Lund University, Master of Science in
International Development and Management
May 2013

Pure Business for a better World?

Exploring the change in CSR practices of multinational oil and gas companies in Uganda

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Abstract

The pressure on businesses to “give something back to society” has increased considerably in the last decades and concepts like Corporate Social Responsibility gained enormous popularity. While for many years companies have been distributing cash and goods to charity, attaching to the CSR agenda a philanthropic nuance, many companies have recently started to shift away from philanthropic giving towards a more business-like CSR policy approach. This so-called strategic CSR is increasingly seen as the solution to achieve development goals. The purpose of this study was to investigate the shift away from philanthropic CSR using the example of two multinational oil companies operating in Uganda, where oil has been recently discovered. The companies’ strategies were analysed drawing on eight core economic multipliers. Furthermore the potential effect of stakeholders on the multipliers was scrutinized and the characteristics of strategic CSR mapped. The findings outline that the two companies have shifted to a strategic approach, whereas not all multipliers are manifested equally. It can be seen that each company interprets strategic CSR differently, which challenges the positive impact on society, whereas best practices confirm the potential of strategic CSR to create long term economic opportunities.

Key Words: Business, CSR, Development, Oil industry, Uganda, Philanthropy, Strategic CSR, Multinational Companies, Economic Multipliers, Strategic partnerships

Word count: 14982 words

Coverpicture designed by Miriam Zillner, adapted of Joel Makower 2012

Acknowledgements

First, I want to thank UCSSRI and all my key informants in Uganda for sharing their knowledge and experience. Special thanks go to the NGOs Trias, Traidlinks and Snv in Uganda and the interviewed managers for their voluntary participation and generous sharing of their experience. Further I would like to express my special gratitude to Total and Tullow Uganda for making it possible for me to gain insight into such big companies and especially thanks to the managers who shared their valuable time with me and did not hesitate to answer all my questions. I want to thank my supervisor Martin Andersson for his guidance and constructive comments on my thesis writing. I further want to thank my thesis group for sharing the joys and sufferings of thesis writing.

Last but not least, it is not possible to mention all the wonderful people who have supported me during LUMID in Sweden, the internship in Vienna and Uganda and the final thesis writing. It has been quite a bumpy journey and I would not have made it this far without the support of so many wonderful people. So, many thanks are in order to those who were there to help in different ways!

Special thanks go to my great family and to all my friends for their love and unwavering support. Thank you so much - I wouldn't be me without you!!

List of Acronyms

BOP	Bottom of the Pyramid
BP	BP plc, British multinational oil and gas company
CEO	Chief Executive Officer
CLO	Community Liaison Officer
CNOOC	China National Offshore Oil Corporation
CSR	Corporate Social Responsibility
EI	Extractive Industries
EITI	Extractive Industries Transparency Initiative
E&A	Exploration and Appraisal
E&P	Exploration and Production
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
NGO	Non-Governmental Organisation
PSA	Production Sharing Agreements
SHELL	Royal Dutch Shell plc, Multinational Oil and Gas Company
SNV	International not-for-profit development organisation
TATS	Total Access to Solar Program
TOTAL	French Multinational integrated Oil and Gas Company
TRAIDLINKS	Non-for-profit Company registered in Ireland
TRIAS	Belgian development Organisation
TULLOW	Tullow Oil plc, Multinational Oil and Gas Exploration Company
UN	United Nations
WBCSD	World Business Council for Sustainable Development

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1. Introduction

In his speech at the Summit for Sustainable Development in Johannesburg, Kofi Annan, the former Secretary-General of the UN, emphasized that sustainable development in the poorest countries of the world can only progress with the support of the corporate sector (Annan 2002). The question is if the corporate sector is willing to give this support.

Forty years ago, one of the most influential economists of the second half of the twentieth century, Milton Friedman, has argued that the only responsibility of a company is to make profits. However, the world has changed, and globalization and the internationalization of many corporations have led to the fact that companies are operating in countries where their annual profits amount to more than these countries' GDP (Bhagwat 2011). This development has contributed to a growing popularity of CSR. The idea of CSR was that businesses have responsibilities in terms of helping to solve ecological and social problems in order to contribute to countries' development, going beyond their core obligation to make profits (Bhagwat 2011; Idemudia 2011:1; Moon 2007:296).

Today, CSR cannot be separated from companies' core obligation to make profits (Carroll and Shabana 2010, Frynas 2009). In fact, it is an integral part of that obligation. Therefore, it does not contradict Milton Friedman's statement that the only responsibility of a business is to make profits (Friedman 1970). Bhattacharya and Sen argue that the question today is not "whether" to implement CSR like forty years ago, but much more "how" (Bhattacharya and Sen 2004). For many years, the concept of philanthropic giving has dominated the CSR debate. Many companies gave donations in form of cash, goods and sponsorships for charitable purposes (Yue et al. 2010:39-40), whereas in the last decades a shift away from philanthropic CSR could be observed (Kotler and Lee 2004). The following quote by the head of Social Affairs of Total Uganda indicates their averseness to philanthropic giving:

> "We, Total as a company do not want to give to forgive.
> We do not do anything without the community.
> We are here as good neighbours, but it is difficult,
> because very poor people are interacting with very rich companies."
> (Head of Social Affairs Total Uganda 2012)

This statement indicates the change from philanthropic CSR to strategic CSR, whose idea is to support the progress demanded by Kofi Annan in line with the business objectives and to integrate CSR into the core business (Nelson 2003). The use of the term “neighbours” indicates that companies do not only want to give, but to cooperate with local communities and support them as a business partner instead of giving out charity (Carroll and Shabana 2010; Kotler and Lee 2005).

To be able to explore the shift away from philanthropic CSR, this thesis employs a theoretical model developed by the UN, WBCSD and Business Leaders which illustrates the generation of eight multipliers through CSR linked to the core business (Nelson 2003). This model will guide this study to explore the shift away from philanthropic CSR using the example of two big multinational oil and gas companies, Tullow and Total. These companies have recently entered Uganda to explore and produce oil, which has been found in Western Uganda in the Lake Albert area (Rice 2009). The oil and gas industry is among the leading industries in CSR, as oil and gas companies are especially pressured to improve their bad reputation, which has become even worse in the last decades due to several accidents and the oil crises in Nigeria, amongst others (Frynas 2005). Therefore, it is particularly relevant to investigate the potential of these two big oil companies to generate economic multipliers which create economic opportunities for people in low income countries on a long-term basis.

1.1. Research Problem

As already mentioned in the introduction, the idea that businesses should contribute to society’s wellbeing has been popularized in the last decades. Several voluntary initiatives aiming to improve the social, environmental and human rights performance of companies have been established and supported by multinational corporations as well as business and industry associations. These initiatives include many aspects, such as codes of conduct, health and safety of employees, dialogue with stakeholders and partnerships with NGOs and UN agencies, just to mention a few. All these initiatives are described by the umbrella term Corporate Social Responsibility (Uttning 2005:375).

Frynas (2009:20-27) refers to community development projects and programmes as the “real” CSR. Companies, especially EI, operating in developing countries use the resources of communities for their core business. Therefore, today companies are expected to “do something good for society" in turn. CSR is seen as the permanent commitment of companies to improve the well-being of local communities (Carroll and Shabana 2010:5-8; Frynas 2005:582-585; Haag et al. 2012:2-4).

Former CSR practices had reflected the idea that the well-being of communities should be achieved through discretionary business practices and companies' contributions going beyond their core business, such as sponsoring social institutions and projects (Carroll and Shabana 2010:5-8). This philanthropic spending has dominated the CSR agenda in the last decades, but those projects have often failed and not brought any real benefit for local communities and companies (Haag et al. 2012:10-12).

Companies operating in the oil and gas sector have been especially pressured to improve their CSR linked to the local communities, as it has increasingly been questioned in how far CSR initiatives in the oil and gas sector have been effective (Frynas 2005:581). Oil spills, such as the "Prudhoe Bay oil spill" at a pipeline in Alaska and the "Deep Horizon oil spill" in the gulf of Mexico have attracted the attention of governments, international organisations, NGOs and civil society towards oil operations of multinational companies. Further, the enormous CSR failure of Shell in the Niger Delta and its dramatic consequences for local communities have damaged the reputation of multinational oil companies and especially their community development projects (Swanson 2002:1-2). Those failures damage companies' business and hence they had to find alternatives to philanthropic CSR, because especially in the oil and gas sector CSR is necessary for successful business (Anderson and Bieniaszewska 2004:2, Spence 2011:59), as the following quote by the former chairman of Anglo American and Shell points out: "Without profits, no private company can sustain principles. Without principles, no company deserves profits." (Sir Mark Moody-Stuart, former chairman of Anglo American and Shell 1998)

1.2. Purpose and Research Questions

Practices from the past indicate the damage that philanthropic CSR has done not only to companies, but also to local communities. The business community, but also civil society organisations and the international community argue for "doing business in a good way" through minimizing negative impacts and maximizing positive impacts on stakeholders and local communities (Nelson 2003, WBCSD 1998). To substantiate the outcome of managing business in this way, the UN has developed eight core business multipliers in collaboration with business leaders and the World Business Council on Sustainable Development. Those eight business multipliers can significantly contribute to the social and economic development of a low income country such as Uganda (Nelson 2003:3).

This paper discusses the shift away from philanthropic CSR to strategic CSR and the characteristics of this shift, focussing on the CSR practices of Tullow and Total in Uganda. To be able to analyse the shift, a model is used that has been developed by international agencies and business leaders pointing out strategies to implement CSR into the core business and aiming to generate economic multipliers which contribute to economic development. Furthermore, it will be discussed in how far other stakeholders, namely governments and NGOs, can affect the generation of multipliers.

Research Questions

Overall Research Question:

To what extend has the shift away from philanthropic CSR taken place in the case of Tullow and Total in Uganda and what are its characteristics?

Subquestions:

1. What is the role of the "business case of CSR" in the shift away from philanthropic CSR and what does it mean for companies' strategies?
2. How do the business strategies of the companies reflect the eight core business multipliers? Are there any multipliers in particular that are emphasized in their strategies?
3. What is other stakeholders' potential to affect the generation of economic multipliers in Uganda?

1.3. Disposition

The following section describes the oil industry in Uganda and the development needs of the country. Furthermore, the two companies are presented as well as their strategic partners, three NGOs. The chapter afterwards aims to point out the methods used and the study design and gives an overview of the data collection. The next step is to give an insight in the debate going for many decades now concerning CSR and to introduce the theory which guides the study. The analysis starts with a discussion of each multiplier according to the theoretical framework, followed by a summary. Afterwards, the potential effect of the three NGOs and the government on the generation of the eight economic multipliers are discussed. Finally, the shift away from philanthropic CSR is put into a wider context pointing out its potential to increase multipliers compared to philanthropic CSR drawing on best practices. Furthermore, challenges arising through strategic CSR are presented linking back to the case of Tullow in Uganda. Finally, the last section of the paper provides the author’s concluding remarks.

2. Background

Civil society, government and several international agencies were very enthusiastic when oil was discovered in Uganda in 2005, and so far oil has been found in several districts surrounding Lake Albert[1](Litvinoff 2012:3-5, Rice 2009). The area is still post-conflict, and due to the instable situation on the Congolese border, the region has to deal with high migrant flows. Most people in the area are farmers and fishermen due to a high biodiversity in the land surrounding the lake. The biggest oil deposits are found in the biggest and most visited reserve of Uganda, the Murchison Falls National Park (Litvinoff 2012:3-5; Rice 2009).

[1] Nebbi, Amuru, Buliisa, Nwoya, Hoima, Kibaale and Bundibugyo

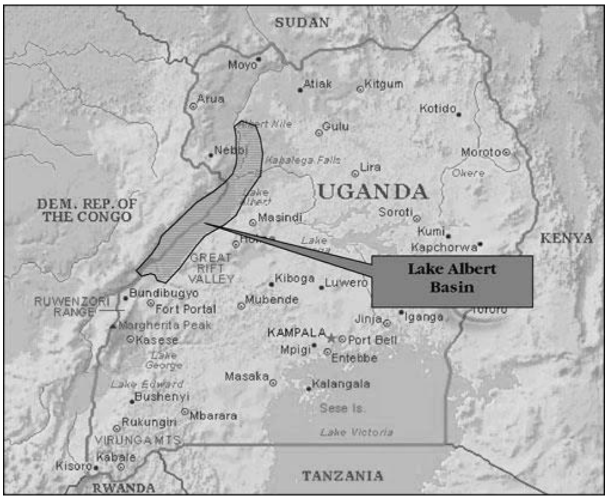

Figure 1: Map of Uganda (Logan 2008)

Even though the country's GDP is growing around five per cent every year (Worldbank 2013) and the government has managed to stabilize the economy in the last twenty-five years with the support of foreign countries and international agencies through several reforms, major challenges which inhibit economic development remain (World Factbook 2013). Twenty-five per cent of the population are still living below the poverty line and the productivity of the agricultural sector is still very low. Eighty per cent of the workforce is employed in the agricultural sector, but agriculture accounts only for around twenty per cent of the GDP. Inadequate infrastructure, especially in rural areas, unreliable power and a very high rate of corruption are hindering a rapid economic development (World Factbook 2013). Uganda's GDP accounted for 16,8 billion Dollars in 2011 (Worldbank 2013), and the net profits of all three oil companies operating in Uganda (Total, Cnooc and Tullow) accounted for around 27 billion Dollars in the same year (Cnooc 2012, Total 2013c, Tullow 2013b). Ugandan society did not only expect the oil production to be the solution to the development challenges it is facing, but also to stimulate the economy and promote development (Oil in Uganda 2012).

At the moment, three oil and gas companies are operating in Uganda in the Lake Albert area, each of which holds one third of the interest (Total E&P 2012). Two European-based companies, Tullow and Total, and one Chinese company, Cnooc, are exploring the natural resource, and even though it has been planned that the field development phase starts in 2011, the companies are still in the exploration and appraisal phase (Rice 2009, Total 2013a, Tullow 2013b). More information about the phases from exploring the field to restoring the site can be found in appendix 8.3.

Total has formerly been known as the French Petroleum Company that was founded ninety years ago. Total is now operating in more than 130 countries and is one of the "Supermajors", the six largest oil and gas companies in the world. Total is engaged in all aspects of petroleum industry (Oil in Uganda 2012, Total 2013c) and made 12,361 billion Euro profits in 2012 (Total 2013c). Total started operating in Uganda in early 2012 and is only working in block 1, which is north of Lake Albert (Total 2011). Tullow is still a small, independent oil company compared to Total with operating profits of 1,18 billion Dollars in 2012 (Tullow 2013b). The company was founded by its Chief Executive Officer and named after his home town in Ireland, but is now based in London, UK and increasingly focuses on oil exploration in Africa (Oil in Uganda 2012, Tullow 2013b). Tullow is operating in block 2 of the lake (Interview 3 2012).

Finally, it should be noted that this paper often refers to "the NGOs", which means the three NGOs cooperating with Tullow and Total in Uganda. These three NGOs are Trias, Traidlinks and Snv, secular, politically independent organisations focusing on the improvement of people's income and employment opportunities as well as the access to water, energy and sanitation. The NGOs do not offer funding, but advisory services and capacity development. The NGOs are based in Europe but work in the poorest countries of the world (Snv 2013b, Traidlinks 2013, Trias 2013).

3. Methodology

3.1. Design of the Study

One research design for qualitative research are in-depth case studies, which are commonly used to illustrate a decision, an individual, an organisation or programmes and events. According to Yin (2003:85), however, it is inefficient to narrow down the definition like that. Creswell (2007:13) adds to Yin's definition that a case study can also explore a process in depth, which is the objective of this study. The process of integrating CSR into a business strategy with the aim to "do responsible business" will be investigated.

In this study, the objects of interest are the two oil companies' CSR strategies focussing on community development projects and programmes. The aim is to provide an in-depth elucidation of them in line with the theoretical framework. Therefore, the case study design suits this research, according to Bryman (2008:52-54). The ontological position of the present research is constructivism. Social phenomena and their meaning are continuously changing by social actors and social phenomena are in a constant state of revision (Bryman 2008:19, Creswell 2007:76). Hence it is important to include different views and realities of companies' and NGOs' managers and journalists to understand the relationship between them.

Scholars distinguish between deductive and inductive approaches to the relationship between theory and research. For this study, the inductive approach is used, which implies that the aim is to form a hypothesis as the outcome of the research that has been generated through the analysis of observations (Bryman 2008:10-13).

3.2. Methods of Selection

3.2.1. Selection of Case and Research Population

First, it needs to be clarified why the two oil companies operating in Uganda were chosen for this case. Due to several reasons which have already been mentioned, CSR is especially popular in the oil industry. The two European oil companies make annual profits which exceed the GDP in some of the countries of operations (Rice 2009). In Uganda, oil has only been found a few years ago, and expectations that the oil companies can balance the failures in development attempts of the government have been high (Interview 5, 6 2012, Rice 2009). Those two companies have had a strong commitment to philanthropic CSR in the past in comparison to the Chinese company operating in Uganda, and Uganda is a famous example of a long history of philanthropic giving without achieving any significant development progress. Therefore it is important to look for alternatives to philanthropic giving (Frynas 2005; Haag et al. 2012:13-14; Interview 2, 3 2012; Katamba et al. 2012:376-379).

In the initial phase of the research, data was collected through a literature review, and to achieve an understanding of the CSR scene in Uganda, the author has participated in several CSR workshops for companies, lectures at the Makerere University Business School of Uganda and panel discussions focussing on CSR in Uganda.

For this qualitative study, a purposeful sampling according to Creswell (2007:125-128) was used, which means that it was chosen to interview individuals and to study organisations because they are able to give the information necessary to answer the research questions. To get an insight in the CSR and oil debate in Uganda, interviews with experts in the area of CSR in Uganda were conducted which were used to achieve an understanding of the opinion of civil society about the CSR debate in Uganda linked to the oil companies and their operations and implications. Furthermore, interviews were conducted with journalists working in the area of oil in Uganda, talking about the opinion of civil society about the oil companies, their community development projects and community engagement programmes and about the oil debate in Uganda in general. The interview questions can be found in the appendices 7.1-7.3.

3.2.2. Challenges in conducting Elite Research

It was initially planned to interview at least five employees of each company to get as many opinions as possible, but it was very difficult to get access to the companies. Schevyens and Storey (2003:183-185) emphasize the challenges one might face when conducting elite research. Research is often considered not useful in business circles, and taking into account the lack of time many managers might face, research requests are often ignored or only answered belatedly. This is very frustrating for a researcher who tries to enter such circles and leads to a delay of the research plan. After a long period of time invested trying to get personal access to the companies, the author received help from her internship organisation and through personal contact to one employee of a NGO cooperating with the companies could finally get the opportunity to get in touch with them. But this was still difficult since permissions by the CEOs and the country managers of the companies had to be obtained to be able to schedule interviews with people working in the CSR department.

It was not possible to talk to other people working in the companies although these interviews should have been part of an exploratory process, as this research is aiming to explain the CSR strategies of the companies in line with the model of the eight economic multipliers. According to Mikkelsen (2005:172-174), it is therefore necessary to ask different groups of people about the same topic to get as many different opinions as possible. Initially, it was planned to interview different employees working in different departments of the companies, but taking into consideration that this was impossible, this plan had to be changed and it was decided to put more emphasis on the interviews with the managers of the NGOs and the journalists as well as on several reports of the companies and internal documents such as evaluation reports.

Hence, in order to avoid a bias of data and to be able to get a wide range of opinions, all interview partners were asked similar questions.

3.3. Presenting Primary Sources

3.3.1. Description of Primary Sources

Interviews were conducted with the head of social affairs and with the CSR manager of Total as well as with the Stakeholder Engagement Manager and the Regional External Affairs Manager for South and East Africa of Tullow. Furthermore, interviews with managers of NGOs cooperating with the oil companies, Trias, Traidlinks and Snv were conducted as well as two interviews with journalists working with issues concerning the oil and gas industry in Uganda. Additionally, also conversations were led with experts on CSR in Uganda. A detailed description of the primary sources can be found in appendix 8.1.1.

3.3.2. Potential Bias of Interview Partners

Even though the managers of the companies were also asked about their personal opinions, they answered the questions in the name of the company they are working for. The setting even emphasized their professional background, and it would have been appreciated to conduct the interviews away from the offices, which was however not possible. Therefore the interviews are basically treated as statements of the company and compared to internal and external interviews as well as the opinions of the NGOs and journalists. Also the company reports were studied in depth to get a broader picture.

The author had expected the NGOs to be very biased, especially Traidlinks, because the CEO of Tullow is a member of the board of Traidlinks (Traidlinks 2013). Another NGO has the reputation that it is lobbying for the oil and gas industry, and therefore those interviews were expected to be very biased in terms of advocating for a positive image of the oil companies. But the interviews with the NGOs were very much to the point and even though one must not forget that they want to promote their organisation, they are also able to critically reflect upon their work in collaboration with the companies and further willing to provide evaluation reports for the research. All managers of the NGOs were very critical about the companies and the author did not have the impression that they want to promote the industry.

Before meeting the journalists, in-depth research was conducted about their published articles, and it was found out that one of them participates in a campaign against international oil companies whereas the other one favours their entry into the country. Both of them are very critical about the government of Uganda and its development work. Therefore, the author was aware of these biases and took them into consideration when conducting and analysing the interviews.

3.4. Transcription and Analysis of the Interviews

The author was allowed to record almost all interviews and transcribed these in a very detailed way. The first step of the analysis was to go through the transcriptions and write down comments, thoughts and preliminary results.

Carroll's model suggests responsibilities of a company, and the author focused on economic and philanthropic responsibilities to show the shift away from philanthropic responsibilities. Therefore, those two categories were used and the data was organized according to them. The categories were analysed through interpreting relevant data based on studies and literature about the shift towards integrating CSR into the business strategy and its implications. The data suggested that companies attempt to unite those two responsibilities through integrating the so-called social responsibilities into the economic responsibilities, i.e. through conducting their business.

The phenomenon of integrating CSR into the business strategy has been put into a model created by business leaders in collaboration with the UN and the World Business Council for Sustainable Development (Nelson 2003). This model suggests economic multipliers which should contribute to the development of the country when managed in a responsible way of doing business. The data has been grouped and analysed according to the model.

The third step was to identify the discrepancies between the theoretical framework and the companies' strategies and to investigate the focus of the companies' strategies in comparison to the theoretical model. Furthermore, according to the data important partners in the companies' CSR projects were identified which formed the categories. The data were clustered into the two categories and formed a broader picture of the relationships piecing up the different views.

3.5. Criticism of the Sources

According to Scheyvens and Storey (2003:183-185), the managers of the two companies are foreign elite, i.e. people holding powerful positions within foreign corporations. On the one hand, it is a major advantage for the study to get insight into such big corporations, but there are also some problematic issues which have to be discussed. It has already been mentioned that the managers of the companies represent the view of the company they are working for. Their interest is to present the company in a positive light, and they are experienced in giving interviews. They are aware of the negative opinion about oil companies in public, and the author expected them to simply advertise their business.

This was tried to avoid by asking critical questions, and the managers' answers were very surprising. They were critically evaluating their business and were not ashamed to emphasize the attempt to make profits and their mandate as a business and their limited responsibility for the country's development success. They were still emphasizing their efforts to do business in a particularly social and environmental-friendly way, but they were surprisingly realistic about it.

Furthermore, the companies as well as the NGOs were willing to give access to some of their documents and evaluation. England (2004:85) writes about her experiencing the same thing in one of her researches and illustrates that female researchers are often perceived as unofficial or unthreatening and hence documents are often made accessible or difficult issues are mentioned.

Nevertheless, all interview partners were also led by self-interests, and therefore the interviews cannot be taken as "the truth" but as the view and opinion of the interview partner in his or her particular setting, and generalizable inferences have been drawn from those different views and opinions combined with observations and a desk study of documents and literature on the subject. Therefore, the study can be seen as representative, according to Mikkelsen (2005:192-196) and Scheyvens and Storey (2003:183-185).

3.6. Reliability and Validity

Bryman (2008:32) emphasizes the importance of validity, reliability and the criterion of replicability, which is very close to reliability. Even though replication is not very common in social research, it is still important that the research is replicable by someone else to be able to assess the reliability of a measmeasuring a concept. This study is replicable and it would be very helpful to conduct a similar research in Uganda regarding the two oil companies and their shift to "responsible business" after some years to evaluate and further map the achievements of doing business in a responsible way regarding the local communities.

According to Bryman (2008:32), validity deals with the integrity of conclusions which are developed through research. The internal validity of this research is given through the pool of literature focusing on the subject, even though most literature is focusing on CSR and its impacts on the financial performance of the firm and less literature is published dealing with the impact of CSR on society. It can be argued that external validity, which means the possibility of generalization beyond the study context, is given through the worldwide scope of the phenomenon. Many companies are undergoing the shift away from strategic CSR and hence this is not limited to the study setting (Bryman 2008:33).

3.7. Limitations of the Study

It was not possible to visit the project site of the oil companies in Western Uganda in the Lake Albert area as the author could not obtain a research permit by the government before 2014. Taking into consideration that the community development initiatives are in very early phase and is not in the scope of the study to measure the impact of the initiatives, still sufficient data was collected.

The lack of data is a general limitation of the study, especially the lack of internal data of the companies. As already described (section 3.2.2.), it was only possible to conduct interviews with the companies' managers working in CSR, and the different opinions of various managers of the companies could therefore not be analysed. The interviews with the NGOs and journalists were used to balance the small amount of interviews with employees of the oil companies, and furthermore a number of reports of the companies were used to achieve a better understanding of the businesses.

It can be argued that the usage of Nelson's (2003) model is a limitation of the study. The illustration of the eight core multipliers of development is very broad, and therefore the analysis is very general and a lot of issues are only addressed briefly. But it was attempted to link the multipliers very closely to the strategies of the companies and link them to the reality and development needs of Uganda.

4. Theoretical Framework

4.1. Businesses' Responsibilities

The overall research question addresses the shift of CSR away from philanthropic giving which could previously be observed in several multinational companies (Kotler and Lee 2005) and is the result of a long discussion concerning the role of business in society and its responsibilities. The debate is characterized through several views, many of which are more or less shaped by the capitalist view of business and its most famous representative, the American writer, economist and winner of the Nobel Memorial Prize in Economic Sciences, Milton Friedman. „The only social responsibility of business is to increase its profits" (Friedman 1970). Friedman is further stressing that only individuals can have responsibilities and a business therefore in fact cannot have any responsibility. Businessmen are individuals and have responsibilities, which are to create profits and maximize them (Friedman 1970).

Friedman's opinion has been highly debated, and Archie Carroll developed a different model a few years later. Scholars often refer to the model as an answer to Friedman (Visser 2006), but one might argue that Carroll's model is based on Friedman's opinion as he is also emphasizing the economic priorities in doing business (Carroll 1979:500). A business has first of all the responsibility to produce goods and services for society, and these need to bring profits. According to Carroll (1979:500), this is the fundamental assumption of the business role. The other roles are predicated by the economic responsibility (Carroll 1979:500).

Figure 2: Social Performance Model (Carroll 1979)

Carroll's "Social Performance Model" (1979) apart from economic responsibilities includes ethical and legal as well as philanthropic responsibilities of a company. These responsibilities also indicate the different interests of the stakeholders of a business, and all actions of a business are motivated through these interests, which are in constant tension with each other (Carroll 1979:498-500, Carroll 1991, Carroll 2000:34-35).

Milton Friedman (Friedman 1970) further stresses that a company needs to make profits within the rules of the game, which refers to legal and ethical responsibilities according to Carroll (1979:498-500). Friedman and Carroll do not agree with each other in terms of philanthropic responsibilities (Friedman 1970, Carroll 1979). Compared to Friedman, Carroll stresses that a company should help society (Carroll 1979:498-500). The modern concept of philanthropic responsibilities is Corporate Social Responsibility, which is a buzzword nowadays that has not been defined more precisely than it was forty years ago (Frynas 2005:3).

4.2. Corporate Social Responsibility

Corporate Social Responsibility is interpreted differently by different people and there is no agreement on the boundaries and priorities of CSR (Frynas 2005:2-3). The definition of the World Business Council on Sustainable Development is one of the most used ones and will also be used for this study:

> "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at a large."(WBCSD 1998:3)

The definition does not give any suggestions on how to contribute to the well-being of the local community and society, and according to Frynas (2005:3), the needs in developing countries are different to those in Western countries. In Africa, philanthropic giving has a long tradition, and according to Visser (2006), it is the second important responsibility of companies. Therefore, multinational companies entering African countries are expected to assist local communities actively and engage in philanthropic giving. These activities are cash donations and sponsorships for hospitals, schools, leisure and sports initiatives, mainly short term sponsoring. These activities are neither linked to the core business nor to the core products of the company (Haag et al. 2012:11-15).

4.3. Generating Economic Multipliers through Strategic CSR

Experiences around the world have shown that philanthropic activities do not sustainably contribute to the host country's development (Frynas 2009). Philanthropic activities of Shell in Nigeria could not prevent the damage to the environment and livelihoods of people living in the region of operations. A PhD project has found that oil extraction in the Niger Delta has resulted in corruption, violence, environmental degradation, poverty and hindered development (Hennchen 2011:133-145).

Hennchen's research points out that companies have to rethink CSR and integrate it into their whole business and concludes that important changes have to be made in order to promote the development of the country. Environment rehabilitation, infrastructure projects as well as employment and training programmes need to be implemented to support community development (Hennchen 2011:133-145).

Hennchen (2011:133-145) illustrates in her study in the Niger Delta that having CSR projects does not say anything about the impacts of the core business on society. Each company can interpret it as it wants to and it is only an "add-on" to the company's core business activities. Nelson (2003) points out that the "add-on" to the core business activities leads to the companies engaging in an area in which they do not have any expertise, such as building and running schools and hospitals, amongst others. Those projects often tend to result in failures (Frynas 2005) and according to Hennchen (2011) do not prevent the negative impacts of the core business on society and environment.

4.3.1. Economic Multipliers

Business leaders, the WBCSD and the UN have developed a model which aims to link the interests of business and society to each other. Through strategic CSR economic multipliers should be generated which make an enormous contribution to the development of a country according to the UN, WBCSD, business leaders and civil society organisations (Nelson 2003:4). According to Nelson (2003), the economic multipliers create opportunities for the communities and are the key factors for economic development. CSR should be linked to the core business of a company to generate these multipliers. The WBCSD promotes Nelson's approach to integrate CSR into the core business in order to contribute to sustainable development and improve the well-being of local communities and broader society on a long-term basis (WBCSD 1998).

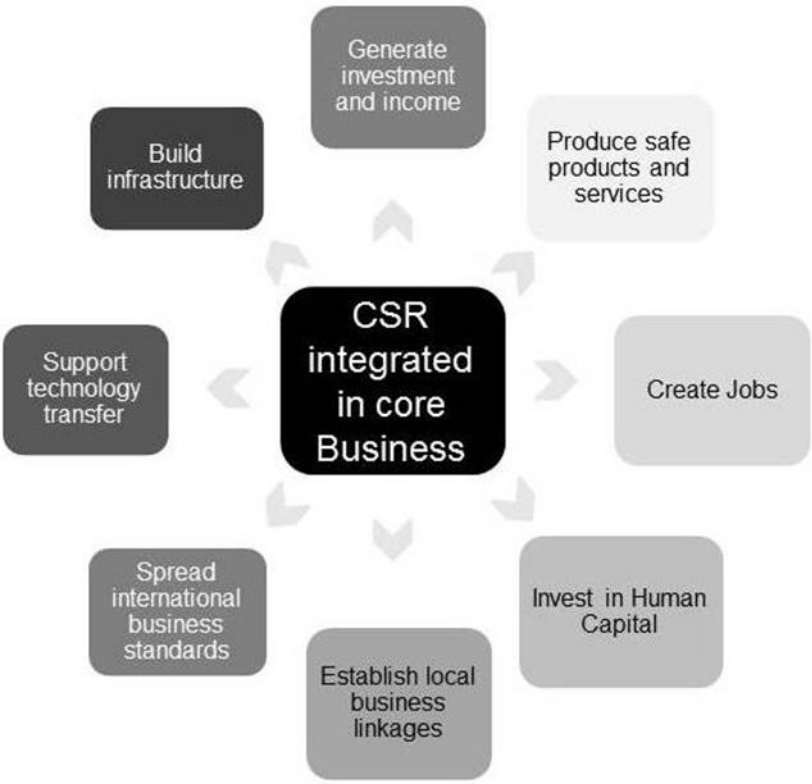

Figure 3: Generating Economic Multipliers through CSR integrated in core business according to Nelson (2003)

4.3.1.1. Generating Investment and Income

A successful company pays out cash to different stakeholders which can have an important multiplier effect for local communities, but also on a regional and national level (Nelson 2003). Especially from the companies operating in extractive industries[2] in low-income countries, a high percentage of cash is going to the governments. The chief executive of BP points out the huge amount of taxes oil and gas multinationals have to pay which can be used by the government to invest in development projects and programmes (Browne 2003).

The involvement of foreign oil and gas companies in corruption and bribery in developing countries which has been demonstrated through studies has led to several campaigns by civil society asking for higher transparency in the payments of companies and governments (Nelson 2003). As a result, the British government has launched the Extractive Transparency Initiative, which aims to make the cash flows between governments and companies in the EI more transparent (EITI International Secretariat 2013b).

Apart from paying taxes, companies can increase capital investment and inject cash to the economy through paying wages, investing in social projects, NGOs, local services and facilities, transportation facilities and local operations, amongst others (Nelson 2003:3).

4.3.1.2. Produce safe Products and Services

This multiplier stresses the quality, value, affordability, safety and environmental impacts of a company's products and services. In order to be a contributor to the country's development, the multiplier requires activities to manage the impacts along the production cycle, investment in environmental, health and safety aspects and improve access to basic goods such as water, housing and energy (Nelson 2003).

4.3.1.3. Create Jobs

Companies can contribute to a higher employment in the country through hiring local employees in all levels of operation and management especially focusing on the employment of women as well as people from ethnic minorities. But companies can also support employment of local people along their supply and distribution chains (Nelson 2003).

[2] For the purpose of EITI extractive industries refers to oil, gas and mining industries; http://eiti.org/

4.3.1.4. Invest in Human Capital

Nelson identifies the fourth multiplier as highly relevant in developing countries. The multiplier focuses on the development of human capital through companies, which according to Nelson (2003:8) is one of the most significant contributions a company can make for the development of the country.

4.3.1.5. Establish Local Business Linkages

Nelson (2003:8-9) emphasizes the role a company can play in terms of building local business linkages with medium small and micro-enterprises along the value chain, and several companies such as the British mining company Anglo-American[3] have played a leadership role in economic empowerment and enterprise development.

4.3.1.6. Spread International Business Standards

Businesses in many developing countries have still very low business standards. This multiplier demands of companies to act as a role model for all companies working in developing countries in different sectors (Nelson 2003:9). Several studies indicate that businesses tend to analyse the practices of their competitors (Frynas 2009:21-37).

4.3.1.7. Support Technology Transfer

Many developing countries such as Uganda are lacking technology and technical skills which companies can provide. This economic multiplier includes an educational role of the companies but is focusing on skills development linked to the technical skills of a company (Nelson 2003).

4.3.1.8. Build Infrastructure

Infrastructure is, according to several scholars, a major milestone on the path to development of a country includes roads, water, telecommunication and sanitation services as well as energy and waste management facilities (Nelson 2003:9-10).

[3] http://www.angloamerican.com/

5. Analysis

5.1. Business Case of CSR

Milton Friedman's view is based on the idea that a company's focus is to increase its profits, as outlined in the theoretical model. The popularity of CSR is enormous, and the former CEO of Shell, who is quoted in an earlier section, states that a company needs principles in order to make profits (Shell 1998), the "business case of CSR" is therefore not controversial to Milton Friedman's opinion and refers to the economic considerations pushing CSR strategies (Carroll and Shabana 2010:89-100; Frynas 2005; Frynas 2009:14-30; Kotler and Lee 2005; Moon 2007:296-306). It can also be linked to Carroll's model (1979) stating that all activities of a business are based on the fundamental purpose of the business to increase its profits.

Studies have been published arguing against "the business case of CSR", as it in their opinion decreases the potential benefit for the communities through CSR (Carroll and Shabana 2010:89-100; Frynas 2005; Frynas 2009:14-30; Kotler and Lee 2005; Moon 2007:296-306). The companies in this case, Tullow and Total, have tried to hide their economic considerations pushing CSR for many years, striving for the image of acting altruistically through philanthropic CSR. Hence, it is important to note that philanthropic CSR is also motivated by the company's need to increase its reputation and profits (Carroll and Shabana 2010:89-100; Interview 2, 3 2012; Spence 2011).

Whatever one's opinion might be about companies' pursuit of profits in all of their business activities, it is reality as companies' main purpose is to make profits. Tullow and Total both emphasize their role as a business and their goal to make profits and that everything they do needs to be beneficial for the company (Interview 2, 3 2012). Through the shift of CSR the companies move away from an image of charity and position themselves as business partners, as further outlined in the following section.

5.1.1. Shift away from Philanthropy

When asked about the companies' CSR commitment, all the managers argue against CSR, and it seems that the term CSR is very unpopular amongst managers in these companies. In their understanding it is linked to charity and gives the company the responsibility to contribute to a country’s development, which according to them is the role of the government (Interview 2, 3 2012). The companies argue that they do not want to get into any trouble with the government through taking over their responsibilities (Interview 2, 3 2012). The statements of the companies are controversial to media articles and journalists who claim that the government expects them to engage in philanthropic community development projects such as building schools (Interview 1,4-7 2012; Oil in Uganda 2012), which Tullow did at the beginning of the exploration phase. As soon as Tullow decided to abandon philanthropic giving, the problems between the oil companies and the government increased. The process of oil operations is going very slowly, and as a result the companies are still in the exploration phase even though the start of production was planned for early 2011 (Interview 6,7 2012; Oil in Uganda 2012, Total 2013a, Tullow 2013a). Therefore the companies’ shift away from philanthropic CSR must have had other reasons than the governments’ pressure.

The shift of Tullow and Total can be explained using a quote by a manager of Tullow answering a question about the CSR approach of Tullow (Interview 3 2012): “Doing the right thing in your business is good business” (External Affairs Manager for East and South Africa Tullow Headquarters). The manager’s statement points out that CSR practices need to be in line with good business, i.e. successful business, which indicates that the shift away from philanthropic CSR can be explained through the “business case of CSR”. The term “business case of CSR” is used by many scholars pointing out the interest of the companies in CSR outcomes which need to be of benefit for the companies (Carroll and Shabana 2010:92). The business case of CSR does not implicate whether it is philanthropic CSR or not but its need to be of economic benefit for the companies (Carroll and Shabana 2012:92).

The case of Nigeria outlined in the theoretical framework is only one example for many failed philanthropic CSR projects around the world (Frynas 2009; Hennchen 2011). Tullow itself has experienced problems in philanthropic CSR in Uganda. It was the first of the two companies entering the country and the government of Uganda promotes philanthropic giving and expects a company which enters Uganda to engage in philanthropic activities (Interview 1, 4-7 2012). Tullow has built several schools and hospitals, city halls and sponsored sports events. The communities and the government had very high expectations in terms of development projects. The schools and hospitals were built, but nobody was there to run it because the government wanted the company to take responsibility. Tullow, however, did not have the necessary expertise, and the schools and hospitals, amongst others, are now empty. Tullow was blamed for it and the media spread a negative image of the company in Uganda. These problems have damaged Tullow's reputation and its business (Interview 3, 6, 7 2013). Therefore it can be said that philanthropic CSR was not the right thing anymore for Tullow to make good, successful business.

Total entered Uganda in the beginning of 2012 when Tullow had already been there for several years. It can be assumed that Total was informed about the problems which Tullow had faced in Uganda in terms of philanthropic activities. Therefore it seems that Total did not engage in philanthropic activities in order to avoid a negative reputation in Uganda, as the Head of Social Affairs points out: "We are not interested in just giving money. Our strategy in terms of CSR is always related to the reality of the oil operations" (Head of Social Affairs Total Uganda 2012). Economic considerations are therefore pushing the shift away from philanthropic giving (Carroll and Shabana 2010:89-100; Frynas 2005; Frynas 2009:14-30; Interview 2, 3, 2012; Kotler and Lee 2005; Moon 2007:296-306).

5.2. Total and Tullow and Economic Multipliers

This has been an insight into the shift away from philanthropic CSR, indicating that both companies are not engaging in philanthropic activities in Uganda at the moment. The companies are concentrating on strategic CSR around their core operations, which is in line with Nelson's model. In order to be able to investigate in how far the companies' strategies are in line with the model created by the UN, the WBCSD and business leaders (Nelson 2003), the companies' strategy will be discussed in connection to the model. Furthermore, the following section aims to give an insight into the companies' business practices concerning CSR and examines the strategies based on the theoretical model.

5.2.1. Generate Investment and Income

Tullow emphasizes the large investment which has to be made in order to be able to enter a country, which, according to Tullow, already is a huge contribution to the country's development (Interview 3 2013). When talking about CSR, one might not think about taxes and revenues, and therefore it might be surprising that the managers mention this in terms of CSR contribution to sustainable development (Interview 2, 3 2012). Nelson (2003) stresses the potential multiplier effect that generating investment and income can have in a low-income country, but transparency and efficient use of investment and income is essential for this multiplier effect. Financial reports of the companies indicate the investments going to communities or to local suppliers and stakeholders are smaller compared to the amount of cash going to the government through taxes (Total 2013 b, Tullow 2013a).

5.2.1.1. Transparency

As introduced in the theoretical framework, a key instrument to increase transparency has been established in the extractive industries (Nelson and Moberg 2003), but to be able to participate in the EITI, companies have to publish their payments and governments have to publish their revenues which are then published in a EITI report and made accessible for the public (EITI International Secretariat 2013b).

Total and Tullow support this initiative and emphasize their position against bribery and corruption (Interview 2 2012; Interview 3 2012; Total 2012 a, b; Tullow 2012), but the Ugandan government has so far not followed its announcement to participate in the EITI initiative (Allen and Ngabiirwe 2011; EITI International Secretariat 2013a). In line with that, it should be mentioned that the agreements between the companies and the Ugandan government have lacked transparency from the beginning. According to media reports and NGOs, the government has negotiated production sharing agreements with the multinational companies for almost one decade in secret, which has led to criticism by civil society in Uganda. This criticism has increased and several campaigns were implemented demanding publication of the whole PSA, which has not been done so far (Litvinoff 2012; Interview 5, 6 2012).

Nelson stresses the importance of transparency amongst all stakeholders from the top to the bottom of the business (Nelson 2003). The companies might be really interested in generating the economic multiplier but are mainly focusing on transparency referring to their own company, which might hinder the success of the multiplier, taking the crucial role of the government into consideration (Interview 1-5 2012).

5.2.2. Produce Safe Products and Services

As already emphasized in the theoretical background, this multiplier can be generated through management of the full product life cycle; furthermore the multiplier calls for improving access to basic goods and services for the entire population (Nelson 2003).

5.2.2.1. Management of Impacts

Managing impacts seems to be a buzzword among experts and managers in the oil and gas sector, and both companies referred to their effort to manage their impacts (Frynas 2005; Interview 2, 3 2013; Total 2011; Tullow 2011). The role of management of impacts is seen differently in the two companies. Total emphasizes that they want to manage their impacts but furthermore also want to create positive impact and support community development through their portfolio, concentrating on a win-win strategy, whereas Tullow seems to concentrate on the management of impacts at the moment, focussing on the main impacts of land take for operations, environmental impacts and the inflow of foreign workers. This inflow of workers needs to be managed in terms of building infrastructure such as medical and accommodation facilities, but also the prevention of an increase of incidence rates of diseases such as HIV/Aids (Interview 3, 4 2012). Total stresses that they employ those mechanisms as well, but claims that it is not enough and that it aims to go further than only the management of impacts to improve the well-being of communities as long as it is close to the operations (Interview 2,5 2012).

5.2.2.2. Oil and Gas Operations and the Environment

In terms of oil and gas operations and management of impacts one must not forget the enormous impact on the environment through the operations. As already indicated in section 2. most of the oil has been found in the Murchison Falls National Park (Rice 2009). Total stresses that it has worldwide experience of operating in sensitive environments (Total E&P 2012). The case of Shell in Nigeria has shown the enormous environmental damage which can be created through such operations. According to Hennchen (2011), water contamination, oil spills and gas flaring have led to enormous pollution which will take up to 30 years to clean up.

One must assume that Total and Tullow aim to manage their negative impacts to avoid such pollution which is very harmful for the business, but it must be questioned if negative environmental impacts can be completely managed. It seems that the companies even admit that impacts can be limited but not completely avoided, which can be demonstrated with a statement in one of the information brochures handed out to local people (Total E&P 2012): “All efforts are made to limit the harm to the environment and the impacts of the operations on environment.” (Total E&P 2012) Taking into consideration that oil operations generate a lot of waste, especially from drilling, which can be harmful in the long run, the companies are emphasizing their strong waste management policy in compliance with international and national regulations (Total 2012a; Tullow 2012). Total mentions in one of its brochures that there has not been found any solution for the waste generated through drilling operations so far, which leads to the question if there really is a solution for this waste that is harmful for environment and livelihoods on a long-term basis (Total E&P 2012; Interview 5, 6 2012).

5.2.2.3. Impacts on HIV/Aids

Another aspect of management of impacts is the raising of awareness and training about HIV/Aids. Nelson (2003:8) names it as an intervention to increase human capital, but the companies refer to it as management of impacts (Interview 2, 3 2012). Even though the interview partners did not have evidence, it seems that the inflow of workers has some influence on the HIV/Aids incidence rate. One must not underestimate the number of migrant workers moving to the area to work in the oil business. The workers have their own health profile and the companies need to prevent the breakout of diseases due to their own workers which would be harmful for reputation, business and local communities (Interview 1-5 2012).

5.2.2.4. Business for the “Bottom of the Pyramid”

Tullow and Total are increasingly shifting their business towards energy provision, and Nelson (2003) states that this multiplier should be generated through making products accessible for all people living in the country. The national electricity coverage in Uganda is only about twelve per cent and in rural areas only six per cent (Murengezi 2009:2-3; UN-Habitat 2009:34-36). Total is launching a programme in Uganda at the moment based on the principle of BOP, selling solar lamps to the poorest people living on the BOP and improve their well-being as well as the “well-being” of the company (Interview 2 2012). Prahalad, who was one of the world's most influential economics professors and one of the foremost business thinkers, published ground-breaking research dealing with the so-called "capitalism that works for everyone". According to Prahalad (2006:3-23), the poorest people have an enormous buying power and offer companies who manage to serve them profitable opportunities and furthermore help people out of poverty.

5.2.3. Create Jobs

Due to the technical complexity of oil and gas operations, it is often not possible to employ local people on all levels of operations. Oil is a new resource found in Uganda and therefore the local expertise is relatively small. Most workers directly linked to the operations and most managers are not Ugandans. The companies have engaged in providing education for Ugandans in the oil business, which is now steadily decreasing, as further illustrated in section 5.2.7. (Frynas 2005; Interview 1-7 2012; Oil in Uganda 2012). It seems more realistic that jobs for local people can be created around the supply chain of the companies, and data suggests that both companies are admonishing their suppliers to employ local people, if possible (Interview 1-5 2012). The catering company which supplies the food for the workers living in the camps during operations is asked to procure vegetables from local farmers to support agriculture, which accounts for around 70 per cent of the workforce in Uganda (Interview 1-5 2012, Worldbank 2013).

These initiatives could save Uganda from the resource curse, which has been observed in many oil rich countries such as Nigeria and is stimulated through the effort to train as many people as possible in the oil business. The other sectors such as agriculture have been ignored with disastrous consequences (Frynas 2005:582-587; Spence 2011.63-67), whereas Tullow and Total try to support local enterprises and agriculture, especially through local content initiatives. Both companies stress that they are planning to transfer their expertise to the public and want to invest in training local people in business issues. Kotler and Lee (2005) suggest as a result of many studies that companies' main competence is doing business and this is especially important when talking about the oil industry, which is one of the richest in the world. One of the managers of a NGO emphasizes the expertise of the companies regarding to run a business in the following quote: "They are a business, a company, so the only thing they know is how to create and run a business" (Senior Agriculture Advisor Snv 2012).

The Ugandan development plan indicates that in terms of economic development the major challenge is the lack of understanding about how to run a business. This problem can be observed in all sectors, in agriculture as well as in others (Republic of Uganda 2010:9-27). The knowledge of the companies about how to run a business can be a great advantage for the people in Uganda, and Tullow has established an entrepreneur centre in collaboration with Traidlinks to support businesses and further create jobs (Interview 1-7 2012), which has a huge potential according to the director of Traidlinks (Interview 4 2012). The project will be further illustrated in the next chapter.

5.2.4. Invest in Human Capital

Amartya Sen (2003) emphasizes the importance of education and its enormous influence on the well-being of an individual. "Education makes a person more efficient in commodity production and this enhancement of human capital can add to the value of production in the economy and also to the income of the person." (Sen 1997:1959) Multinational companies have engaged in providing basic education in developing countries, but in most cases without major success (Frynas 2005; Frynas 2009). The experiences Tullow made in Uganda confirm the failure (Interview 1-7 2012), but especially in the last decade the significant role of "human capital" for a country's development progress has been recognized (Sen 1997:1959). Nelson (2003:8) suggests that companies can contribute through training programmes, investment in research and education initiatives and schools focusing on the specific industry and national economic development needs, as well as capacity building of local partners and suppliers and lastly also through HIV/Aids awareness programmes.

5.2.4.1. Farming for Business

Data indicates that the companies are aiming to increase human capital (Interviews 1-7 2012). Nelson mentions that it is necessary to focus on specific industry and national development needs and several documents emphasize the need to increase the capacity of farmers in Uganda to enter the market (Interview 1,5 2012; Nelson 2003:8; Republic of Uganda 2010). The companies have established programmes in collaboration with NGOs focusing on skills development of farmer groups to participate in local and national markets (Interview 1-5 2012). Tullow is cooperating with Trias and Total is cooperating with Snv aiming to enable farmers to supply food for the camps of the two oil companies (Arkensteijn and Mugisa 2013, Interview 1, 5 2012; Snv 2013; Trias 2013). Most of the farmers in the Lake Albert area are used to subsistence farming and even though almost seventy per cent of the workforce are engaged in farming, it only accounts for around twenty-five per cent of the GDP and is decreasing constantly (World Databank 2013), and therefore the projects aim to shift to farming for business (Interview 1, 5 2012; Snv 2013; Trias 2013).

5.2.4.2. Enterprise Development

Companies further aim to increase human capital through skills development in the private sector (Interview 1-5 2012). Traidlinks is an Irish NGO focusing on enterprise support and promotion. Tullow and Traidlinks have a strong and close cooperation, as the Chief Executive of Tullow is also part of the board of Traidlinks (Traidlinks 2013). The first big achievement of the cooperation was the establishment of an enterprise centre in Hoima, Lake Albert area. Further enterprise centres are planned in collaboration with Tullow, but also with Total with the aim to support businesses to compete and grow and reach new markets through plenty of activities such as trainings, workshops, networking, information and consultancy services as well as information linked to oil and gas opportunities (Traidlinks 2012).

5.2.5. Establish Local Business Linkages

This multiplier is especially focused on enterprise development, and as already indicated, both companies aim to facilitate training for small and medium enterprises but furthermore to cooperate with them. Especially suppliers are asked to collaborate with local businesses such as the catering company with local farmers as well as in other areas (Interview 1-5 2012). Traidlinks stresses that the oil and gas industry provides significant markets for goods and services on a short- and medium-term basis, such as logistics, transport services, construction services and health services (Traidlinks 2012). The business centre which has been established last year by Traidlinks and Tullow provides training to upgrade peoples' skills in order to be able to benefit from those opportunities. Traidlinks is also discussing with Total to implement more enterprise centres because the local people are lacking knowledge and skills for business. Even though they have certain ideas what to do, they do not know how (Interview 2-4 2012). The companies stress their willingness to establish and increase business linkages to support small and medium enterprises. But the NGOs criticise that this is not enough, especially in terms of business development and capacity building. All NGOs are demanding a further engagement of companies in capacity development, especially linked to small and medium enterprise development (Interview 1, 4, 5 2012).

5.2.6. Spread International Business Standards

This multiplier implies that Ugandan companies improve their business practices because of the two oil companies (Nelson 2003). But oil and gas operations are technically very specific and therefore it must be questioned how realistic it is that companies operating in Uganda in different sectors adapt strategies of Tullow or Total in terms of environment-friendly business practices or technical standards in order to increase the safety of operations and health of employees (Frynas 2009; Interview 2-4 2012).

Nelson further claims that companies can be a role model in promoting corporate governance and ethical practices to tackle bribery and corruption (Nelson 2003:9). The problem Uganda is facing in terms of corruption has already been outlined, and both companies emphasize their standpoint against corruption but are not engaging in campaigning or awareness-rising concerning corruption. Hence, one must question the influence the companies can have on corrupt businesses and authorities without engagement in those issues, especially taking into consideration that corruption is deep-seated in the Ugandan system (Interview 1-7 2012; Transparency International Uganda 2013).

5.2.7. Support Technology Transfer

Total’s portfolio for Uganda includes amongst others skills development linked to skills referring to the core business (Interview 2, 3 2013) and these technical skills should be of benefit for the whole industry in the country (Total 2013a:16). These technical skills are very basic ones such as borehole management. Companies drill boreholes and wells for their own use, and afterwards Total plans to hand them over to the communities who are asked to participate in trainings to maintain the boreholes themselves (Interview 2, 3 2012).

Tullow has sponsored Ugandans to receive more specific education in Europe dealing with technical disciplines which are relevant for oil and gas operations such as geoscience and petroleum engineering (Tullow 2012:35). But according to the data collected, the number of sponsorships will decrease in the following years. Officially, the company states that oil and gas operations are not sustainable and therefore those students would not benefit from the education in the long run (Interview 3 2012). But at the same time, the government is increasingly discussing the implementation of a national oil company, and therefore it must be argued that the companies are decreasing the effort to educate Ugandans in terms of those technical subjects directly linked to oil and gas operations due to competitive reasons. If Ugandans have enough knowledge to run an oil business, it is also more likely that they start their own oil company and the international businesses would have to leave or at least rapidly reduce their operations (Interview 5, 6 2012).

5.2.8. Build Infrastructure

The UN reports that Uganda has made significant progress on its infrastructure agenda in the last years, but in the poor, rural areas the infrastructure is still very bad. According to the UN infrastructure report for Uganda, the quality and connectivity of the rural roads is still in a very bad condition. The population growth requires improvements in access to water and sanitation, and mainly poor households in rural areas have very limited access to water and sanitation so far. Furthermore, a major percentage of the rural population does not have access to electricity (Foster and Ranganathan 2012:4-7). Companies need infrastructure such as roads, electricity, water and sanitation and health care services for their operations and their workforce. The companies state that they will build up the infrastructure they need and the community can make use of it, but they are not willing to build infrastructure just for the community without bringing any benefit for the company (Interview 2, 3 2012).

Foster and Ranganathan (2012:4-7) point out the lack of transportation infrastructure in rural regions such as the Lake Albert area. The companies need good roads to carry heavy oil trucks and they have upgraded roads and built new ones, and if it is beneficial for communities, they are willing to extend roads to villages. The business managers did not see a huge impact on the communities through building roads, whereas the upgraded roads have opened up markets for fisher villages according to journalists and media (Interview 5, 6 2012).

Oil operations require lots of water, and taking into consideration the lack of access to water people living in the districts in Lake Albert Area are facing it could lead to major discrepancies between communities and companies if companies do not secure water access for communities as well (oil in Uganda 2012; Interview 1-5 2012). In its reports, Total stresses that it consumes a lot of water for chemical processes, steam generation and cooling purposes, but also produces water during the mentioned operations. The company is planning to engage in water and sanitation projects to improve access to water and sanitation for local communities. Total is further emphasizing that they are building wells, which are handed over to local communities (Interview 2 2012, Total 2012b:54-57), whereas the main focus is on water recycling, and Total is investing huge sums in finding more efficient ways to recycle used water, but it is still not as successful as they wish and Total's challenge to manage produced water remains in the future (Total 2012b:54-57).

Access to energy is included in Total's business strategy and is focused on a project called TATS, which is further explained in the section "Produce safe services and products". The main goal is to provide energy to people living on the base of the pyramid through selling solar lamps (Interview 2 2012). The UN emphasizes that the power system in rural areas needs to be improved and very high system losses need to be addressed (Foster and Ranganathan 2012:4-7). Total's aim is to do this with so-called social business, aiming to reach the poorest people of the country, which is further is illustrated in chapter 4.2.2. (Interview 2 2012).

Due to the oil operations, many people will move to the region, employees of the companies and their supply chain as well as people living in other parts of Uganda hoping for jobs due to the presence of the companies (Interview 1-5 2012). The employees of the companies need health services, supermarkets and accommodation facilities, and both companies are investing in infrastructure to meet the needs of the workers. The investments should also be beneficial for the communities, as they will be handed over to them when the operations are finished (Interview 2, 3 2012).

5.2.9. Summary of the Companies' Generation of the 8 Core Economic Multipliers

The generation of investment and income is included in the companies' strategies, whereas they do not actively engage in preventing corruption through campaigning or pressuring the government to increase transparency. The second multiplier is focused on the production of safe products and services, and the management of impacts is the focus of Tullow, whereas Total has launched programmes to improve access to basic goods and services, focusing on selling solar lamps to people living on the "bottom of the pyramid". The third multiplier requests the creation of jobs, which according to the companies is primarily possible along the supply chain due to the complexity of the oil operations and the need for skilled labour. Increasing human capital is included in the companies' strategies through skills development linked to the business, either through capacity development of farmers aiming to enable them to deliver food for the workers or on skills development in the private sector to increase the number of potential business partners for companies, which interlinks with the fifth multiplier, namely the establishment of local business linkages. The companies' approach to this multiplier is highly criticized by NGOs. Companies' efforts in spreading international business standards cannot be identified, even though it would be especially important for Ugandans' businesses to increase transparency and strategic CSR according to experts. The companies' support in technology transfer is mainly limited to basic technical skills such as borehole management for communities, whereas education programmes linked to oil operations for Ugandan students have been rapidly reduced. It can be seen that the companies are building infrastructure, which the last multiplier refers to, but only linked to their own needs even though further benefit for the broader community can be seen.

The following table aims to give an overview of the companies' strategies in comparison to the theoretical model according to the data.

<table>
<tr><th colspan="2">Theoretical Framework</th><th colspan="2">Companies' strategies</th></tr>
<tr><th>Multiplier</th><th>Recommendations</th><th>Total</th><th>Tullow</th></tr>
<tr><td>Generate Investment and Income</td><td>Transparency and efficient use of cash paid to stakeholders</td><td colspan="2">Taxes to government, participation in EITI initiative, lack of transparency in agreements with government</td></tr>
<tr><td>Produce safe products and services</td><td>Management of impacts, improving access to basic goods and services</td><td>Management of impacts, access to electricity for "bottom of the pyramid"</td><td>Management of impacts</td></tr>
<tr><td>Create Jobs</td><td>Employment of locals especially ethnic minorities and women on all levels of operation and management and along supply chain,</td><td colspan="2">Managers and workers linked to operations foreigners; creating jobs along supply chain such as catering for camps, jobs through business partnerships for entrepreneurs</td></tr>
<tr><td>Invest in Human Capital</td><td>Training programmes, investment in research and education initiatives, capacity building of local partners and suppliers</td><td>Capacity building for local partners and suppliers, business development training</td><td>Enterprise centre for potential local partners, capacity building for local partners and suppliers</td></tr>
</table>

Establish local business linkages	Building local business linkages with enterprises along value chain	Training and capacity building for farmers and entrepreneurs	Enterprise centre, training and capacity building for farmers and entrepreneurs
Spread international business standards	Promotion of corporate governance, ethical practices, labour and human rights, health and environment safety	No awareness raising, campaigning or promotion planned; companies promote it in their companies but do not spread it through campaigns or awareness raising	
Support technology transfer	Educational role of companies, skills development linked to technical skills	Borehole management training for communities, technical skills development for communities	Sponsorships for educational programmes linked to oil operations decreasing steadily
Build physical infrastructure	Physical and institutional infrastructure	Water and sanitation projects, wells, access to energy, investing in infrastructure such as roads and accommodation facilities	Investing in infrastructure such as roads and accommodation facilities

Table 1: Comparison of theoretical framework and companies‘ strategies

5.2.10. Concluding Economic Multipliers

The companies’ strategies can be linked to each multiplier, which means that the strategies are reflecting the framework. It can be concluded that the companies’ efforts are mainly linked to local content and enterprise development, whereas each initiative addresses several multipliers. Some multipliers are integrated into the companies’ strategies, like Nelson (2003) suggests, such as such as building infrastructure, establishing local business linkages and investing in human capital, even though the NGOs claim that it is possible to identify more opportunities concerning these multipliers. Total has also covered the second multiplier, whereas Tullow is focusing on the management of impacts (Interview 3 2012).

The companies do not integrate the creation of jobs for minority groups and women into their strategies, and the first multiplier is merely addressed due to the lack of transparency. In general, slight differences between the companies’ approaches can be seen. Total has identified opportunities to implement strategic CSR, including initiatives addressing people living on the bottom of the pyramid, technical skills development of communities and water and sanitation programmes (Interview 2,5 2012). There is a potential to increase opportunities and they are emphasizing that they want to further improve it, as they only entered Uganda one year ago (Interview 2 2012).

Tullow integrates local content initiatives into its business strategy, but apart from that mainly focuses on the elements of Nelson's (2003) model linked to the management of impacts, and one can see that they understand strategic CSR above all as management of the negative impacts of the company's presence and its operations. The potential of strategic CSR and its challenges in generating multipliers will be further discussed in section 5.4., but before showing the broader picture, the influence of the three strategic partner NGOs and the government on the multipliers will be discussed.

5.3. Stakeholders' Influence on the Economic Multipliers

According to the data, two partners have been identified playing a key role in the generation of the core economic multipliers whose view on the companies' shift away from philanthropic giving is very controversial. The NGOs emphasize the various problems connected to philanthropic giving for society and companies. They support the shift and appreciate the approach of the two companies, even though it can be still improved in their opinion (Interview 1, 4, 5 2012). On the other hand, the government of Uganda plays a significant role in the oil and gas business in Uganda and has an important influence on the multipliers. Uganda has a long history of receiving aid from donor countries, and the government of Uganda promotes philanthropic giving of companies and does not seem to be satisfied with the shift away from philanthropic giving (Interview 1-5 2012).

5.3.1. Strategic Partnerships with NGOs

NGOs and oil multinationals are not known for their love attachment to each other. They have usually met each other in courts, even though the UN already in 1999 pointed out the potential of a partnership between Businesses and NGOs, but those partnerships were mainly based on sponsoring projects or NGOs (Bendell and Murphy 1999). In the case of Tullow and Total in Uganda, the companies are partnering with NGOs very closely throughout the whole business (Interview 1-5 2012). Nelson (2003) does not stress the role of NGOs in her model, but according to Harvard University (2007), cross-sector partnerships are enhancing the multipliers. Tullow and Total are no longer sponsoring NGOs as they did in philanthropic CSR, but collaborating along the business strategy and NGOs are advising the companies throughout their business (Interview 1-5 2012).

Studies have identified several problems in the past in implementing CSR, such as lack of engagement of communities, lack of human resources and lack of linking CSR to the country-specific context and development plans (Frynas 2009:122). The NGOs have many partners in Uganda, as they are mainly working with partner organisations and these combined with the Community Liaison officers employed by the companies strive to include beneficiaries in the process and engage communities as much as possible. Furthermore, the NGOs have been working in Uganda for several decades and know the context-specific needs in great detail (Interview 1-5 2012). Therefore, the NGOs experience and knowledge in community development is indisputable and furthermore these NGOs are against charity themselves and promote business even with their partner organizations which increases sustainability and engagement on both sides (Interview 1-5 2012).

The footprint of the NGOs can be seen in many multipliers, as outlined in the sections, and due to the shift away from philanthropic giving, the companies' business is affected by CSR. Therefore, the companies are willing to improve their performance and respect the advice by the NGOs. The advisory services of the NGOs ideally lead to an agreement on a strategy, but before a contract can be signed, the plans have to pass a heavily bureaucratic process and are mainly small-scale and short-term to avoid failure (Interview 1-5 2012). The NGOs criticize the principle of the companies that the strategy cannot fail, whereas it can be seen that through the long process and the heavy monitoring and evaluation procedure the NGOs are rethinking their practices and quality can be increased through the various questions of the companies. Once they have agreed and contracts are signed, the companies are pushing for fast results and outcomes. Through the pressure of the companies, the NGOs work faster and results are achieved earlier, which can be seen in the following statement by the manager of one NGO (Interview 1-5 2012): "They have challenged us, nothing is ever good enough. It has been a bumpy ride, but we have achieved more results. We are delivering results in less than one year and this is a pretty amazing achievement." (Country Director Traidlinks Uganda 2012) On the other hand, the companies can benefit from the long experience and knowledge in doing development work and therefore increase efficiency. This way, both parties benefit from each other and make a significant change in achieving development goals (Bendell and Murphy 1999; Interview 2-4 2012).

5.3.2. The Government and its Favour for Philanthropic CSR

It seems that the government is not satisfied with the companies' performance in the country after they have stopped engaging in development activities and the relationship seems to be much disrupted. The companies do not confirm this, but the following quote by the manager of Total indicates that the company is not really collaborating with the government anymore, but concentrating on its business without consent of the government: "We have been requested by the government. We do not tell the government what they have to do, they can do whatever they want." (CSR Manager Total Uganda 2012) Furthermore, managers of NGOs stress that the government is complicating the business practices of the companies in several ways. Government officials and their followers are buying land in the operation area or speculating with it. They also put pressure on the district to slow down the cooperation between the district and the companies and additionally send wrong information to the public (Interview 5-7 2012).

Interview informants state that they have the impression that the government was more willing to collaborate with the companies in the beginning and when the companies did not adopt their responsibilities for building city halls, hospitals and schools, it increasingly began to boycott them and to go its own path (Interview 1-7 2012). The minister of energy has recently received full power over the coordination and decisions concerning oil operations, and it seems that the government aims to take over more and more of the market potential. The rumours among civil society that the government is planning to establish its own national oil company are increasing, according to journalists (Interview 4-7 2012).

In conclusion, it has to be said that there should be a strategy how to deal with the government's expectations. As Visser (2006) stresses, governments in Africa expect companies to become engaged in philanthropic giving due to its long tradition, and its seems that this tradition has been refused by the companies without negotiating other possibilities with the government (Interview 1-7 2012), which is generally a challenge for strategic CSR and will be further discussed in the following sections.

5.3.3. Summary of Stakeholder's Influence on Multipliers

Research question 3 emphasizes the role of other stakeholders in generating multipliers, and according to the data two groups of stakeholders have been identified with very different standpoints towards strategic CSR. The NGOs partnering with the companies emphasize the positive impacts on society through strategic CSR, whereas philanthropic CSR has generated more problems than opportunities. The partnership between companies and NGOs is a challenge for all stakeholders as the different interests are difficult to manage, whereas data shows that the different interests and expertise of the two parties complement one another and results are achieved faster in a higher quality. The government of Uganda has a very different opinion, favouring philanthropic CSR which has a long tradition in African countries. The shift has taken place without negotiating other opportunities with the government, which has led to discontent among the government, and according to data it seems that each of the two parties are now going their own ways but do not follow the same path.

5.4. Philanthropic vs. Strategic CSR and Multipliers

In the previous section, the companies' strategies linked to each multiplier have been discussed as well as how NGOs and the government can affect the multipliers. The following section aims to draw a broader picture of the shift away from philanthropic CSR and its implications on the multipliers. It will be discussed in how far the shift away from philanthropic CSR increases the generation of multipliers. Furthermore, new questions and challenges arising through shifting to strategic CSR are pointed out.

In comparison to philanthropic CSR, strategic CSR is integrated into the core objectives and competencies of a company and is designed to create positive social change and business value (McElhaney 2008:5). Kramer and Porter (2006) argue that strategic CSR can create impacts on society that have multiplier effects on social and economic development. Philanthropic activities create dependencies between companies and society and do not enhance the well-being of poor people in the long run. Jenkins (2007) illustrates that the companies' strategic CSR should generate economic multipliers which create economic opportunity for poor people living in developing countries but are not a solution in itself. Companies are just building a context which enables individuals to create their own solutions (Jenkins 2007).

> "It doesn't have anything to do with charity. It's pure business, but good business. Good for everyone."(CSR Manager Total Uganda 2012)

5.4.1. Philanthropic CSR Hindering Economic Multipliers

Drucker (1984) emphasizes that businesses should convert social responsibilities into business opportunities, which shows that thirty years ago the advantage of strategic CSR has already been mentioned, whereas only recently it has been high on the agenda in business circles (Jamali 2007:8) and Tullow and Total are still an exception in their CSR approach in Uganda. The role model in EI, Anglo American, is moving to a more strategic approach of CSR, but is still engaged in philanthropic giving through their "Anglo American Chairman's fund", which is mainly concentrating on education and HIV awareness raising in the African countries of operations (Anglo American 2012). BP and Shell are funding schools rehabilitation, the building of schools, clinics, community centres and local roads (BP 2013; Shell 2013).

Comparing the activities just mentioned to the model provided by Nelson (2003), it can be seen that educational projects and health care services could have the potential to contribute to an increase in human capital and an improved infrastructure through investments in roads and city halls, but do not create long-term economic opportunities. The communities are dependent on someone to lead the school and to provide jobs to increase well-being in the long run (Brudney and Ferrell 2002:1192-1194; Clement-Jones 2005:3-8), and the following quote by the senior advisor of the NGO Snv shows that there is no one:

> "The new trend of positioning themselves as business partners is the best way. They are not development agencies. They are an opportunity. When they position themselves as development agencies, they take over the government and the government disappears and they blame the company for everything" (Country director Snv Uganda 2012)

Therefore it can be said that philanthropic activities mostly do not generate economic multipliers, which can be clearly seen in Uganda, where schools built by Tullow are now empty and hospitals are used as storage for crops (Interview 2,3 2012). The question that arises is in how far strategic CSR has the potential to generate multipliers.

5.4.2. Strategic CSR at its Core

Tetra Pak is a Swedish company working in food processing and packaging which is very popular for its innovative approach to strategic leadership (Jamali 2007). The company is working in a very different sector than Tullow and Total, but Kramer and Porter (2006) emphasize that strategic CSR in all sectors requests financial, technical, institutional and policy innovations to increase the generation of economic multipliers. Tetra Pak was probably one of the first companies to shift away from philanthropic CSR in a developing country in 1998 in Lebanon. The company has engaged in supporting local milk production and consumption as a leading supplier to the Lebanese dairy industry (Jamali 2007:19). Compared to the theoretical framework, this CSR intervention has the potential to generate several multipliers such as the creation of jobs and establishing local business linkages and also touches upon supporting technology transfer and spreading international business standards. The previous two multipliers should be further supported through working with local communities to improve milk quality, hygiene conditions and animal welfare (Jamali 2007:15-19). Tetra Pak seeks to support technology transfer and increase human capital through training for local farmers (Jamali 2007). The food industry is different from the oil and gas industry, but according to Kramer and Porter (2006), in each sector possibilities for strategic CSR can be identified and the approach of Tetra Pak seems to address all eight core multipliers integrated into the core business, whereas especially Tullow is interpreting strategic CSR very differently than Tetra Pak, which will be outlined later.

Tetra Pak has initiated a school feeding program which aims to ensure milk intake among school children in public schools, and this initiative was implemented in collaboration with the government (Jamali 2007:19-20). Public policy dialogue enhances economic multipliers according to Harvard University (2007), and experience in the Uganda’s neighbouring country Kenya shows further success of public policy dialogue. Serena Hotels in Kenya has supported the government in shaping the National Tourism Sector Development Strategy and is internationally recognized (Harvard University 2007). It can be argued that public policy dialogues would increase the potential of the multipliers concerning the lack of transparency and the high level of corruption in Uganda.

5.4.3. Wiggle Room of Strategic CSR

Scholars are promoting strategic CSR as the solution to make the world a better place and bring profit for the companies (Kramer and Porter 2006). Therefore, the question might arise why most companies are still engaging in philanthropic CSR. Smith (2003) stresses that strategic CSR is often misunderstood as self-serving and philanthropic activities can be easily used for marketing issues. Philanthropic CSR is measured according to the money spent for philanthropic activities and therefore its size is visible as well as the results of the activities such as schools or hospitals (Lantos 2001:600-605). Another reason why many companies are favouring philanthropic CSR is that strategic CSR needs detailed planning and integration into daily business life. If it lacks the full exploitation of possibilities and the integration into daily business life, it might be insincere and self-serving (Fulop et al. 2000). Jamali (2007:24) is further illustrating the importance of professionalizing the contribution function of investment and income such as taxes which interlinks with the transparency of generating income and investment according to multiplier one (Nelson 2003). The strategies of Tullow and Total indicate that they do not agree with Jamali (2007) and do not see their responsibility in monitoring the payments to the government (Interview 2, 3 2012).

McElhaney (2009:31) emphasizes that strategic CSR leaves a lot of space for interpretations, which explains the companies' approach to multiplier one. Tullow's interpretation of strategic CSR is furthermore not in line with the recognized definition of scholars and business leaders "creating benefits for company and society" (Jamali 2007:8) or, as Total calls it, "win-win strategy" (Head of social affairs Total Uganda 2012). According to the manager of Tullow, they are more applying a "status-quo strategy", as the following quote shows: "We are primary focusing in the basin to manage our impacts and risks for businesses, because the oil business can be difficult in just managing local impact and local expectations." (Stakeholder Engagement Manager Tullow Uganda 2012) Although one might argue that it is self-evident that a company manages its impacts, several cases such as Shell in the Niger Delta have proven the opposite (Hennchen 2011). Oil operations have a variety of impacts on social life of communities, environment and livelihoods through the companies' presence and the oil operations. Scholars argue that the management of impacts cannot contribute to the development of the country, but it can at least minimize the damage of the oil operations (Frynas 2009, Interview 1-7 2012; Spence 2011), which means that it is not CSR according to the definition of the WBCSD and will most probably not generate economic multipliers (Nelson 2003). The danger of strategic CSR is that companies pay lip service to CSR but apply a "status-quo" strategy and the situation in the country remains on the "status quo".

5.4.4. Summary of Philanthropic vs. Strategic CSR

Strategic CSR can generate multipliers, as the example of Tetra Pak in Lebanon shows, but its challenge is for companies to identify opportunities for strategic CSR along the core business and to integrate it into daily operations (Jamali 2007). If strategic CSR is able to create economic opportunities for communities and improve their situation depends on its interpretation

(McElhaney 2009). It is interpreted differently in each company, and for Tullow it does not seem to go beyond managing the negative impacts of the business, which will not create positive impact on communities.

6. Concluding Remarks

This study points out that Tullow and Total shift away from philanthropic CSR to strategic CSR in Uganda, and it can be argued that this shift can be a path to sustainable development. Kofi Annan and his appeal to bring the private sector on board to achieve sustainable development goals were mentioned in the introduction. Strategic CSR, however, aims to offer opportunities for communities, but the communities have to take the chance and make something out of it. Strategic CSR at its core can help people to help themselves. This trend can be observed in the development work in general. The three NGOs concentrate on capacity development and advisory services instead of funding and charity. It seems that the international community is rethinking relations with the poorest people in the world, and the quote by the manager of Total mentioned in the introduction shows that the shift reflects this rethinking. The communities are seen as neighbours and business partners through strategic CSR instead of recipients of cash and goods. The companies generate multipliers if strategic CSR is successfully implemented as in the case of Tetra Pak in Lebanon, but the communities have to take the opportunities in order to benefit. The companies provide the ingredients but do not take the responsibility to develop a country without the engagement of the communities and the government. As outlined in section 5.4.2., the people and the government in Lebanon took the chance and collaborated to make something out of the multipliers generated through the companies. The strength of this collaboration is tremendous through the various resources of each party, and if roles are defined clearly, significant progress can be achieved. The roles need to be defined and accepted of all stakeholders, which requires that they are willing to contribute. The case in Uganda indicates that the government comfortable if the companies take over their responsibilities through philanthropic CSR. The government's discontent about strategic CSR can hinder the progress and, therefore companies need to compromise with the governments to get them on board.

The question might arise whether these communities and governments are ready to take the opportunities provided through strategic CSR. It can be questioned if the companies have the patience to wait for communities to become business partners and governments to become willing to support. Strategic CSR is also a great opportunity for the companies as they need to implement CSR to be successful and strategic CSR furthermore helps them to achieve their business objectives.

Another challenge of strategic CSR is the broad variation of its interpretations. Philanthropic CSR has not created a big development impact in many cases, as already stressed in the previous sections, but there has been a visible outcome, whereas strategic CSR is less concrete. Even though its definition stresses the need to create benefit for communities, some interpretations by companies as outlined in section 5.4.3. are cynical, such as naming it strategic CSR but meaning management of impacts. It should be self-evident for a company to not harm the environment and the community where they are operating. It would be therefore necessary to implement an instrument defining regulations and requirements of strategic CSR.

> "Multinational corporations are too important for their conduct to be left to voluntary and self-generated standards. A legal framework must be developed to govern their behaviour on a world stage."
> (First principle of United Nations citizens Compact on the UN and Corporations, Bruno 2000)

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TULLOW (2013): 2012 Full Year Results. TULLOW Oil plc.

TULLOW (2013)b: Annual Report and Accounts. Africa's Leading independent oil company, Tullow Oil PLC

8. Appendices

8.1. Primary Sources

Interview 1 (2012): Agro-enterprise development coordinator TRIAS Uganda

Interview 2 (2012): Head of social affairs TOTAL Uganda, CSR Manager TOTAL Uganda

Interview 3 (2012): Stakeholder Engagement Manager TULLOW Uganda, External Affairs Manager for East and South Africa TULLOW Headquarters

Interview 4 (2012): country director TRAIDLINKS Uganda

Interview 5 (2012): Senior Advisor SNV Uganda

Interview 6 (2012): Founder and Head of "Oil in Uganda" platform

Interview 7 (2012): Chairman of "Civil Society Forum on Oil in Uganda"

Interview 8 (2012): Professor on CSR and Chairman of UCCSRI

Interview 9 (2012): Director of Living Earth Uganda

Interview 10 (2012): Head of Corporate Affairs, Standard Chartered Bank Uganda

8.1.1. Detailed Description of Primary Sources

I talked to the head of Social Affairs in the Total country office in Kampala and to the CSR manager of Total Uganda in the country office in Kampala. The interview took place at the office of Total in Kampala, Uganda, had a length of 80 minutes, I recorded it and it was held in English. Tullow invited me to their office in Kampala, Uganda and I conducted an interview with the Stakeholder Engagement Manager in Tullow and with the Regional External Affairs Manager for South and East Africa, who is based in London and was participating via phone. The interview was in English, I recorded it and it took around one hour.

The two oil companies built strategic partnerships with three NGOs, when the research was conducted and all NGOs were willing to participate in the research.

The interview with the agro-enterprise coordinator of Trias Uganda, a Belgian NGO working with Total and Tullow in implementing agriculture projects, was conducted in the Trias country office in Kampala, Uganda and took around 80 minutes. The interview was in English, but I could not record it, therefore I wrote down notes and after leaving the office I wrote a proper transcript according to the notes I took during the interview.

Furthermore I had an interview with the country director of Traidlinks, an Irish NGO, which is cooperating with Tullow in implementing projects in the Lake Albert area and they are planning to work with Total and Cnooc as well. The interview took place at the country office of Traidlinks in Kampala, Uganda, lasted around 45 minutes, was held in English and I recorded it.

The senior agriculture advisor of Snv, a Dutch NGO mainly working with Total was willing to invite me for an interview in his office in Kampala, Uganda and the interview took 70 minutes. I recorded the whole interview and it was held in English.

Two interviews with journalists in the Oil and Gas sector were conducted which took place in different Cafés in Kampala and each interview lasted for one hour. Both interviews were held in English and I was not allowed to record the interviews, so I had to take notes and write everything down after the interview.

The interviews with experts on CSR in Uganda were conducted in the offices of the interviewees and I took notes.

8.2. Interview Questions

8.2.1. NGOs

- What is the SNV doing in Uganda? How is it related to the CSR activities of the two big oil companies in Uganda?
- How are you cooperating with oil companies? What does this cooperation include?
- What kind of projects did you implement in cooperation with oil companies? In how far are the companies involved in project implementation? How many meetings do you have with the companies during project planning phase?
- What are your experiences from this cooperation/from working with a company?
- What are the challenges you are facing?
- What are the differences between cooperating with a state and with a business company?
- In how far do you advice companies to improve their CSR performance in terms of contributing to sustainable development?
- Do you think that Corporate Social Responsibility Activities of companies in the oil industry can contribute to sustainable development of Uganda? If yes, how?
- What would be your suggestions for companies to improve CSR activities in order to contribute to sustainable development in Uganda?

8.2.2. Total

- What is your CSR strategy for Uganda at the moment?
- How is Total as a company deciding on a CSR strategy?
- How do you implement projects?
- How do you ensure sustainability in your projects?
- How do you see the CSR policy of Total in terms of contributing to sustainable development in Uganda?
- Do you think it is a responsibility of Total to contribute to sustainable development in Uganda?
- How do you communicate with the communities?
- How would you describe your strategic partnerships with the NGOs? What are your responsibilities and what are the ones of the NGOs? How do you experience the partnership?
- What are the main challenges you are facing in terms of CSR?
- Do you hire consultants to measure impacts?
- What role is the reputation playing in the implementation of community development projects and programmes?
- How many people are employed by Total for community communications? Who are those people?
- How many people are in the camps?
- How would you describe the relationship between Total and the other companies operation in Lake Albert?
- The last question is more a personal one, what does CSR mean for you personally?

8.2.3. Tullow

- What is your CSR strategy in Uganda at the moment?
- What benefits do local communities have from your strategy? And how do your ensure that they benefit and not getting damaged? Because on the Website of Tullow it says that Tullow wants to contribute to sustainable community development.
- Do you also engage in philanthropic community development projects? What are your experiences with it?

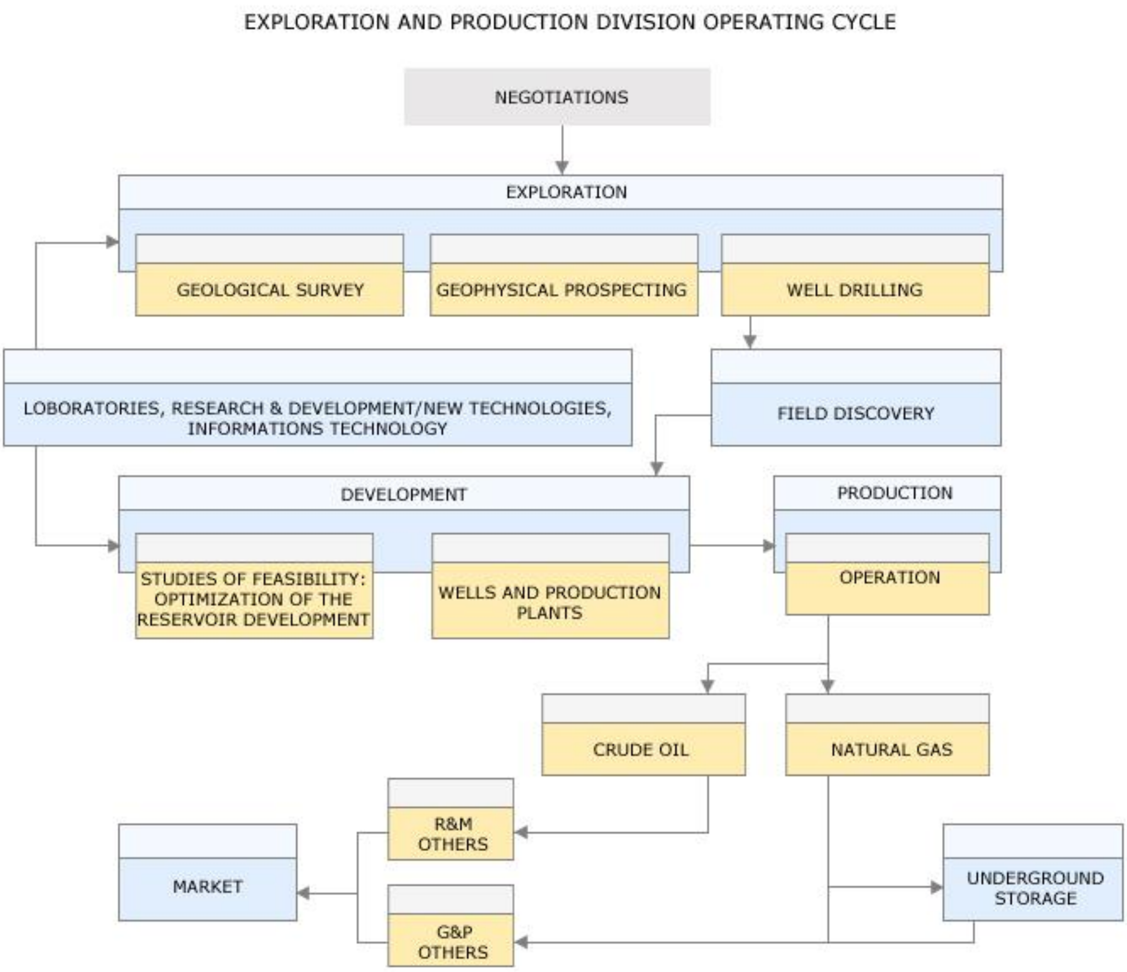
- Do you have implementing partners or do you implement community development projects yourself?
- How do you cooperate with NGOs and how do you select them? What are the differences between implementing projects yourself or cooperate with NGOs?
- How is Tullow communicating with the communities directly?
- How do you see the role of company in contributing to sustainable development in Uganda? Do you think that Tullow has the potential to contribute to sustainable development?
- Do you create a "Shared Prosperity" strategy for each country or do you have a strategy in general and adapt it then to the country where you are operating? How do you adapt it?
- When you are running the projects, do you hire external consultants to evaluate it or how do you monitor it?
- What are the main challenges you are facing in Uganda? Are they different than the ones you are facing in other countries?
- How do you ensure that your programmes and projects to achieve community development are sustainable?
- According to your website you are pretty much focussing on impact management. What are your main impacts and what are the priorities in managing them?
- You are stressing in some of your reports that you are collaborating with the governments if the host countries. How are your experiences in Uganda in terms of cooperation with the government? Do you have the feeling that you are going in the same direction?
- I read on your website that you give sponsorships to Ugandans for education abroad in programmes which are linked to gas and oil operations. What are your plans in this aspect and operations are limited on some years, what will happen afterwards?
- The last question, is more a personal one, what does CSR mean for you personally?

8.2.4. Journalists

- What are you main working areas and what did you work on oil in Uganda?

- What is your impression about the oil industry in Uganda and the process of oil operations?
- How do you see the opinion of the Ugandans concerning the oil companies and their operations here?
- How do you see the companies' engagement with local communities?
- What is the reason in your opinion that the process goes so slow here in Uganda?
- You stayed quite long at the lake basin, how would you describe the relation of the businesses and communities?
- What do the local people think about the companies?
- What are the advantages and disadvantages of the oil operations?
- What do you think is important for the companies' CSR strategies in Uganda? What are your recommendations?

8.3. Oil operations' project cycle



Source: http://www.eni.com/en_IT/company/operations-strategies/exploration-production/operating-cycle/operating-cycle.shtml

The negotiations between government and companies lasted for over ten years in Uganda, which is not very common in the industry, as it usually goes faster. As you can see on the graph, after the negotiations are finished and all stakeholders agreed on a contract, the companies enter the country and start operations. The first stage of operations is exploration, when the first oil is discovered, appraisal and field development starts and only afterwards production starts. Even when oil has been discovered, the exploration phase continues concurrently with appraisal and field development (Total E&P 2012b).

The companies in Uganda are now only at that stage, the phase of oil exploration and appraisal and field development. Appraisal and field development includes activities such as drilling additional wells, testing operations, which involves producing oil, but only for testing purposes, which does not correspond with the start of production. Further, oil will be separated from the gas and water which will be produced at the same time. The oil is pumped to a storage facility, water is reinjected within the reservoir for pressure maintenance and gas is used to produce electricity to run the facility, which is called Central Processing Facility (Total E&P 2012b)

Only in the third stage real production starts, meaning that the crude oil flows to the refinery, which converts it then into petrol, diesel, kerosene, etc. and exports it through pipelines (Total E&P 2012b)