discerning who the stakeholders actually are for a company. At a minimum, he writes, they are those groups, from whom the organization has voluntarily accepted benefits. The organization has thus incurred obligations of fairness to attend to the well-being of these stakeholders – at least insofar as their well-being is affected by interactions with the organization. This would include groups of financiers, employees, customers, suppliers and local communities. (Phillips, 2003:158)

In the works of Thomas Maak, the relation between ethical leadership and stakeholders suggests that a leader cannot be such in isolation and "winning the mandate to lead requires a relational leadership approach based on inclusion, collaboration and co-operation with different stakeholder groups (Maak & Pless, 2006).[5] Relationships are at the center of leadership, write the authors, ethics is at the heart of leadership and in an interconnected stakeholder society, leaders have the responsibility to build and cultivate ethically sound relationships with various stakeholders (ibid). Along these lines, Maak and Pless also identify the qualities of responsible leaders. They claim that while excellent cognitive and intellectual capacities attest good leaders, it is relational intelligence that distinguishes the great responsible leaders. By relational intelligence, the authors mean, the capacity to connect and interact with various stakeholders with different backgrounds and cultures and maintain a long-lasting and trustful relationship with them (Ibid).

While all these theory contributions are valuable to understanding the concept of ethical leadership, I have identified a gap in the literature when discussing leadership and stakeholder relations. I claim that it is important to understand the organizational sensemaking of a company before there can be a talk about

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[4]Robert Phillips, Stakeholder Theory and Organizational Ethics (2003), Berrett-Koehler Publishers, Inc.
[5]Thomas Maak and Nicola M. Pless, Responsible Leadership in a Stakeholder Society – A Relational Perspective, Journal of Business Ethics (2006), 66: 99 – 115

what the values of an organization are and how they should be shared with the stakeholders and as result build relations. I contend that the theory in CSR sensemaking can be a solid base for connecting the dots between how a company sees itself and thus interacts with its stakeholders.

2.5 Summary

The literature review has been constructed based on the research question in order to give a framework of the theory. The aim is to provide better understanding of the role of stakeholders, their meaning to the business and to understand the theories behind. On the other hand, clarifying the link between the stakeholders and the sensemaking of CSR is crucial in the literature review. Along these lines, it has been pointed how the stakeholders can be identified and how the relationship with them can be managed. Additionally, the theory of sensemaking, presented by Palazzo and Basu is founded on the relationship between the organization and its stakeholders. Thus, the concept of CSR has also been defined in this section. The focus has been on CSR as a competitive advantage to the company and not merely as a marketing or cosmetic attachment to the company's strategy. There are cases when CSR has always been embedded in a company, whereas in other cases, management has undertaken steps to integrate CSR into the strategy of the organization. Leadership in both cases is crucial with regards to working with CSR. This has necessitated looking at the theory behind ethical leadership and what it can offer in terms of understanding the relations among an organization and its stakeholders.

CHAPTER 3

METHODOLOGY

3. Methodology

3.1 Introduction

The section of methodology will present the research method and design applied to this study. Apart from presenting the selected method, the aim is also to assess it and to reason its application with regards to other methods.

First, I chose the subject of CSR along with a company BP and then I reflected on what could be an interesting and unusual instance of a CSR case within the company. The obvious would be the major crisis of the oil spill in the Mexican Gulf in 2010. My research interest, however, goes beyond that. I am interested in discovering the complexities of the CSR sensemaking processes in the company and the importance that the leadership has in these processes.

After picking up the research area and identifying the main points of interest, I narrowed down the events within the organization and the different aspects to be analyzed. The point in time, where the research begins is the "Beyond Petroleum" initiative and Lord Browne's leadership, it goes through changes in leadership with Tony Hayward in 2007, the oil spill in 2010 and the current leadership that the company has with Bob Dudley. Then I went through and selected related theory on sensemaking and additional literature on stakeholder theory, ethical leadership, which facilitate completing the case study.

It is the stringent application of theory and method that legitimizes scientifically produced knowledge (Jørgensen, 2011). It is by seeing the world through a particular theory that we can distance ourselves from some of our taken-for-granted understandings and subject our material to other questions than we would be able to do from an everyday perspective (Jørgensen, 2011:22). The main framework that I am using in my research is the CSR process model of sensemaking in an organization and I am interested in finding out the developments that a company goes through and how leadership is connected to shifts in the properties of the organizational CSR character.

Qualitative research seeks to identify how people interact with their world (what they do), and how they experience and understand their world (Daymon and Holloway, 2011: 24).Daymon and Holloway point that in qualitative research, topics are selected either because they are a problem for which an answer can be sought or because they are a mystery that the researcher wishes to solve.

Research which employs documents as a data source is called document analysis, documentary analysis, text analysis or, more commonly, qualitative content analysis. Such data are more comprehensive because documents span in time, allowing tracking historical processes or reconstructing past events and ongoing processes that are not available for direct observation. This also helps to identify factors that over time have led to particular decisions or courses of action. Using documents as sources allows covering much longer time spans than is typically feasible through the application of other qualitative methods (Daymon and Holloway, 2011: 291)

3.1.1 The Paradigm

Paradigm can be explained as a theoretical framework, or a way of perceiving and understanding the world. Paradigms act as lenses through which scientists or researchers are able to perceive and understand the problems in their field and the scientific answers to those problems (Hathaway, 1995). Thus, through paradigms researchers have some guideline as to how to select the method, the data, and how they will access the data. Two of the most dominant paradigms are empirical-analytic (positivism) and interpretivism.

What distinguishes one paradigm from another is the role of the researcher and the way he or she collects information. In the positivistic paradigm, the researcher is detached from the environment/the setting that he/she is studying because there are social facts with and objective reality apart from the beliefs of individuals (Hathaway, 1995).The researcher therefore is objective, there is a hypothesis that has to be tested and after aggregating the data, a generalized theory is created after it stood the test.

In the interpretive paradigm, the researcher's knowledge can be used as a guide, directing the researcher to possibilities and insights into that which is being researched (Hathaway, 1995). The researcher in this case is not detached from the reality he/she is inquiring because here, reality is a constructed concept and the researcher's interpretation is considered part of the reality observed (Hathaway, 1995). The methodology involves narrative interpretations and articulation of themes.

Having established that, the research question that I posed in this study, "How does the CSR sensemaking process evolve in an organization and what is the leadership's role?", I reckon, matches the interpretive paradigm. I am interested in finding out what the CSR type of the company was and how it changed through understanding the cognitive, linguistic, and conative dimensions in the sensemaking model. To achieve this, it is essential to immerse in the situation and try to figure out, how and why certain things

were said and what implications stem from that. My role as a researcher is certainly not to be detached from the reality of the organization but it is to understand the reasoning and the rationale of the organization behind what it says.

3.2 The research process

The qualitative research process utilized in the thesis is developed in three phases, which can be outlined as: 1) introducing and explaining the method, the sample and the setting, 2) collecting the data, and 3) analyzing the data.

3.2.1 The method

The chosen type of research for the thesis is a case study, which according to Eisenhardt (1989) is a research strategy that focuses on understanding the dynamics present within single settings. The case study approach can be used to accomplish various aims: to provide description, test theory or generate theory (Eisenhardt, 1989). The research conducted in the thesis is based on a case study as the research area is a rather less explored field and the aim is to provide a more concrete and expanded understanding of certain type of events. Case studies are also the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context (Yin, 2003).

According to Eisenhardt, case studies can combine data collection methods such as archives, interviews, questionnaires, and observations. The evidence may be qualitative (words), quantitative (numbers) or both.

The thesis will utilize qualitative data in the research. The latter is usually extracted from interviews, archives, documents, newspapers, etc. While both interviews and documents can be combined in the case study, the former is not part of the research and only publicly available data have been collected. The thesis will find out about the CSR type of the company during three different CEOs through the theory of sensemaking. Whilst conducting interviews with company representatives may have proven fruitful, the company's corporate website with documents and archives contains the corporate information communicated to the public, which the thesis will consult. Additionally, the company's headquarters are based in the UK, which would make interviewing and surveying more difficult considering the sensitive

issues of the incidents that the company has been through during the mandates covered. Therefore, the information consulted in the thesis is from archived interviews, statements and documents publicly available online.

As A. van der Hejden et al. (2010) assert, qualitative techniques are common in the study of sensemaking in organizational research. Documents, speeches, and CEOs statements with CSR-content were gathered in a way to gain more insight in the characteristics of sensemaking in the organization. Thus, an interpretive approach of testing is developed, based on textual analysis. The knowledge that the thesis is aimed to provide is how the CSR character of the company has changed between two concrete events with change of leadership. The research is focused on a single company and applying the findings to companies of the same industry is not subject of this work.

The analysis of documents with information comes from CEO's statements in the annual reports and from themed documents such as conference speeches and addresses. The content of the documents is analyzed to determine the categories, in which to classify the CSR dimensions using the Basu and Palazzo model. For each period and chief executive, a summarized content sheet was compiled containing the categories.

3.2.3 Collection of data

Two types of data have been used in conducting the research; primary and secondary. Primary data is available on the corporate website and is in the form of archived interviews, statements, documentation, etc. For the analysis, hence, the primary information is considered to be on the corporate website of BP and represents either direct quote from the CEOs or statements made publicly available in corporate communication. Statements from relevant stakeholders also classify as primary data; such can be statements made by President Obama or reports from the Commission assigned to the Deepwater Horizon oil spill, for instance.

The other type of data used for the analysis is the secondary data. These are academic journals and articles available on scholarly online databases, newspaper articles, and books. The core of the thesis, for instance is based on the theory of CSR sensemaking developed by Palazzo and Basu. The authors have provided a solid platform for revealing the CSR character of a company through its communication to and with the stakeholders. Basu and Palazzo's work opens up horizons for research into CSR sensemkaing. They

themselves suggest a few streams of research linked to leadership, CSR transformations, etc., however, they have not applied the suggested framework to actually further any of these research areas.

3.2.4 a) Sources of information used in the analysis

Both events discussed in the thesis have received extensive media coverage. The Beyond Petroleum initiative was a land-mark case not only for BP as an oil-extracting and refining company, but also for the whole oil industry. In times when oil companies were united in opposing any scientific evidence of climate change, BP changed its position and became the first oil company to accept such warnings. The initiative represents a shift in opinion on the issue of climate change; initially BP was among other companies who denied the existence of such issue. It was a few months before the Kyoto Conference, BP announced the recognition of scientific research in climate change and declared readiness to act upon the problem (Le Menstrel et al, 2002).

The Deepwater Horizon incident drew media coverage with its environmental impact. It has been declared the "worst environmental crisis" on US territory. There is abundance of news articles and feature stories on both events. The media consulted are the New York Times, the Financial Times, the Economist, the BBC. If we have to compare both events, however, the latter not only is more recent, but also has received more coverage than the former. The company is still taking care of the polluted areas and is settling claims with affected groups. Despite this misbalance, more or less the same sources have been used.

3.2.5 The model used in the analysis

Sensemaking analysis at the organizational level has been somehow overlooked in the CSR field. I thus find an opportunity to investigate any gaps or undiscovered fields in the literature of CSR sensemaking and its relevance to leadership and stakeholder interaction. As previously stated, the purpose of the CSR sensemaking process is not to look at specific given activities or sustainability reports produced by the company, but rather to shed light to the meaning and understanding that the company holds regarding CSR and its relations with and its attitude towards stakeholders. It is useful to note the difference here between examining sustainability reports for the sake of acknowledging that certain organization engages in CSR activities and analyzing corporate statements that reflect the company's position on CSR and stakeholder

consideration. What I am interested in here is analyzing the discourse (i.e. speeches and statements) in order to understand the CSR processes in the organization.

The three domains in the model that I am looking at are *cognitive*, *linguistic* and *conative*. From the textual analysis, it is possible to determine the different components of each dimension, which in the end will give the CSR type of the company. Through a comparative approach, we can determine how the CSR type has changed during the three given periods that the thesis takes into consideration and to what this change is connected.

The cognitive domain contains two dimensions, which can be categorized according to what the firms think. The former is based on the company's orientation vis-à-vis its stakeholders. The organization, therefore, can have an individualistic, relational or collectivistic identity orientation. The latter is the legitimacy and it can be pragmatic, cognitive or moral, depending on how the company thinks about its actions. The information that the company communicates allows us to conduct the analysis and to determine in which category it fits.

The linguistic dimension has two dimensions as well; justification and transparency. The former refers to the way an organization justifies its actions and it can have the following characteristics: legal, scientific, economic and ethical. The latter dimension, transparency, will not be a subject of the analysis, since its characteristics can be difficult to prove. Working with this dimension will require a better inside access into the organization's work, which is not readily available. Therefore, to avoid incorrect interpretation and insufficient basis for conducting the analysis, it is not taken into consideration.

The last domain, conative, has three dimensions; posture, consistency and commitment. The posture is a very interesting domain due to its evolving nature. The way a company behaves as a result of a criticism or when taking action in times of crisis can be in a defensive, tentative or open manner. The other two components of the conative domain will not be analyzed in the thesis. The consistency requires deeper organizational understanding and specific empirical data in order to determine it. The commitment, apart from a more sophisticated set of data, also requires understanding and knowing the everyday activities of the company as well as the supply chain involvement, i.e. the whole value chain. The required information is not disposable, neither is it readily available in order to analyze it. There are statements made regarding monitoring and involving the suppliers of BP into sustainable practices and commitment at the same level as in BP, however, it is difficult to prove it as it would require access to specific documentation and contracts.

3.2.6 The sample and the setting

Compared to sampling techniques in quantitative research those in qualitative research analysis are rarely random or probabilistic. They are purposeful and a form of a strategic sampling based on judgments directly related to the purpose of the research. (Daymon, 2011:209)

The most common dimension of the sampling relate to setting, time, and people. The basis for the sampling decision must be clearly identified as this enables the researcher to establish the boundaries of the research (Ibid.).

The primary data for the analysis is taken from the BP's online archive of speeches and statements given by the company's management. I have looked into the period from "Beyond Petroleum" (late 1990's) to the current period and the term of Bob Dudley. The documents considered are primarily speeches given at conferences and industry meetings.

In the discourse analysis, the success of the study does not depend on sample size because we are not interested in the individuals who generate the communication, but rather in the language and its use. According to Daymon, even a few documents or transcripts are likely to reveal a large number of linguistic patterns. (Daymon, 2011:171).

Regarding the setting, there is a predefined area of interest where the research will collect the data; the main area of interest is CSR in the company. Information on what the company thinks and does about CSR can be found in CEOs' address at shareholders' annual meetings and in thematic speeches and statement made by the CEO on behalf of the company. The CEO of the company presents what has been agreed in the organization and thus communicates the shared meaning that exists internally. What is also of interest is how the concept of CSR is related to other important areas for the company and its core business.

3.2.7 Deductive versus inductive analysis

It was established earlier that there are two types of research analysis based on the collected data, qualitative and quantitative. Depending on the type of research, it can also be determined the research approach, which can be either deductive, inductive or in certain instances, both. The quantitative research analysis, for instance, starts only after all the data have been collected and has a predefined stage, whereas

the qualitative has an adaptive nature and can start as soon as the first data have been collected (Daymon, 2011:303). The qualitative research process can be inductive if we start the analysis without any predetermined themes and/or codes. The patterns, themes, and categories are established along the way and new data can be collected as a result. There is interplay between data collection and analysis and that is why qualitative research analysis is also called iterative (Daymon, 2011:303).

Another approach is when we have a certain framework of themes that we consider using in the coding. In this case, the analysis starts with a deductive approach. One of the examples when we can have such an approach is when we wish to elaborate on a theory, rather than generate a completely new theoretical framework.

I find the first instance to be the case with the thesis as there is a theoretical perspective considered before collecting the data, but the themes are identified in the process of collecting the data, hence, they are not predetermined.. The theory of sensemaking proposed by Basu and Palazzo outlines categorical dimensions, according to which the thesis formulates the coding along the way. Therefore, the inductive approach is applied in the thesis. Although similar to the deductive approach with the cyclical and iterative nature of collecting and analyzing the data, the inductive analysis is different in that there is a predefined area of interest, but the researcher does not explicitly look for data according to predefined categories (Daymon, 2011:303).

3.2.8 Analyzing the data

The research question will be answered by analyzing the three periods with the three consecutive CEOs of the company. The periods taken into account will be analyzed separately; however, they are part of the same case study. The results form analyzing each period will give us the main findings and will help build theory, whilst clarifying the complexity and the context of the CSR sensemaking in the company and its relation to leadership.

In order to get to the CSR character of the company, we need to understand how the company thinks, what it says and how it behaves. These three dimensions can be analyzed through the company's address to the stakeholders. Each period will have its own attributes to these domains depending on what has been communicated on behalf of the company. When I establish this, the periods will be compared so that it

would be possible to identify any changes. The ultimate goal is to trace the CSR transformation in the company and to identify a product of what they are.

When analyzing the data, the main target is to identify what has been said on the part of the company. This involves analyzing the statements and speeches given on behalf of the organization in the form of a shared meaning that has been communicated by the CEO. Through an interpretive approach, the particular information is interpreted in its context.

A discourse analysis is hence implemented. According to Jørgensen and Phillips (2005), a discourse is a particular way of talking about and understanding the world (or an aspect of the world). The key premise in this approach is social constructionism and discourse analysis is one of the most widely used approaches to social constructionism (Jørgensen& Phillips, 2002:15).

There is a link between knowledge and social processes and "our ways of understanding the world are created and maintained by social processes" (Jørgensen& Phillips, 2002). A fundamental concept in discourse analysis is that knowledge is created through social interaction in which we construct common truths and compete about what is true and false (ibid.). A discourse is also understood as the fixation of meaning within a particular domain; all signs in a discourse are moments (Jørgensen& Phillips, 2002:38)

The starting point is that discourse itself has become the object of analysis because according to the authors, reality can never be reached outside discourses. In discourse analysis research, the primary exercise is not to sort out which of the statements about the world in the research material are right and which are wrong (although a critical evaluation can be carried out at a later stage in the analysis). On the contrary, the analyst has to work with what has actually been said or written, exploring patterns in and across the statements and identifying the social consequences of different discursive representations of reality (Jørgensen& Phillips, 2002:33).

The discourses that can be identified in speeches, company documents and the like, present a particular version of social reality as natural and given. Often that reality is the one constructed by an organization which it endeavors to promote to its various stakeholders through its corporate communications. (Daymon and Holloway, 2011: 167)

Discourses are structured collections of meaningful texts. Discourse analysis involves analysis of collections of texts, the ways they are made meaningful through their links to other texts, the ways in which they draw on different discourses, how and to whom they are disseminated, the methods of their production, and the manner in which they are received and consumed (Phillips, Lawrence & Hardy, 2004).

This research will hence apply discourse analysis along with the theory on sensemaking. Sensemaking is a linguistic process—"sense is generated by words that are combined into the sentences of conversation to convey something about our ongoing experience" (Weick, 1995: 106)

According to Fairclough, text analysis has an important part in social science research. Texts simultaneously represent aspects of the world (the physical world, the social world, the mental world); enact social relations between participants in social events and the attitudes, desires and values of participants; and coherently and cohesively connect parts of texts together, and connect texts with their situational context (Fairclough, 1992).For Fairclough, it is important to make a distinction between assumptions and intertextuality. Intertextuality is the presence of texts within a text – quotations. Texts inevitably make assumptions. What is 'said' in a text is 'said against a background of what is 'unsaid', but taken as given. As with intertextuality, assumptions connect one text to other texts. The difference between assumptions and intertextuality is that the former are not generally attributed or attributable to specific texts. It is a matter rather of a relation between this text and what has been said or written or thought elsewhere, with the 'elsewhere' left vague. An important contrast between intertextuality and assumption is that the former broadly opens up difference by bringing other 'voices' into a text, whereas the latter broadly reduces difference by assuming common ground (Fairclough, 1992).

Discourse analysis examines the process through which meanings are generated and maintained. Discourse analysis, therefore, moves beyond textual examination to explore how language is used, why, when and by whom (Daymon and Holloway, 2011: 168).

The basis of the analysis is done through the BP Groups chief executive's review, which is published in the Annual Report[6] and public speeches, which are stored on the company's website. This source of information is classified as primary. The CEO statements are considered a fundamental and pivotal piece of data for the analysis. As Castelló and Lozano (2009) write, "CEO statements define the companies' strategic

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[6] Archive, Annual Reporting, BP,
http://www.bp.com/extendedsectiongenericarticle.do?categoryId=9039692&contentId=7072683

lines and can be considered one of the most representative parts of the reports. They are usually about one or two pages long and contain full description of the company performance highlights and the main strategic lines of the company for the future". The BP CEOs' statements collected for the analysis usually contain several main points that are discussed, among which, there is such devoted to CSR and/or sustainability. In some of the statements, it is a clear message to the stakeholders, in others; it is a pure declaration of facts or an overview of what has been done or is about to be done.

Apart from the statements in the Annual reports, I have also analyzed speeches by the CEO.[7] The process is to look at them thoroughly and identify key quotes and moments that directly relate to CSR issues and that address stakeholders. The direct quotes are then selected and organized so that they correspond to each attribute of each dimension. The dimensions are constant and predefined according to the model used. The themes corresponding to the dimensions in each period change according to the data that has been analyzed. When comparing the result in each period, I can draw a conclusion about the CSR character of the company and how it has changed.

The thesis will take as a starting point of the CSR sensemaking in the company the Beyond Petroleum initiative and the Lord Browne's speech, which outlined the company's position and aim in this area. From there, the analysis will carry on to find out how the company started accentuating on CSR and how it defined its own role and obligations and what direction. In this context, the particular reason or event that triggered action on the part of the company will be presented and discussed. It can be inferred that as soon as a concrete interest/action in CSR is declared, the sensemaking process has started in the organization. In using the information selected for the analysis, we can find about how the company has seen its own role, defined responsibilities and actions. Also, it is essential to note the issues that the company has identified to be related to the organization; whether they are social or environmental or both or even related to their employees. A third important aspect that the research can find through the analysis is the priorities that the company is choosing and whether they have changed.

For instance, during Browne's mandate, the new logo was enhanced by actual change in the organization; solar power and alternative sources of energy were introduced as part of the production. During Hayward, the solar area has declined, however the logo was preserved. The current CEO, Dudley, emphasizes strongly

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[7] A complete list of the speeches used for the analysis can be found under References at the end of the document. They are available online the BP's webiste: http://www.bp.com/articlelisting.do?categoryId=98&contentId=2008132

on the importance of BP as a key player in the oil industry and thus in the US economy.

These three periods that are defined in the thesis are the foundation for constructing the analysis. As Weick asserts on the CSR process, sense is a discrete representation of an ongoing experience (…) an ongoing process that never stops" (Weick, 1995). Looking at these periods and events in BP, we can see that situations of ambiguity occur and are part of an ongoing process of sensemaking. Ambiguity can thus redefine the scope and priorities of the company or not, depending on the CSR character of the company.

3.3 Limitations

In every academic research and method there may be some factors that provide for certain limitations to the academic work. This section examines such factors and outlines certain limitations that I have come across in the research process.

I have previously written that qualitative research goes through different stages, meaning that the ideas about the topic develop along the way, when more literature is consulted and more data are examined. When it comes to the company BP, I have of course previously heard about the company and read different articles and opinions. My approach to receiving information is to always try to look for the other side of the story to achieve a balanced perspective. When finding out more about the company, I tried to find as much information as possible and to avoid falling into biased trap. The security against such trap is the theoretical framework consisting of renowned scholars' works that I have selected and considered in the literature review.

It would have been useful to be able to test the plausibility of data through communication with the company. Possible feedback could be received whilst discussing the results with relevant company representatives. It could have helped the findings, if the research included interviews with CSR appointed staff about the actual structuring of CSR in the company. Such approach, however, would require a different research method.

Due to lack of access to a more comprehensive and inside data from the company, some of the domains in the framework have been left out. Had there been sufficient empirical data (e.g. interviews), a complete implementation of the framework would have been conducted. The processes analyzed, however, are

sufficient to examine and define the CSR character of the company.

Apart from (after) diagnosing the CSR type of the company, it could be interesting to follow in-depth the process of implementing CSR in practice. In other words, to find about the actual processes in the company that take place such as initiating CSR activities, allocating them in departments and embedding them in the strategy of the organization. This stream of research, however, will require longer period of time and closer observation of the work of the company. It would be interesting to find out how exactly CSR is designed in the company and the link to the CSR type of the organization. Such research could also include and combine human resources studies and organizational strategy.

Validity and reliability

I encountered insufficiency of information in certain areas after having interpreted the quotations, and I went back to look for more evidence while identifying the themes. The quotations were not deliberately chosen and often I looked at topics that seem detached from the area of CSR in the company. However, prioritizing certain aspects in the company might turn out compromising for others and eventually lead to ignoring or shifting the aim of certain actions. For instance, in his 2004 review, Lord Browne did not mention at all the company's commitment to climate change solutions. It indeed comes as a surprise, having in mind previous reviews and of course the famous speech at Stanford University regarding the business responsibilities to the environment and the need for actions. This does not necessarily mean that the company has temporarily abandoned what it had previously outlined as priority, however, this fact stood quite visible in the light of acknowledging the good financial performance during that year.

Although the types of dimensions that form the CSR character framework can be used straight as themes, I chose to come up with separate themes according to the interpretation of the quotes. Then, I proceeded to identifying which theme matched which dimension and type in the sensemaking model. With this approach, the research method was rather generic, meaning that the sensemaking mode did not determine the themes as part of the analysis. During the analysis and interpretation, I was going back and forth not only to look for topic-related material, but also such that seemed topic-irrelevant in order to avoid limited set of data or to overlook important data.

Discourse analysis is acknowledged as a rather new and less utilized method in qualitative studies (Phillips & Hardy, 2002). As such it has received some criticism as to its reliability. However, the authors assert that

this is often the case with novel approaches to research. In addition, they highlight the benefits of using discourse analysis. One of the most important contributions of discourse analysis is that it examines how language constructs phenomena, not how it reflects and reveals it. Using a discursive approach can allow researchers to build on and complement other bodies of theoretical work by introducing new ideas, new concepts, and new challenges (Phillips & Hardy, 2002). The authors state that less used methods such as discourse analysis are less institutionalized, which allows researchers to use more creativity in their application and more innovation in their interpretation (ibid).

CHAPTER 4

ANALYSIS

4. Analysis

The analysis chapter is structured in two sections. The first one presents the case or the information about the three periods of the company, which are studied in the thesis. The context, in which the company operates, events that influence the rhetoric are also considered here. The second part outlines the empirical findings through the discourse analysis. The objective is to detect and follow the change in the CSR sensemaking of the company based on the framework of Basu and Palazzo and eventually to reveal CSR transformations that the company experienced or is experiencing and their connection to leadership.

4.1 Introduction to the case:

The oil industry profile

More than a century and a half since its discovery, oil continues to have a major role in the global economy, despite allegations that use of petroleum is the source of rapid climate change. Over the last decade, the price of oil has been unstable, usually in a pattern that follows the trends in the global economy. A strong economy tends to increase the demand for oil and drive up the price, whereas a weak economy does the opposite.

Even though the oil industry has taken much criticism due to the environmental consequences from extracting oil, refining it, and then burning the fossil fuel, its significance is steady as the alternative fuels are not yet as reliable and sufficient. Even president Obama recently acknowledged the importance of oil and its significance to the US national security. "Our [US] dependence on foreign oil is down because of policies put in place by our administration, but also our predecessor's administration. And whoever succeeds me is going to have to keep it up,"[8] said President Barack Obama a few weeks after opening 38 million more acres in the Mexican gulf for oil and gas exploration.

During his presidential campaign, Obama was on the side of environmental concerns and was supportive of alternative energies. His administration initially canceled some oil and gas leases on federal land awarded during the Bush administration and required more environmental review. However, in a reality where crucial oil suppliers like Venezuela and Libya were unstable and high energy prices could be a burden during

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[8]NYT, 2012, http://www.nytimes.com/2012/03/23/business/energy-environment/inching-toward-energy-independence-in-america.html?_r=1&pagewanted=all

a recession, the president soon acted to promote more drilling. Despite a drilling interruption after the 2010 explosion of the Deepwater Horizon in the Gulf of Mexico, which spilled millions of barrels of crude oil into the ocean, he has proposed expansion of oil production both on land and offshore. He is now moving toward approving drilling off the coast of Alaska. These moves speak clearly not only of supporting the oil industry but expanding its opportunities with new areas for extraction.

Resuming oil drilling in the Gulf in 2011 came in a contrast to Obama's calls for less dependence on oil and greater use of alternative energy. The pressure on the Obama administration regarding the oil industry was added in the wake of the rising price of petrol in the US, driven by tension with Iran. In February 2012, the US and Mexico signed a landmark oil deal, according to which US and Mexican oil companies are to be given rights to drill in a previously disputed area of the Gulf of Mexico.[9]This only means that technology needs to improve and risk needs to be explored and assessed accordingly, but also that opportunities should be seized to safely extract oil from under the ocean bed.

Technological advances have allowed the extraction of oil considered too difficult and too expensive to reach such as the deepwater drilling. "Certainly when we talk about water depth in the thousands of feet, it's really only been in the last 10 or 15 years, and really in the last decade, where they have been able to operate in those kinds of depths," an oil industry expert said. "So it's a fairly recent phenomenon, and the technology has moved forward very rapidly."[10]

The off-shore drilling boom

It became clear that the consumption of oil has been growing and the resources are getting depleted. This fact has been one of the driving forces in trying out other less explored areas for extracting oil.

With high per-capita energy demands in the developed economies and dramatically rising levels of consumption in emerging economies, most experts project the world's appetite for oil and other fuels to grow for the foreseeable future. The role of deepwater oil and gas in providing that energy is also likely to grow.[11] The off-shore drilling has been one of those alternatives, but since it has been scientifically proven that in the deepwaters under the ocean's bed, there is a huge possibility for extracting oil, many big

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[9]FT, 2012 http://www.ft.com/intl/cms/s/0/0e0d550a-5bec-11e1-841c-00144feabdc0.html#axzz1tiBACCwd
[10]Deepwater Oil Drilling: Not That New, But Not That Much Known Either?, http://www.yaleclimatemediaforum.org/2010/07/deepwater-oil-drilling/
[11] A Brief History of Offshore Drilling, National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Working Paper

companies rushed into exploring and talking advantage of this possibility. The Gulf of Mexico has been one of those sites.

The accident of April 2010, opened the eyes of industry and scientists of risks in the deepwater drilling, which were overlooked or not so salient before. Working further below the surface of the ocean creates myriad problems after a loss of well control or a blowout.[12]Containment problems become much more challenging and real-time decisions become more difficult when so little is known about the deep ocean. Up to the BP Deepwater Horizon accident, little attention was devoted to containment of a blown out well in the deepwater, largely because its occurrence was considered so unlikely.

A few words about BP

The foundation of what today BP is have been laid back in 1908 in Persia where the first oil beneath the sands of Persia was extracted. The first Anglo-Persian oil company had been through tough times in the process of establishing its business in refining and selling the oil during its first years. Its strategic part in British economy was recognized by the then Prime Minister Winston Churchill who believed that only a British oil company could protect the country's interests.[13]

It wasn't until 1954 though that the company received its name British Petroleum. Due to the political situation in the Middle East in the 1970s when Libya, Iran and Iraq nationalized their resources, BP had to respond to the challenge by undertaking other areas for extracting and refining oil. One of the major projects not only for the company but for the industry a s a whole was the Alaska pipeline system, which is 1,200 kilometers long and which was "the largest civil engineering project ever attempted in North America"[14]

In 1987, the British government sold its last shares of the company and BP became fully private. In the 1990's faced with tough competition in the energy sector, the company undertook expansion by merging with other companies, such as Amoco and Arco. Through this expansion, BP became a global player in the oil industry and one of the big oil extracting and refining companies in the world. As such, the company with John Browne as a CEO saw it necessary to respond to global issues such as climate change and

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[12]National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Working Paper
[13] History of BP, http://www.bp.com/sectiongenericarticle.do?categoryId=9014441&contentId=7027521
[14] Source: BP

therefore, to introduce a different strategy and attitude towards current areas of discourse and concern for many stakeholders.

Under John Browne, BP changed its logo, rebranded itself as an environmentally-concerned company that is aware of possible threats and negative impacts to the climate and the environment and is willing to meet the expectations.

BP's stakeholders:

Source: www.bp.com

4.1.1Lord John Browne and Beyond Petroleum

It was not until Lord Browne's famous speech at Stanford in 1996 that BP presented itself as a global company with huge influence on the US economy, the future of meeting the energy demand in the world and the impact on the environment. This significant point in time, not only to the company, but also to the oil industry, is the beginning of the period, taken into account for the analysis in the thesis.

In 2000 BP became a group of companies that included Amoco, ARCO and Castrol and unveiled a new global brand with a new mark. The brand was represented with a sunburst of green, yellow and white symbolizing dynamic energy in all its forms, according to a description on the BP corporate website. It was called the Helios after the sun god of ancient Greece. In a press release announcing the change, the group said it had decided to retain the BP name because of its recognition around the world and because it stood

for the new company's aspirations: *'better people, better products, big picture, beyond petroleum.'*[15]In relation to the Beyond Petroleum campaign, Lord Browne became famous with giving a sustainable direction of the company and endorsing some principles that were not previously recognized or at least not at this extent. He spoke about responsibility and caring about the environment. In his landmark speech at Stanford University, the former CEO outlined the vision of the company taking into serious consideration the issues of climate change and expressing readiness to cooperate in alleviating the problem.

The campaign that BP launched was also meant to distance it from earlier rather skeptical position on climate change by stressing the company's commitment to environmental responsibility and casted itself as a leading developer of alternate sources of energy. Starting with their new logo, the yellow-and-green sunflower representing the Greek sun god-Helios, and the tagline Beyond Petroleum, the company sought to convey the message that BP is trying to meet the world's demands for heat, light and mobility by producing energy in a responsible manner – one that is "*affordable, secure and does not damage the environment*"[16]. The campaign apparently worked. According to Environmental Leader (2007), BP earned the ninth position on Fortune's 10 Most 'Accountable' Big Companies list.

Lord Browne often addressed challenges in the oil industry and pondered on why they exist and what the company could offer as a solution: "*All around the world, there is a sense of insecurity about supplies of energy. The insecurity is driven by two fundamental concerns; that supply will not be sufficient to meet demand and that the environmental challenges posed by the increasing consumption of hydrocarbons are unresolved.*"[17] When it comes to securing energy supplies, the company declares that it is its job to explore for and extract reserves. Regarding the second challenge, the company acknowledges the necessity for governments to step in.

The financial performance is important to be high as well in order for the company to conduct its operations. Evidently, Lord Browne spoke about positive financial outcomes for the company: "*In 2004 price of oil is higher for 9 months; longer than at any time in the last 20 years. Prices have stayed high despite the fact that there has been no serious physical disruption of supplies over the last year.*"

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[15] BP Brand and Logo, http://www.bp.com/sectiongenericarticle.do?categoryId=9014508&contentId=7027677
[16]Source: BP, http://www.bp.com
[17] Restoring energy security, 2004, http://www.bp.com/genericarticle.do?categoryId=98&contentId=7001073

Lord Browne puts moral value to the purpose of business by stating that at its essence, it is a noble activity: *"…I believe business at its best is an honorable and noble activity. And nowhere is that activity more necessary than in meeting the environment challenges the world now faces. The first challenge is to stop any further environmental damage – the longer term challenge is to begin the process of improvement after decades of neglect."*

Understanding the needs of local communities, where the company operates is also part of BP's discourse under Browne's leadership. The company is ready to make commitments and contribute to the development of people's knowledge and skills in the relevant countries/regions: *"We'll invest in projects which help the local communities in which we work, and we'll develop people*.*"*[18]

In March 2005 BP had an explosion in its Texas refinery where 15 employees died and more that hundred were injured. The accident was a shock to the company and to the aspirations for employee care that it has previously declared. In 2006, the VP for safety and operations, John Mogford, said: *"Our investigations have revealed significant deficiencies in the work and safety culture at Texas City. The question, of course, is why these deficiencies developed – and why weren't they sufficiently identified and addressed before the explosion."*[19]

Having been BP's CEO for 12 years, Browne announced his retirement in the beginning of 2007. his successor was named by the Board to be Tony Hayward.

4.1.2 Tony Hayward – "bringing back BP at the forefront of the industry"

After the Texas refinery accident in 2005, BP also experienced oil leak in a pipeline in Alaska a year later. Being subject to scrutiny and evaluation whether the company complies with industry standards and follows its own guidelines inevitably put pressure on management. The Baker committee issued a report with recommendations and further actions to be taken by BP, which the company accepted and also admitted they matched BP's internal investigation findings. In light of these events, Lord Browne announced an early retirement and his place was taken by Tony Hayward, former head of exploration and

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[18]Powers and Responsibilities - the Role of Corporations in Human Progress, Princeton Environmental Institute - 2004 Taplin Environmental Lecture, Lord Browne, Source: BP, www.bp.com
[19] Source: http://www.bp.com/genericarticle.do?categoryId=98&contentId=7017238

extraction division. Although with similar background and career paths, the two CEOs represented different visions of BP.

In the new position, one of the first priorities of Hayward was to simplify the organization, to increase efficiency, and to put BP "back at the forefront of the industry."

Hayward showed a more competitive BP, which in its operations strives to be ahead and takes greater risks than its peers alongside investing more in alternative energy. It is clear from corporate communications of the organization that providing sustainable energy for sustainable future has remained a guiding principle since Browne's term. Although not denying the importance of alternative energy, Hayward spoke about greater cooperation among business, government, experts and the public.

> *"Good environmental and social management are going to be critical in tomorrow's world. Our sustainability as businesses will in large part depend on the contribution that we make to the world's sustainability. That creates a big responsibility, but also a big opportunity, the opportunity for our businesses to play a significant part in promoting sustainable development. We can't do it alone. It has to be a partnership – a coalition - between business, governments, international bodies, academies, experts, NGOs - and of course the public - whose support as consumers and citizens is essential for sustainable solutions to work."*[20]

During his term, there was a cut in alternative energy division. In 2009, BP slowly began scaling back its alternative and renewable energy operations; BP shuttered its alternative energy headquarters in London, accepted the resignation of the division's managing director and announced budget cuts. Later that year, the company closed several solar power manufacturing plants in Spain and the U.S. with the loss of 620 jobs and Hayward has publicly questioned whether solar would ever become competitive with fossil fuels, reports the newspaper. BP also has given up plans to enter the UK wind industry and concentrated all of its wind activities in the U.S.[21]

Tony Hayward has received credit for his efforts to improve the operations of BP, however, the worst crisis

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[20]Profits, Progress and Sustainability, 9th Biennial Trade Fair and Conference on Business and the Environment, Vancouver, Tony Hayward, March 2006, Source: BP www.bp.com
[21]http://www.environmentalleader.com/2009/12/21/citing-market-conditions-bp-solar-dismantles-factory-addition/

that the company has ever experienced, happened under his leadership. It was in April 2010 that the oil rig in the Mexican Gulf, owned by a BP contractor, exploded, killed 11 employees and caused crude oil to spill in the Ocean for months before it was completely contained.

In response to the spill, BP's CEO, Tony Hayward said that "Reputationally, and in every other way, we will be judged by the quality, intensity, speed and efficacy of our response" (NYT, April 2010).

This situation of crisis caused ambiguity which resulted in uncertainty. The scope of impact and the amount of attention that was given to the event was unprecedented. In an attempt to contain BP's integrity, Tony Hayward initially tried to distance the company from the crisis, by bringing the attention to its contractors Halliburton (the cement company) and Transocean Ltd (the oil rig owner).This, however, only added fuel to the fire and along with the public criticism, BP also faced critique from Obama.

Similar to his predecessor, Hayward had to step down as CEO in light of the huge crisis that the company experienced.

4.1.3 Bob Dudley – regaining trust in BP

The oil spill in the Mexican Gulf was the biggest one in American history. It was a huge setback for BP that threatened the company's operations in the US and its future as an oil extracting and refining company. Not surprisingly, the newly appointed CEO, Tony Hayward's successor, was the first American CEO the company had, who also grew up in the areas affected by the oil spill and who has had a long career in the US operations of BP.

Bob Dudley's background allowed him to show personal feel for the affected communities and thus a more credible stance on BP's commitment to the Gulf's restoration. In addition, one of the most important messages that Dudley delivered for BP was that BP is "in the Gulf to stay" and that it is part of US economy and its goal for independence from foreign energy supply.

> *We are working to become a simpler business, with a clear focus on what we do best. Our distinctive capabilities include exploration, operations in deep water, the managing of giant fields and gas value chains, and our world-class downstream business – underpinned by*

technology and relationships. Strong financial performance is vital, because it enables us to make the investments necessary to produce the energy that society requires, as well as to reward and maintain the support of our shareholders.[22]

Apart from a personal touch to the Gulf restoration, Dudley presented the company readiness to go beyond what is required by law and implement voluntary standards from the lessons they learned in the accident: "*BP's commitment in the wake of the Deepwater Horizon incident is not only to restore the economic and environmental conditions among the affected areas of the Gulf Coast, but also to apply what we have learned to improve the way we operate.*"[23]

BP has reevaluated its mission and has outlined five values: safety, respect, excellence, courage, and One team. It can be defined as a positive development that in 2011, BP gained its first US exploration drilling permit sine 20120 Deepwater Horizon oil spill - for the Kaskida field, Gulf of Mexico.[24]Bob Dudley has previously said that BP was in the Gulf to stay.

4.2 Empirical Findings

The approach to analyze the data, as discussed in the section Methodology, is discourse analysis. In this current section, I have completed an evaluation and interpretation of corporate statements directly from the source, the BP company website. Hence, this part contains the main findings from the samples of speeches during the three periods. The findings are arranged according to the main themes outlined through the quotes interpretation. A table is presented for each sub-case with the quote, context, interpretation and theme.

Each theme outlined corresponds to a dimension of the CSR sensemaking model proposed by Basu and Palazzo. I have looked for texts, where the company communicates to its stakeholders. The themes have

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[22] Source: BP, Our Strategy and Sustainability,
http://www.bp.com/sectiongenericarticle800.do?categoryId=9036153&contentId=7066889
[23] Factiva, 2011, BP Makes Voluntary Gulf Of Mexico Safety Commitments
[24] Source, BP Annual report,
http://www.bp.com/assets/bp_internet/globalbp/globalbp_uk_english/set_branch/STAGING/common_assets/bpin2011/downloads/BP_Annual_Report_and_Form_20F_2011.pdf

been identified based on the context the company shows in its communication. Then, those themes are transferred when applicable to the CSR sensemaking framework.

4.2.1 During Lord Browne's term

The more prominent climate change discourse in BP began during the Lord Browne's term in mid 90's when he introduced the company's recognition of existing problem and showed determination to tackle it.

As opposed to other oil companies which at that time focused on denying any such thing existed and trying to influence the public opinion that it is irrelevant and something that should not be taken into consideration. The context of that period was not only the growing concern about climate change, but also the prospect of limited oil and gas resources that would require alternative energy sources. The oil industry is dynamic and experiences fluctuations due to many outside factors such as instability of oil price, political events, even weather conditions (hurricanes can force temporary shutdown of oil rigs, etc.).

Every chief executive in their executive review takes a look inside the organization and outlines internal points of discussion. One of his several prominent points was addressing the employees, acknowledging their role in the organizational and in the business successes. What is remarkable for Lord Browne is that he always devoted considerable recognition to the employees as a whole, both on behalf of the company but also on his personal behalf and he used terms such as "human capital", "talented and committed workforce", and "outstanding team of committed people". In its essence, his praise for the employees is not unusual, however, compared to other chief executives' reviews, during Browne's term, this praise was significantly higher.

> - *"Our guiding principle remains that of mutual advantage – creating benefits for others as well as for ourselves."*
> - *John Browne*

Lord Browne predominantly spoke about mutual advantage - the company doing well to do good. What benefited the organization also benefited the society and communities in which it operates, according to him. He was trying to prove that an energy company and care for the environment are not an oxymoron. Rather they can complement each other.

Cooperation with the industry and governments is outlined as vital due to the interdependence. "Energy security in one country is impossible. So is environmental security. There is one market and one global climate...we all have to accept the reality of the challenges and the fact that their solution will require the

combined actions of all those involved in the industry – Governments and companies, public sector and private alike. We can't live in denial. That need for a collective cooperative response is true in respect of energy security and in respect of the environmental issues."[25]

The context is important because for instance in the 2004 CEO's review, there is no mentioning of climate change whatsoever. It is noticeable, however, that that year is mentioned as the best in financial terms since the company's expansion. Having in mind the amount of attention to climate change and the environment that Lord Browne previously put on in his speeches, the absence of such here is noticeable.

During Lord Browne's leadership, the volatility and insecurity in the oil industry due to the market fluctuations were also prominent: "The market will never be placid and calm. No one who wants a quiet life should ever work in the oil industry."

During Lord Browne's term, BP had a leader who matched the profile of a responsible leader. According to Maak and Pless (2000), responsible leaders mobilize people and lead teams, often across business, countries and/or cultures to achieve performance objectives. Apart from promoting alternative energy and showing deep concern for climate change, Browne also expressed readiness to foster contributions to society. This of course was also communicated as BP's position. The employees were regarded as valuable human capital and their further development and well-being was a priority:

> *"We are committed to developing and enhancing the capability of our people, enabling them to fulfill their personal potential to the maximum…they represent our human capital."*

Table 4.2.1 a)Distinguished themes during Browne's term

Event + source	Date & context when applicable	Quote	Interpretation	Categories/themes
Chief Executive's Review of 2001 BP's corporate website/archives	2001	We have to understand what the world expects from large companies and respond accordingly… in our sector those expectations are focused on the environment	We realize what is expected from us and we can act	Responsive
		We made decisive progress by delivering: reduce our own emissions of green house gas.	We are meeting the expectations with concrete actions	Delivering Reliable

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[25]The Outlook for the World Oil Market, Lord Browne, December 2004, the Empire Club of Canada, Toronto

		Our activities are… in line with high ethical standards…we are contributing to human progress in all the communities in which we work	Our commitment goes beyond what is legally expected from us; we are taking the extra mile	Ethical
		We are part of a process of sustainable development, beneficial to all	We create value for the company itself and for the others	Mutual benefit
		Committed to developing and enhancing the capability of our people…enabling them to fulfill their personal potential to the maximum…they represent our human capital	We value our staff and we are willing to invest in them	Loyal Concerned for others
Chief Executive's Review of 2002 BP's corporate website/archives	2002	Improved safety record Outstanding team of great people Dedication and delivery Motivation and skills of our people	Value the employees	Fair /appreciative
		Reduce impact on the environment	BP takes action is favor of the environment	Active
		Creation of value through understanding and meeting the needs of all those with whom we do business	BP is considerate of others	Mutual benefit /open
		Good relationships with governments and communities in which we work	BP maintains good relations	Relational /open
		Ability to judge the right response to the ever-changing circumstances in the external world	Addressing issues such as volatility and insecurity of oil markets; price of oil; political events that can affect business (9/11); recognition of events that are outside of the company's control	Responsive/cooperative
Chief Executive's Review of 2003 BP's corporate website/archives	2003	Attracting retaining and developing some of the world's best people Talented and committed workforce	We value our employees and appreciate their contribution to the business	Appreciative
		Being inclusive and meritocratic, having high ethical standards, striving for transparency, recognizing our impact on society	Our duties go beyond those to our employees; they extend to the society	Ethical
		Contribution to a sustainable world	We can contribute	Cooperative
		Practical response to the critical issue of climate change		Responsive
		Mutual advantage for shareholders and customers, suppliers, partners, and communities where we operate	We are interested in others' well being as well	Mutual benefit
Chief Executive's Review of 2004 BP's corporate website/archives	2004	Our global workforce works as a seamless team	Recognition of employees	Appreciative
		We enjoy customers' trust while doing business in a mutually advantageous way that brings	Mutual advantage	Mutual advantage /economic

		benefits to everyone concerned: customers, communities, governments, suppliers, citizens		
		2004 marked as best since mergers and acquisitions – high oil prices driven by uncertainty of oil supplies	Recognition of a good financial year	Practical/pragmatic
		We are focusing mainly on conventional oil and gas resources, seeking to add value	Our core business is oil and gas	Practical /pragmatic
"Business and the Environment" Speech at Windsor	February 2005	Because if you want to create a sustainable business...you cannot simply use the natural environment without taking care of it.	Business has greater purpose than only making profit	Ethical
		business can't treat the challenge of the environment as an externality which someone else will manage	Taking responsibility for the environment	Responsive
		There is a challenge and there are risks. To deny them would be to break the relationship of mutual advantage we have with our customers and with the world which gives us the franchise to do business	BP needs to maintain the trust with the stakeholders	Mutual advantage and trust
Chief Executive's Review of 2005 BP's corporate website/archives	2005 Texas Refinery accident	The lessons from the Texas accident have been learnt	We take responsibility and will do what is advised	Cooperative
		For BP, the purpose of business is also satisfying the need for sustainable environment	Considerate of the environment	Considerate
		Challenges to business: volatile markets, instability (political), weather conditions	There are conditions that the company cannot control	Dependence /vulnerability
		The talent and dedication of our staff – often working under conditions of severe difficulty	Staff recognition	Appreciative
		In 2005 – investment in alternative energy; offer new choices of low-carbon energy Minimize the impact on our common environment	BP is recognizing a problem and is offering solution to reduce impact on the environment	Considerate / active
		Developing of human talent Policies of inclusion and meritocracy Determination to develop individuals, regardless of their background, creed or color	Employees welfare is important to the company	Ethical /fair
		Communities in which we work – development of enterprise and education Contribution to the development of human capacity	BP is considerate for other people and communities outside of the company	Ethical
		BP is committed to the principle of mutual advantage What we do benefits those with whom we do business as well as the company itself	BP's activities should benefit others as well	Mutual benefit
		We have an aspiration to help sustain the development of the world of which we are part	The company sees itself as responsible to the world they	Ethical /responsible

			operate in	
The good company – Vision or illusion?	March 2006 Speech by Vivienne Cox	Responsibility should not be a part of business, but the heart of business. Our whole aim as business people should be to make business a positive, responsible, constructive force in society	Responsibility should be the heart of business	Ethical
		…we need to talk more closely with governments, work more effectively with academics and collaborate more with NGOs, building on what unites us rather than what divides us	We are open to collaborate with others	Relational /cooperative
Chief Executive's Review of 2006 BP's corporate website/archives	2006	BP's purpose – to generate return on investment in a safe, sustainable and environmentally responsible way	BP recognizes the impact on the environment and it is one of its priorities to solve.	Responsible / considerate
		Challenges to the industry – it is cyclical, affected by rising concerns about energy security and climate change	Climate change is also one of the challenges	Dependable /vulnerable
		Response to the Baker report – implement the recommendations	Compliance	Cooperative
		Climate change is on the top of public agenda	The company is aware of what the public is concerned about	Pragmatic
		Our guiding principles remain the same – creating benefits for others as well for ourselves	Mutual advantage of business	Mutual advantage
		BP is widely recognized as a pioneer in the oil and gas industry for both reducing greenhouse gas emissions and investing sustainably in renewable and alternative energy business	The company sets standards in its industry regarding environment protection	Leader / competitive

Summary

The identity orientation is relational and the significance of maintaining relations with stakeholders is outlined: *"good relationships with governments and communities in which we work."*

The legitimacy during this period is moral. BP has gone the extra mile and is doing more than what is required by law according to Lord Browne: *"…no legislation has compelled us to take that step - we're doing it because we believe it is the right thing to do."*

The justification for the company's actions is economic: *"We enjoy customers' trust while doing business in a mutually advantageous way that brings benefits to everyone concerned: customers, communities, governments, suppliers, citizens."* It implies mutual benefit and economic gain to society and stakeholders along with such for the company.

When it comes to the posture, we can see that the company is recognizing concerns about climate change. It also is aware of its own impact on the communities in which it operates and the environment. Therefore, the posture is open: *"We would be foolish to ignore the mounting evidence and the conclusion of the world's most eminent scientists that precautionary action is necessary (on climate change)"*. In addition, the company acknowledges the evidence with which it is presented and is open to do what it is in its capabilities to act.

Table 4.2.1 b)BP's CSR character during Lord Browne's leadership

Dimensions	Category	Statements
Identity orientation	Relational	"We can only earn the privilege of operating on a global basis if (…) we can demonstrate that what we do benefits those with whom we do business as well as the company itself. Our aspiration (…) to be a company that works consistently to help sustain the development of the world of which we are part"[26] "Real sustainability is about simultaneously being profitable and responding to the reality and the concerns of the world in which you operate. We're not separate from the world. It's our world as well."[27]
Legitimacy	Moral	"Beyond the company, we are committed to the development of enterprise and education in the communities in which we work"[28] "No legislation has compelled us to take that step - we're doing it because we believe it is the right thing to do."[29]
Justification	Economic	"We are part of a process of sustainable development, beneficial to all."[30] "Why are we doing all those things? Simply because the oil industry is going to remain the world's predominant supplier of energy for the foreseeable future. Given that role, we have to play a positive and responsible part in identifying solutions to a problem which is potentially very serious."[31]
Posture	Open	"We would be foolish to ignore the mounting evidence and the conclusion of the world's most eminent scientists that precautionary action is necessary (on climate change)"[32]

[26]Group Chief Executive's Review, 2006
[27] Addressing Global Climate Change, Stanford University, 1997
[28]Group Chief Executive's Review, 2006
[29]Addressing Global Climate Change, Stanford University, 1997
[30]Group Chief Executive's Review, 2002
[31] Addressing Global Climate Change, Stanford University, 1997
[32]Group Chief Executive's Review, 2006

4.2.2 During Hayward's term

Tony Hayward became chief executive of BP in times when the company was vulnerable due to recent operational setbacks; the Texas refinery accident and the Alaska oil leak. According to the first review he presented, the company also experienced organizational challenges at the time. He declared determination to make the company more efficient. Such organizational changes are both challenging as they make the company vulnerable, but also beneficial, since they bring new perspectives. In such times, recovering the financial integrity of the company might prolong other aims such as CSR or sustainability activities, which are not part of the core business.

"Legislation is required to ensure that a cost of carbon is included in the price of everything. This would enable companies such as BP to make even greater investments in low-carbon energy." – Tony Hayward, 2008

Table 4.2.2 a)Outstanding themes during Hayward's term

Event + source	Date & context when applicable	Quote	Interpretation	Categories/themes
Chief Executive's Review of 2007 BP's corporate website/archives	2007 New CEO	Unsatisfactory financial performance Excessive complexity of business	Internal challenges to deal with	Vulnerable
		Committed to enhancing world energy security and meeting the challenge of climate change	Declaring commitment to environment protection	Dedicated
		BP belongs to the forefront of the industry	Main role in developing the industry but not specifying in what direction	Competitive / leader
Securing the Future - An Oil Company Perspective, EAGE Annual Conference	June 2007	Many people believe they are faced with the choice between two equally unpalatable outcomes – limiting economic growth and prosperity, or ruining the planet...It is particularly daunting for the energy industry because we find ourselves caught in the eye of the storm.	There is a conflict between economic growth and protecting the environment	Dependable /vulnerable
Accounting for Sustainability Forum	December 2008	Sustainability helps us establish a license to operate, the principle on	For BP sustainability is a tool for license to	Pragmatic

		which our profitability as an enterprise is ultimately built.	operate to protect the profit	
		The issue we face is in extracting oil in a sustainable way. That means respecting the environment and the societies in which we operate, alongside the financial health of our business.	Respecting the environment should not compromise the financial well-being of the company	Pragmatic
		BP is hugely committed to the idea of being a good corporate citizen. We are well aware that we are embedded in societies, that our actions affect millions of people.	BP is aware of the scope of its actions	Considerate
Chief Executive's Review of 2008 BP's corporate website/archives	2008	Invest in next generation of energy sources and support the transition to a low-carbon economy	BP has an active role in contributing to environment responsible economy	Pragmatic /economic
		Progress must be made at national and regional level first regarding cap-and-trade	BP is ready to provide as long as legislation is in place	Conditionality
		Legislation is required to ensure that a cost of carbon is included in the price of everything	Need for support from the government	Conditionality
		We invest a significant amount in alternative energy technology compared to our peers	BP is a leader in alternative energy development investments	Competitive / individualistic
		It is key question to us which technologies will make the greatest contribution to meeting energy demand while providing BP with strong growth business	The company's commitment is also based on what is profitable	Pragmatic /economic
Tony Hayward	2008	At BP, we talk about going Beyond Petroleum. This means three things to us: producing more fossil fuels more efficiently; making better use of fossil fuels; beginning the transition to a low carbon future	What BP does has tangible contribution to the economy	Pragmatic/economic
		We will continue to adjust to market conditions	The options remain open	Pragmatic
Chief Executive's Review of 2009 BP's corporate website/archives	2009	Our first priority is achieving safe, reliable and compliant operations	BP's operations need to earn trust and to comply with legislation	Compliant
		Organizational efficiency is essential to improving earnings	There is an internal issue, which needs to be improved	Pragmatic
		Drive the business forward whatever the market conditions	BP should be able to provide even in time of unfavorable conditions	Competitive
		We continue to show our ability to take on and manage risk, doing difficult things that others either can't do or choose not to do.	BP is ahead of its competitors	Leader /competitive
		We are able to form strong relationships with governments and national companies	BP has leverage	Competitive
		BP will continue to set itself apart by	BP is competitive	Leader /competitive

		operating and succeeding at the frontiers of the energy industry		
Meeting the Energy Challenge Oil and Money Conference	October 2009	Mitigating climate change and ensuring energy security are of such magnitude that the free market alone cannot provide them without assistance.	BP calls on government intervention in tackling climate change issues.	Pragmatic

I have found out in the analysis that during Tony Hayward's term the topic of climate change in BP has not been abandoned. But it hasn't been made stronger either. It emerged often as a challenge to the industry as well as to the government. The commitment was there under certain conditionality; regulation and legislation from the government. Even though Hayward said he was a strong believer in free markets, when it came to alternative energy, he recognized the necessity of the government to step in, in terms of price formation for the end consumer.

The notion of legitimacy for certain actions can be observed especially when referring to license to operate. The organization in this period sees sustainability as its license to operate. Here, there is also a pragmatic connection to profitability. This means that respecting the environment and societies in places where the company operates compliments with keeping a "good financial health." The pragmatic legitimacy can be noticed in the discourse when certain premises are communicated to stakeholders; the company is aware of its impact in societies where it operates, it invests in new technologies and it aspires for sustainable operations as well as sustainable business growth. As Suchman writes, pragmatic legitimacy boils down to a sort of exchange legitimacy – support for organizational policy based on that policy's expected value to a particular set of constituencies (Suchman, 1995).

The identity orientation of the organization is identified as individualistic. The evidence for this statement is the insistence on the company's belonging at the forefront of the industry, of being ahead in terms of investment in alternative energy, and also being bolder than the others in taking risks. Besides individualistic, I would add *competitive* because the company clearly states awareness of where it stands compared to its peers. It also uses this benchmarking to outline its strengths and leadership in the industry in areas such as clean energy, for instance.

The justification is economic during this period. We can see that the argument for the CSR initiative Beyond Petroleum is helping the transition to a low-carbon economy and by investing in next-generation energy sources. The company is doing when realizing that consumer demand can drive the industry in terms of greater usage of cleaner energy.

The posture, according to the research, can be identified in times when the company experiences criticism and finds itself in a position to respond to certain criticism. During Hayward's term, the crisis that the company experienced was the oil spill in the Mexican Gulf. It was labeled the worst environmental crisis that the oil industry has ever experienced. Naturally, it was a period in which BP received criticism and blame for what happened. The reaction to the disaster was not accepting responsibility and denying any wrong doing and trying to minimize the effect: "*The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume.*"[33] This shows a defensive posture vis-à-vis the criticism BP received from its stakeholders and the wider public.

Summary

Table 4.2.2 b)BP's CSR character during Tony Hayward's leadership

Dimensions	Category	Statements
Identity orientation	Individualistic	"we continue to show our ability to take on and manage risk, doing the difficult things that others either can't do or choose not to do"[34] "… BP will continue to set itself apart by operating and succeeding at the frontiers of the energy industry."[35]
Legitimacy	Pragmatic	"Sustainability enables us to create a virtuous circle in the way we do business. It helps us establish a license to operate, the principle on which our profitability as an enterprise is ultimately built."[36]
Justification	Economic	Our job is to help meet the world's energy needs today, invest in the next generation of energy sources and support the transition to a low-carbon economy "[37]
Posture	Defensive	In the last four years we have made major improvements in safety performance. It has made the company much better…four years ago it could have been very different[38]

Regarding the climate change discourse and argumentation, it is worthwhile noting the change between Browne and Hayward. The former passionately spoke about the possibilities and the need to act responsibly when faced with the challenge of climate change. He also presented it as something that the company believed in and was highly determined to respond to. While still paying attention to the climate change issue Tony Hayward's speeches lacked the passion, determination, and dedication to the issue. For instance, on one occasion, he said that he finds the fears for climate change well-founded, however, the

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[33] The Guardian, 2010, BP boss admits job on the line over Gulf oil spill, www.guardian.co.uk
[34] Group Chief Executive's Review, 2009
[35] Ibid.
[36] Accounting for Sustainability Forum, 2008
[37] Ibid.
[38] BP boss admits job on the line over Gulf oil spill, www.guardian.co.uk

issue necessitates action due to many people being concerned about it. "They [some people] believe they are faced with the choice between two equally unpalatable outcomes – limiting economic growth and prosperity, or ruining the planet. This is a daunting list of issues and concerns."[39]

4.2.3 During Dudley's term (present)

Dudley is the first American CEO of BP, which comes as no surprise in that precise period; in the wake of the oil spill of April 2010. Even though the corporate headquarters of the company are in the UK, BP has significant business in the US; in the Gulf of Mexico and Alaska for instance. After the largest oil spill of the industry happened and caused major turmoil in the affected areas in the US, the company had to show and prove its commitment to cleaning up the mess, regaining trust and restore the operations in the US.

Bob Dudley, similarly to Tony Hayward, became CEO in times of crisis for the company, but much severer than before. The company faced legal charges, hostility and criticism from stakeholders, the public and even the US government. Determined to keep its business and regain trust, BP started cooperating with its stakeholders and the government. In terms of identity orientation, it can be identified as relational. BP sees itself as partners with the stakeholders and aspires to "develop a network of relationships and truly become part of the community". In light of these events, it would be necessary to keep the context of the oil spill crisis when looking at the other dimensions.

Table 4.2.3 a) Outstanding themes during Dudley's term

Event + source	Date & context when applicable	Quote	Interpretation	Categories/themes
Group Chief Executive's Review 2010 Bob Dudley	2010	Our fundamental purpose is to create value for shareholders, but we also see ourselves as part of society, not apart from it	BP's accountability extends to society	Relational
		Our role is to find and turn energy resources into financial returns, but by doing that in the right way we can help create a prosperous and sustainable future for everyone. This is what people rightfully expect of BP.	BP acknowledges the society's expectations of the company	Responsive
World National Oil Companies congress	2011	Our responsibilities stretch much further than restoring the Gulf of	Referring to value-chain management	Responsible /cooperative

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[39]Securing the Future – an Oil Company Perspective, 11 June 2007, source BP

Bob Dudley speech		Mexico's environment and economy. We have a responsibility to embed the lessons in every team that works for BP - wherever they are in the world	and harmonizing the standards along the chain	
		We all know that world-class safety and risk management underpin the license to operate for BP and the rest of the industry.	This is an interesting statement compared to what T.H. said about sustainability being the license to operate…	Pragmatic
	On gas operation in Indonesia	The lesson is that we can make energy operations a force for good - but only if we develop a network of relationships and truly become part of the community.	Mutual cooperation	Relational /cooperative
New era – new responsibilities Bob Dudley	2011 CERA week conference	Often the response to a tragedy defines the character of an organization…we will emerge from this accident as a company that is safer, stronger, more sustainable, more trusted and, in time, more valuable.	BP is determined to restore and even improve itself	Ambitious
BP presentation at Tsinghua University, Steve Westwell Executive Vice President, BP plc	Energy Challenges and Technology Partnership Solutions, March 2011	We are fulfilling our commitments to the people who were affected, and fulfilling our commitments on environmental remediation. We are determined to learn from this tragedy, and to share those learnings globally with regulators and the oil industry.	BP is fulfilling its duties and is open to collaborate with other players for the common good of the industry	Cooperative /open
Chicago Economic Club, Bob Dudley	"A Safer, Stronger BP: Our Quest to Earn Back America's Trust" January 2012	We are sharing what we've learned from the incident with government regulators, industry experts and academics worldwide...even though some of our findings could have been of competitive advantage to BP, we are sharing them all with other companies because it is the right thing to do.	Committed to share knowledge and to be ethical	Ethical /cooperative

From the company's perspective, communicated through Bob Dudley, we can see that BP justifies its actions with the role it plays in the US economy. It has discovered oil reserves in the deep waters of the Mexican Gulf, when other companies "packed up and left." BP also settled to pay out financial claims to affected businesses and individuals. The justification, therefore, is economic; the company contributed to recovering environmental and economic damages and will continue to be a factor for economic development. The legitimacy is moral, since in times of uncertainty, the company turns to ethical ways of disclosing what it learnt and it labels such action as "the right thing to do". Moral legitimacy is about having a normative evaluation of the organization and its activities (Suchman 1995: 579). The judgments on the part of the company about what is "the right things to do", as opposed to what is beneficial only to the organization, are at the core of the moral legitimacy.

Legitimacy defined by Suchman is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. Legitimacy affects not only how people act towards organizations, but also how they understand them; organizations that lack acceptable legitimated accounts of their activities are more vulnerable to claims that they are negligent, irrational or unnecessary (Suchman 1995: 575).

Summary

Dudley, similar to Hayward became a CEO in turbulent times for the company. At the operational level, he faced the issue of cleaning up the oil spill, cooperate with the affected communities, implement regulations, and evaluate the organization's expertise, etc. Whereas at the reputational level, he had to communicate all these efforts to investors, stakeholders and the wider public in order to regain trust and to restore the company's integrity after the shock.

Table 4.2.3 b)BP's CSR character during Bob Dudley's leadership

Dimensions	Category	Statements
Identity orientation	Relational	The lesson is that we can make energy operations a force for good - but only if we develop a network of relationships and truly become part of the community.
Legitimacy	Moral	...even though some of our findings could have been of competitive advantage to BP, we are sharing them all with other companies because it is the right thing to do.
Justification	Economic	BP absolutely plans to be a part of America's energy future.
Posture	Open	We are determined to learn from this tragedy, and to share those learnings globally with regulators and the oil industry.

The CSR character is context-driven and is a result of how the company perceives itself, its stakeholders and how it collaborates with them. It is revealed through the sensemaking process in the company.

During Dudley's leadership, BP is showing openness more than ever to share what is has learned with its industry, regulators, and scientists. The defensive posture from Hayward's term is transformed into open and there are moral obligations that the company is committed to fulfilling. The justification remains economic. This is not surprising as the oil industry as a whole is important to the US economy and even national security.

Summary of the findings

Looking at the company's CSR or sustainability sensemaking cannot be done without understanding the events, actors, and context, which can influence it. During Browne's leadership, there is abundance of speeches on sustainability, CSR, and climate change. They are addressing extensively the role of the global company in environmental issues and other related areas. It can easily be detected that Lord Browne personally shared most of the ideas/concepts that he presented on behalf of the company. It is also clear that these subjects were of high importance to the company in that period. While it may be an interesting research topic to study the leadership style and the CSR sensemaking, it falls outside of the scope of the thesis. Therefore, the selected speeches and statements are used for the purpose of the analysis of the CSR type of the company during his term as a Chief Executive. Apart from his personal position on these issues, another factor that contributed to having plenty of CSR speeches, is the recognition of the company as a leading organization in sustainability; there were opportunities to elaborate on the topic and bring more salience.

Lord Browne had to retire in light of the Texas Refinery tragedy, where an explosion killed 15 employees and an oil leak in Alaska, which brought a lot of scrutiny over the maintenance practices of the company. The response of the company to the incident can be summarized in the following way: to take responsibility, to accept criticism, to cooperate with regulators, and to be open to advice and learning from mistakes.

In comparison with Lord Browne's record, Tony Hayward's lacks such abundance of CSR speeches. However, he also kept the climate change discourse, started up by his predecessor. Inheriting the Texas Refinery aftermath, naturally, his early statements focus mainly on safety and managing operational risk. It can be noted that during Browne, the direction and commitment have been set. It is a process that could not have been reversed, i.e. the company cannot just abandon the priorities and dedication that have been declared by Lord Browne. They had to remain part of the discourse and strategy.

In his early statements, Tony Hayward recognized that the company was vulnerable due to unsatisfactory financial performance and the technical and operational shortcomings discovered after the Texas refinery accident. From the data, it can be determined that Hayward was on the mission to foster the organizational capacity and build a more competitive and robust BP. The individualistic identity and the pragmatic legitimacy suggest that BP at that time was not as receptive as previously to feedback on issues from the outside. A defensive posture follows logically from the data; a company that sees itself as a leader and ahead of its competitors would find it difficult to accept shortcomings and failures. About the oil rig

explosion and all the trouble that followed, Tony Hayward was quoted as saying: "what did we do to deserve all this?" (Washington Post, 2010).

The Deepwater Horizon case can be categorized as more complex, perhaps even incomparable to the Texas Refinery one due to its large scope of impact on different levels; employee safety, contractors management, environmental damage, national security, etc. However, it is noteworthy to mention Hayward's reluctance to accept BP's fault and to apologize in a timely manner. Until the end of his career as a CEO, he claimed the accident was a shared responsibility, which not necessarily puts most of the blame on BP. The company's posture in this period was defensive.

The current Chief Executive, Bob Dudley, who took over after Hayward's resignation, had the pivotal role in reassuring shareholders, investors, and stakeholders the ability of the organization to cope with crisis and to be able to deliver up to the expectations. The discourse in his statements is primarily focused on regaining and reestablishing trust as well as reasserting the role of BP in the US economy. The company has an open posture and moral legitimacy. Similar to Hayward, Dudley took office when the company was vulnerable and even its existence questioned (Washington Post, 2010). The difference that we notice from the previous term, though, is that instead of becoming competitive and individualistic, the company has a relational identity. Undoubtedly, the context here is much more severe, and the company needs to rebuild damaged relations with stakeholders and to gain the shattered trust back.

It is noteworhty that the two previous CEOs did not finish their terms as scheduled due to setbacks that necessitated a change in leadership in order to resolve them. Every new CEO faced challenges and issues that had to be solved in the most beneficial way for the company. These issues, therefore, have influenced the agenda and the priorities accordingly.

> *"Even though it can be a competitive advantage, we share the information with our competitors because we believe it's the right thing to do."*
>
> -   *Bob Dudley, CEO*

Two levels can be distinguished where improvements needed to be done under each new leadership; *operational* and *reputational*. The former involves reviewing processes and practices that need reevaluation and the latter involves communicating the changes and efforts undaretaken, which will be the basis of reestablishing partnerships or rebuilding relations.

To give an example, Hayward had to prioritze safety of operations, to reevaluate areas that received criticism and to implement the necessary structural and organizational changes. At reputational level, he

had to make sure the efforts gave results that could be seen by employees and the wider public scrutinizing the actions of the company.

CHAPTER 5

DISCUSSION

5. Discussion

5.1 Main challenges in business perspective

Getting everybody on board

One of the most prominent point that all of the three CEO's seem to stress a lot is trying to get understanding of their business ideas and as a result support for their activities from the relevant stakeholders. No company is self-sufficient and Browne, Hayward and Dudley albeit in different words, have all called for some sort of support and cooperation. Recognizing the fact that the company has an impact on communities where it operates is present in all three periods. The challenge is, therefore, to convince the stakeholders of the reliability of the organization. The government has to know about the commitments of the company, the clients need to have trust and they also need to be retained, employees need to be motivated to perform, etc.

Another business challenge is finding balance among the different categories and dimensions, which determine the CSR type of the company, and the most appropriate way of communicating and dealing with the stakeholders of the company. It has proven that a defensive posture, in times of a major crisis such as the Deepwater Horizon, perpetuates the trust amongst the relevant stakeholders and brings negativities to the company. Whereas a tentative or even open posture gives the opportunity to preserve the balance in the relationship with the stakeholders and gives a better chance to the company to keep a stable position when negotiating and solving the issue.

Even though, I have looked at the CSR sensemaking in BP as a shared process and not individual, it is inevitable that I noticed differences in the way the different CEO's structure their speeches. For instance, Lord Browne always spoke about "we in BP believe", Hayward never began the chief executive review with "dear shareholder" but rather introduced a Q&A type of text, whereas Bob Dudley speaks of BP as "my company". I believe that this wording or choice of speaking to the public is not only the personal style of the CEO; it has also to do with the message that the organization would like to deliver.

From the analysis that I have conducted and the identification of the CSR character, I find that the CSR sensemaking is evolving in the company and it is changing with leadership. There were two changes of leadership in the time-frame taken into consideration here. They both occurred after the company

experienced a crisis in its operations and was in a vulnerable position and had to recover financially and operationally.

Sustainable energy and sustainable environment

There has been a common challenge identified from the beginning by Lord Browne and maintained as such until present. It is a challenge that not only BP, but the whole oil industry is faced with. It is namely the paradox of energy and the environment. It might have been said with different words, but this challenge can be found in each and every statement that has been analyzed in the thesis. What can also be concluded from the company's documents is that on a company level, it has achieved its own goals of reducing CO_2 emissions, investing in alternative energy development, and contributing to the communities it operates in. Another challenge is actually shifting the energy consumption to alternative, which is limited by the fact that fossil fuels are and will continue to be the major source of energy for the future.

Some of the recognitions that Lord Browne received in the context of Beyond Petroleum, apart from the sustained sustainability actions, are the increase earnings and the greater brand awareness among consumers:

Overall, BP's "Beyond Petroleum" campaign was a success. Sales from 2004 to 2005 rose from $192 billion to $240 billion then to $266 billion in 2006. Moreover, a Landor Associates survey of consumers found that 21 percent of them thought BP was the greenest of oil companies. BP said that from 2000-2007, its brand awareness went from four percent to 67 percent.[40]

Even if the "Beyond Petroleum" was something that Browne truly believed in, it still occurred in times when there was a hype about climate change and external pressure on companies to do better on sustainability put pressure on CEO's to improve portfolios and to include sustainability in their operations. The Kyoto protocol was a "hot topic" even though the US never signed it.

Lord Browne as a CEO of a major oil company was facing an ethical dilemma regarding climate change, which was generated by the extensive discourse and demand for action. He became very outspoken and dedicated to the idea of sustainability and in his discourse tried to merge sustainability and profits: "real sustainability is about simultaneously being profitable and responding to the reality and the concerns of the

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[40]http://www.environmentalleader.com

world in which you operate. We're not separate from the world. It is our world as well." The concerns of society at that time were mainly climate change and the alleged harm that the oil industry is causing to the environment.

One of the characteristics of responsible leaders is that in a ''stakeholder corporation'' leaders need to be sensitive to the world in which they operate. They assess the impact of business decisions on the social and natural environment. They engage stakeholders in an active dialogue, include different voices, take their interests and needs seriously and assess them in a thorough reflection process (Maak, 2007).

Browne also highlighted the advancement in technology and outlined a long-term commitment for BP to developing and making use of these technological developments that eventually will lead to a greater production and consumption of solar energy.

A case study in the Harvard Business Review recognizes a negative side of the Beyond Petroleum initiative:

Under Browne's leadership, BP had become the first major energy company to recognize the threat of global climate change and the first to voluntarily reduce its carbon emissions. These steps had earned the company a voice in international policy debates and had helped garner favor among policy makers for a cap-and-trade style regulation as opposed to a tax. Furthermore, BP's actions represented some of the business community's first steps towards a cleaner, more energy independent economy. Despite these favorable outcomes, though, it could be argued that BP, in championing the issue of climate change, had strayed from its core competencies and lost sight of the fact that it was first and foremost an oil company, for which the safety and integrity of operations were paramount.[41]

This notion of criticism may also stem from the fact that an oil company to develop an alternative energy segment was a rather unusual and novel phenomenon. Certain skepticism can take place given the circumstances. Not only was the concept novel but the terms that Browne used when talking about CSR and sustainability were such as well. He talked about CSR being in the DNA of the company.

 On BP's development under his leadership, Browne remarked that, in spite of recent difficulties, BP had undergone a "renewed emphasis on sustainability." He continued, "Indeed we have written it into the genetic code of the company. The concept of sustainability is about explaining our values; our deeply held

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[41] Global Climate Change and BP, HBR case

belief in the principle of mutual advantage; recognizing that business ultimately has a purpose—to serve human needs. And it is about respecting the communities in which we operate."[42]

Approaching CSR from a sensemaking perspective, on another hand, means focusing on the dynamic and social processes underlying the development of CSR in organizations (Nijhof and Jeurissen, 2006). During Browne's leadership, he presented CSR as embedded in the company and an absolute necessity in order to do business:

"I don't believe social responsibility has anything to do with public relations. It's not an add-on or a nice coat of paint. […] From our experience, social responsibility is a matter of hard-headed business logic. […] That's why we have standards, covering issues such as business ethics, the treatment of people and the care of the natural environment, which apply universally and are built into the performance contract of every manager. Delivery against those standards is obligatory and non-negotiable, and assurance processes are designed to make sure the standards are being met, including external verification."[43]

Via descriptive stakeholder theory, Brickson (2007) writes about the identity orientation of the company vis-à-vis its stakeholders. It is established that organizational identity consists of participants' shared perception about what their organization is and that it drives motivation and behavior. The research has identified three types of identity orientation of profit-making entities, namely individualistic, relational and collectivistic. And defining the organizational identity is important as it helps define and explain the organizational action.

Shift in the sensemaking processes

Regarding the notion identity orientation, Gioia et al (2000) connect the way an organization sees itself with the way others do; over time, organization members receive feedback about their organizational portrayal, or some event occurs that makes identity concerns salient. Whether the identity is affirmed depends on the answer to the following two questions: "Who we are" and "Who do they think we are?"

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[42]Ib.

[43]"The Case for Social Responsibility", Sir John Browne, Group Chief Executive The British Petroleum Company p.l.c., A presentation to the Annual Conference of Business for Social Responsibility, Boston, USA, 10th November 1998. Available at http://www.bp.com/genericarticle.do?categoryId=98&contentId=2000334,25.03.2012

If there is no discrepancy between the two answers, then there is no need for action, however if discrepancy occurs, then the organization has to reflect on what the reason for that may be. The change of identity that can occur as a result of such discrepancy is actually a positive step for the organization. This instability in identity actually confers benefit to the organization, because it allows better adaptation to the demands of an environment that is itself undergoing continuous change (Gioia et al., 2000).

The fact that BP has experienced change in the CSR sensemaking processes suggests that the company is open to external perceptions and it interacts with its environment (stakeholders, the public, its industry, etc.) there is an open process of giving and receiving feedback and the company reacts to that. It can adapt to changes.

It is important to note that the strategic concern of management is no longer the preservation of a fixed identity but the ability to manage and balance a flexible identity in light of shifting external images. Maintenance of consistency becomes the maintenance of dynamic consistency. Instability fosters adaptability (Gioia et al., 2000). The changes that occur during Browne's and Dudley's leadership attest precisely to that. Depending on the leadership though, the CSR character changes as a result of the sensemaking processes that take place in the company. During Hayward, it was deemed necessary that the company be more competitive, more individualistic and competent so that it finds evidence to consider it is ahead of its competitors (e.g. Hayward: "BP at the forefront of the industry"). Under the current leadership, though, the company changed back to a relational identity and moral legitimacy. Such shift puts the company in a better position to communicate and cooperate with its stakeholders and even competitors.

Pater and van Lierop (2006) suggest interesting perspective on stakeholder theory, namely involving sensemaking in stakeholder management. This is achieved by creating a sensemaking and sensegiving process, where the organization is aware of what is important to its business and is open to understand what is important to the stakeholders. CSR implies responsiveness. This means that organizations must be receptive to stakeholders' demands and maintain a degree of transparency towards them (Pater & van Lierop, 2006).

As a result, according to the authors, the interpretation and realization of the firm's social responsibilities are shaped by the way the organization interacts with its stakeholders. I argue that the CSR character of a company defines whether a company is receptive to its stakeholders' concerns and whether it actually cooperates with the stakeholders.

Rather than relying exclusively on their own assumptions and beliefs, organizations engage their stakeholders to understand all sides of the issues. Subsequently, the organization and its stakeholders must undertake joint action to address the issue at hand (Pater & van Lierop, 2006).

Here, the authors briefly mention that the organization's identity can give direction to its sensemaking process with relation to the stakeholders, but they do not elaborate on the actual role of the identity in this process. In this thesis, one of the objectives has been to identify how the identity orientation of the company creates a filter as to the level of interaction with the stakeholders. As Pater and van Lierop (2006) write, a sensemaking perspective on stakeholder management is likely to lead to a broader and more balanced view of the social responsibilities of an organization.

On responsible leadership:

Thomas Maak (2007) points out cognitive challenges related to leadership and CSR. The challenges constitute understanding what the stakeholders think and thus managing the complexity of the sensemaking process when it comes to aligning what stakeholders think and what the organization thinks. He further explains the importance of building and maintaining relations with stakeholders and the actual structure of these relations. A pivotal moment for a responsible leadership to exist is to be able to transform conflicting and negative ties with stakeholder into partnerships with mutual benefit. "Key to responsible leadership is thus the ability to enable and broker sustainable, mutual beneficial relationships with stakeholders, to create stakeholder goodwill and trust and ultimately a trusted business in society – that is, one of multi-stakeholder benefit (Maak, 2007)."

The responsible leader should also be able to identify what and who really count or should count in the framework of carrying out sustainable and legitimate business. Maak puts the leader at the center of this stakeholder network, where he/she has to be "an architect, a weaver and broker of stakeholder relationships."

To add some ideas to the valuable theory of Maak, I suggest that the CSR character of the company actually determines to what extent a responsible leader would be able to be in the center of the network. And even if so, would he/she be able to build and maintain mutually beneficial relations with the stakeholders. I propose that an organization with an individualistic identity and defensive posture would have difficulty in

brokering such relations. To turn back to Maak, he also writes about relational intelligence of the responsible leader, which implies that the company should have leadership with sensemaking processes that define relational identity and open posture.

CSR character varies upon leadership

In the case of BP and looking at the CSR sensemaking processes in the three periods, I have discovered that the sensemaking evolves in time. It is not static. There were certain events that led to change of leadership and also to the way the company makes sense of its reality, i.e. in relation to the stakeholders. After Browne, we see a more competitive BP with individualistic identity, pragmatic legitimacy, and defensive posture. With the following change in leadership, the CSR character of the company shifts again.

Table 5.1. Observed shifts of CSR character with the change of leadership

	Browne	**Hayward**	**Dudley**
Identity orientation	Relational	Individualistic	Relational
Legitimacy	Moral	Pragmatic	Moral
Justification	Economic	Economic	Economic
Posture	Open	Defensive	Open

5.2 Main opportunities

Lord Browne is famous for finishing most of his speeches with "the best is yet to come". Regardless of the many setbacks the company experienced, there are always opportunities to explore. In a CSR perspective, it would be to figure out how the CSR character of the company contributes to better cooperation with the stakeholders. More precisely, the CSR character of a company can explain why certain relations with given stakeholders are prioritized for instance and why the company is doing what it does.

The posture for instance, has changed almost dramatically from 2010 till present. From being defensive, BP has become completely open and cooperative. It is true that in the beginning, immediately after the explosion, the level of ambiguity was high and the urge to save face rather than admit liability could have been stronger. But it was also an opportunity to express genuine regret for the tragedy and empathy with those affected.

Browne also said that whoever wanted a calm life should never be in the oil business. His words pretty much define the volatility and uncertainty that the industry can face. But this is also an opportunity to look for solutions how to cope with uncertainties and how to preserve the company's integrity in harsh times.

CHAPTER 6

CONCLUSION

6. Conclusion

The research question that the thesis is seeking to answer is: "How does the CSR sensemaking process evolve in an organization and what is the leadership's role?"

The purpose of this study is to bring better understanding to the sensemaking processes within an organization with regards to CSR and to examine the role of leadership in those processes. The main argument is that by understanding what the company thinks, what it says, and how it behaves can clarify its business decisions and its relationships with the stakeholders. When the CSR character of the organization is defined, we can also trace how and when it has changed and what are the implications from these changes.

The theoretical framework in the thesis including CSR as competitive advantage, responsible leadership, stakeholder theory, provides basis for the main findings. The company analyzed was BP and more specifically the last three executive terms. By analyzing them each individually, I was able to define the CSR character of BP in each term, to compare them and to provide explanation for the detected differences.

6.1 Main findings

The oil industry is evidently important to the world economy. When it comes to BP, the company has been part of the oil industry in the US for a long time and according to the company's statements, it plans to remain part of it in the future. Relying on its importance to the economy and even national security is not the only aspect of the company's relations that BP has to take care of. It is a more complex responsibility that needs to take into consideration the stakeholders and the maintenance of the relations with them. In this paper, I have looked into how the CSR sensemaking in a company is connected to the leadership. To get to that understanding, I have first tried to identify the sensemaking processes in the company by looking at the CEO's speeches.

Main findings during Browne's term

Lord Browne tried to strike a balance between what is good for the company and what is perceived to be good to a wider circle of stakeholders. Mutual benefit is the key word that can summarize the sensmaking of the reality within the network of the company and its stakeholders. He reached out to governments, regulators, NGOs, employees, etc. There seems to be a tension between the literature on stakeholder management and leadership. Stakeholder management theory suggests that the company should manage its relations with the stakeholders. Leadership theory suggests something similar; however, it pays a greater importance on the relational side of this management. The crucial aspect is that there is a need for responsible leadership to build and retain relations with stakeholders. And a responsible leader is the one who has a relational intelligence.

The complexity recognized in both theories is that often various stakeholders can have conflicting ideas and wishes. Or theirs demands can be too broad so that it is challenging to meet them all.

From the discourse analysis, it is clear that the three leaders have met this precise challenge. In late 1990's John Browne presented the new position of BP regarding climate change; the company turned its back on previous suspicions and attempts to deny such problem existed. Also, the company recognized its greater impact on the economy, the environment, and wider groups of people. In the meantime, it maintained good relationships with governments in order to do its business. In his speeches, there is also a great praise of the employees and their part of BP's successes.

Technical failures in the core operations of the company, however, overshadowed the image that Lord Browne had created; the Texas refinery accident (2005) and the oil leak in Alaska (2006). Despite these failures, until he retired, the company kept its CSR character and according to the analysis, it has not changed.

Main findings during Tony Hayward's term

What changed though was the leadership in 2007, when Tony Hayward took office as CEO. From his early statements, I outlined the observation that Hayward prioritized certain improvements that he deemed necessary in BP. He stated that BP needed to become a simpler and more efficient organization, implying that previously, its management was too complex and cumbersome.

The discourse about the paradox that the company was facing remained the same. It is namely that while there is a growing demand for oil, there is also the challenge on the environmental impact. The sustainable environment concern remains present. However, there is a greater emphasis on the fact that while there is perceived to be scarcity of oil due to demographic and economic factors, there are many reserves that are still undiscovered or difficult to reach. With the expertise of its own and with government assistance in the form of permissions to explore reserves, the company can play a positive role in solving the issue with scarcity.

In Hayward's speeches, the attention paid to environmental issues and stakeholders is less prominent than in his predecessor's. What comes out quite vividly, instead, is a projection of the company as a capable and competitive player in the oil industry as well as in alternative energy developments.

Climate change was one of the challenges and opportunities that Hayward had to deal with after Browne's departure from the company. It has been an important part of the BP's overall strategy undertaken during Browne's time. It has been established that under Browne's leadership, the company has become the first major energy company to accept the climate change problem and the first one to take action on its own initiative to reduce its carbon emissions. This initiative has helped the company to gain a voice in policies debates and a strategic position among policy makers for a cap-and-trade regulation instead of a tax. In a bigger picture, this step represented a commitment on the part of the business to aim at a more-energy independent and environment-friendly economy.

Both Hayward and Browne had worked in one of the primary business units of the company, Production and Exploration and a similar career path, however, they seem to have had different view on how the company should be run and what should be prioritized. In a 2006 memo, Hayward wrote about the top of the company not listening to the bottom of the organization. [44]Hayward spoke also about a long-term strategy for the frontline operations of the company and their profitability in the next 30-40 years instead of looking into quarter to quarter profits.

Managing the safety and the integrity of operations came into spotlight in the wake of the Texas City refinery explosion, where 15 employees died and 170 more were injured. Inspections were undertaken as a result and many other violations were discovered in other BP refineries. A year later, there was the Alaska crude oil spill of approximately 4,800 barrels. These consecutive events caused concerns in the company for

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[44]http://www.ft.com

the ability to keep a diversified portfolio. The investigative report after the Texas accident paints a layered picture of neglect, avoidance and wrong-headed corporate directives that resulted in the death of 15 workers.[45] Dealing with recovering safety and cleaning up the name of BP, the leadership at that time shows that the company tried to achieve the set goals by becoming more competitive and by having less rational and rather individualistic identity.

Main findings during Dudley's term

The change of leadership this time occurred rather quickly compared to the previous instance of Browne being succeeded by Hayward. Bob Dudley became CEO while the crisis was still ongoing and he gave a new direction to the company. The mere fact that the leadership was changed speaks of intention to break with the accumulated negativities and deliver a new and possibly improved approach to bringing operations back to normal. According to the findings in the analysis, the first American CEO of BP has caused changes in the CSR sensemaking processes within the organization.

The relational identity suggests that the organization is more willing and ready to build, rebuild and maintain relations with its stakeholders. With a moral legitimacy, on the other hand, the company shows that it will follow not only what is required by law, but also what is morally expected from the company. Regarding the valuable insight that the company has acquired from the accident, it is willing to share it with its competitors and with regulators to further improve the safety standards and to foster the development in the industry.

The open posture points to the fact that BP is accepting feedback from outside which it can use in its operations. The company shows responsibility to remedy the environmental and economic damages caused to the Gulf and the communities in the area.

With these findings, it can be concluded that the new leadership of BP is driving changes in the CSR character of the organization.

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[45] Report Faults BP for Safety Procedures, http://www.nytimes.com/2007/01/16/business/worldbusiness/16cnd-baker.html?_r=1&scp=4&sq=The%20Report%20of%20the%20BP%20U.S.%20Refineries&st=cse

6.2 Summary

The traditional view on CSR, the one that does not include sensemaking, is that companies should consider those who are or might be affected by their activities. Stakeholder management theory suggests why and how companies should manage their relations with the stakeholders. Since managing also implies leadership, responsible leadership theory, in addition, states that leaders should build and maintain relations with the company's stakeholders and in order to do that relational intelligence is required on behalf of the leader. Commercial viability and long-term business success depend on the ability of a firm and their leadership to act responsibly with respect to all stakeholders in business, society and the environment" (Maak, 2006).

I suggest that all these theories are important to the understanding of the CSR, however, I also identify a missing link in these theories. It is namely, understanding how the organization makes sense of CSR and how is it connected to leadership and stakeholder relations.

I have come up with the concept that CSR sensemaking within an organization is important when it comes to understanding why and how a company engages in CSR and that it is also related to leadership as a function of it. Leadership influences the sensemaking in the company and hence, we observe differences in the CSR character of the company.

6.3 Recommendations

CSR character and leadership

Or how to understand the CSR character in relation to the leadership of the company

Scholars and business experts have made a significant contribution to understanding the role of CSR and the relations with stakeholders to the businesses. Through responsible leadership theory, we are able to learn the challenges that leaders face and to get an insight as to how to tackle those challenges. With this paper I have tried to develop the link between CSR sensemaking in a company and its relation to the leadership.

In a global business perspective, it is a given fact that the company's leadership will be faced with many challenges. Those include building and maintaining relations with stakeholders as well as reconciling conflicting positions or responding to different demands and criticism. Through the case study of CSR sensemaking in BP, I have found out that the company indeed faced all these challenges and in the discourse there is recognition of what the company sees as problematic areas and to what it deems necessary to respond. The aim here is not to determine what is wrong and what is right but rather to summarize the findings and to provide recommendations.

Thus, the changes in the sensemaking processes of a company show that the organization has the ability to look for solutions and to remedy previous missteps. It is not the purpose of the thesis to judge what is wrong and what is right, but the suggestion is that a company with relational identity orientation, moral legitimacy and open posture can better find balance when faced with criticism.

6.4 Limitations and future research

There are a few facts about the research that put some limitations. The type of industry as part of the case study might prove it difficult to apply the findings to a multinational company from another industry. The sample size of the data for each period covered is disproportional since the last period is ongoing and the availability of data is not as abundant as is the case with the first period of Beyond Petroleum, for comparison.

It has been established that in the sensemaking process, there is a sort of interaction, meaning that an organization receives "feedback" as to how its stakeholders perceive it. Hence, a more detailed research would include a sensemaking understanding of some of the company's stakeholders. Currently, we only see what the company sees.

Another aspect, which I have been thinking about throughout the writing process, is the choice of data. I have based the analysis on statements and speeches given by the CEO as the most senior representative of the company who communicate the company's position, goals, etc. it would have been even more interesting to be able to have a similar set of data by means of interviews with employees and then compare to what degree the sensemaking matches what the CEO says with what the employees say.

Since the thesis has come up with the relation between CSR sensemaking and change of leadership, it would be interesting to find out more about why the CEOs are changed and what processes take place internally, i.e. in the board. For instance in the event of the Deepwater Horizon oil spill, Tony Hayward received a lot of negative comments precisely because it was his job to give explanations through the media and as the face of BP, he personally took the blame on many occasions, including the comment from Barack Obama[46] that he would fire Hayward, if he could. This could potentially be a corporate-governance-based research into hiring and firing CEO's in the events of crisis.

And lastly, I would like to suggest including analysis of the stakeholders' sensemaking for a broader understanding of the interaction and the level of influence that different stakeholders may have on the organization. Also, including interviews as method for data collection could further enrich the research.

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[46] Oil Spill: Barack Obama criticizes Tony Hayward, 8 June 2010, available at www.bbc.co.uk

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